

# BOARD MEETING OF JULY 30, 2015

**J. Paul Ozer, Chair**



Juan Muñoz, Vice-Chair

Leslie Bingham Escareño, Member

T. Tolbert Chisum, Member

Tom Gann, Member

J. B. Goodwin, Member

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
BOARD MEETING**

**A G E N D A  
9:30 AM  
July 30, 2015**

**John H. Reagan Building  
Room JHR, 105 W 15<sup>th</sup> Street  
Austin, Texas**

**CALL TO ORDER**

**ROLL CALL**

**J. Paul Oxer, Chairman**

**CERTIFICATION OF QUORUM**

*Pledge of Allegiance - I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.*

*Texas Allegiance - Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.*

**CONSENT AGENDA**

Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the Consent Agenda alter any requirements under Chapter 551 of the Texas Government Code, Texas Open Meetings Act. Action may be taken on any item on this agenda, regardless of how designated.

**ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:**

**LEGAL**

- a) Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Mary Olson Apartments (HTF 98261 / CMTS 2691)
- b) Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Willow Pond Apartments (HTC 94039 / CMTS 1229)
- c) Presentation, Discussion, and Possible Action regarding the adoption of Agreed Final Orders concerning related properties Sunrise Village II (HTC 96113 / HOME 536265 / CMTS 1574) and Rincon Point Apartments (HOME 534031 / CMTS 2618)

**Jeff Pender**  
Deputy General  
Counsel

**NEIGHBORHOOD STABILIZATION PROGRAM**

- d) Presentation, Discussion, and Possible Action on authorization of programming of Neighborhood Stabilization Program Three (NSP3) Program Income  
77110000105 Community Development Corporation of Brownsville Brownsville
- e) Presentation, Discussion, and Possible Action regarding a proposal to use Neighborhood Stabilization Program ("NSP") funds to resolve properties with defaulted loans, or foreclosed single family properties

**Marni Holloway**  
Director of NSP

**COMPLIANCE DIVISION**

- f) Presentation, Discussion, and Possible Action on ratification of withdrawal of proceedings to terminate contracts and the eligible entity status of the Urban League of Greater Dallas ("ULGD")

**Patricia Murphy**  
Chief of Compliance



## ASSET MANAGEMENT

- g) Presentation, Discussion, and Possible Action on Housing Tax Credit Application Amendments

13048	Shepherds Seniors Apartments	Shepherd
14051	Churchill at Champions Circle	Fort Worth
14283	Bella Vista Apartments	Alton
14272	The Lodge at Huffmeister	Cypress

- h) Presentation, Discussion, and Possible Action regarding Ratification of Housing Tax Credit Application Amendment

13112	Liberty Trails Townhomes	Liberty Hill
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- i) Presentation, Discussion, and Possible Action to Approve the transfer of the HUB Managing General Partnership interests to non-HUB General Partners and Material Amendments to the Housing Tax Credit Land Use Restriction Agreements

00010	El Patrimonio Apartments	McAllen
02003	El Pueblo Dorado	Pharr
03002	Padre de Vida	McAllen
03036	Galilean Apartments	Edinburg

**Raquel Morales**  
Director of Asset  
Management

## TEXAS HOMEOWNERSHIP PROGRAM

- j) Presentation, Discussion, and Possible Action on the Release of an Invitation for Bid (“IFB”) to procure a Third Party to Administer the Texas Statewide Homebuyer Education Program (“TSHEP”) and Authorization for Staff to Subsequently Award and Contract with the Successful Third Party

**Brooke Boston**  
Deputy Executive  
Director

## SECTION 8 HOUSING

- k) Presentation, Discussion, and Possible Action on the draft Section 8 Program 5-Year and 2016 Annual Public Housing Agency (“PHA”) Plan for the Housing Choice Voucher Program

**Brooke Boston**  
Deputy Executive  
Director

## OFFICE OF COLONIA INITIATIVES

- l) Presentation, Discussion, and Possible Action on Colonia Self Help Center (“Colonia SHC”) Program Award to Starr County in accordance to Section 2306.582 of the Texas Government Code through Community Development Block Grant (“CDBG”) Funding

**Homero Cabello**  
Director of SF  
Operations & Services

## COMMUNITY AFFAIRS

- m) Presentation, Discussion, and Possible Action on the Federal Fiscal Year 2016-2017 Community Services Block Grant Application and State Plan and Awards for submission to the U.S. Department of Health and Human Services

**Michael DeYoung**  
Director of  
Community Affairs

- n) Presentation, Discussion, and Possible Action on the Federal Fiscal Year 2016 Low Income Home Energy Assistance Program Application and State Plan and Awards for submission to the U.S. Department of Health and Human Services

- o) Presentation, Discussion, and Possible Action Authorizing Staff to Identify a Provider, through release and subsequent award of a Request for Applications (“RFA”) or through a direct designation, to Temporarily or Permanently administer the Comprehensive Energy Assistance Program (“CEAP”) in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties

- p) Presentation, Discussion, and Possible Action regarding an Award to Texoma Council of Governments (“Texoma”) for the Provision of Comprehensive Energy Assistance Program funds from Program Year 2014 Comprehensive Energy Assistance Program Unexpended Balance funds previously programmed to be provided to North East Texas Opportunities, Inc. (“NETO”) for use in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties

- q) Presentation, Discussion, and Possible Action on Award of Program Year 2014 Emergency Solutions Grant Funds to the City of Denton
- r) Presentation, Discussion, and Possible Action on a Contract with the Texas Homeless Network on behalf of the Texas Interagency Council for the Homeless

**Brooke Boston**  
Deputy Executive  
Director

**BOND FINANCE**

- s) Presentation, Discussion, and Possible Action adopting Resolution No. 15-022 authorizing application to the Texas Bond Review Board for reservation of the 2015 single family private activity bond authority

**Monica Galuski**  
Director of Bond  
Finance

**RULES**

- t) Presentation, Discussion, and Possible Action on orders repealing all sections of 10 TAC Chapter 23, Single Family HOME Program, and orders adopting new 10 TAC Chapter 23, Single Family HOME Program (“HOME Rule”), concerning HOME single family activities, and directing their publication in the *Texas Register*
- u) Presentation, Discussion, and Possible Action on the proposed amendments to 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, and directing their publication for public comment in the *Texas Register*
- v) Presentation, Discussion, and Possible Action on the proposed amendments to 10 TAC Chapter 24, Texas Bootstrap Loan Program, and directing their publication for public comment in the *Texas Register*
- w) Presentation, Discussion, and Possible Action on the proposed repeal of 10 TAC Chapter 5, Community Affairs Programs, Subchapter A, General Provisions, §5.12 concerning Purchases, and directing its publication for public comment in the *Texas Register*
- x) Presentation, Discussion, and Possible Action proposing amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter A, General Provisions, §§5.2 and 5.10, and directing that they be published for public comment in the *Texas Register*
- y) Presentation, Discussion, and Possible Action proposing amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter B, Community Services Block Grant, §§5.201, 5.203, 5.207, 5.210, 5.213, and 5.214, and directing that they be published for public comment in the *Texas Register*
- z) Presentation, Discussion, and Possible Action proposing amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter D, Comprehensive Energy Assistance Program, §§5.401, 5.407, 5.423, and directing that they be published for public comment in the *Texas Register*
- aa) Presentation, Discussion, and Possible Action proposing an amendment to 10 TAC Chapter 5 Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §5.503; and proposing new §5.529, and directing that they be published for public comment in the *Texas Register*

**Jennifer Molinari**  
Director of HOME

**Homero Cabello**  
Director of SF  
Operations & Services

**Michael DeYoung**  
Director of  
Community Affairs

**MULTIFAMILY FINANCE**

- bb) Presentation, Discussion, and Possible Action on Inducement Resolution No. 15-023 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

**Teresa Morales**  
Acting Director, MF  
Finance

15605 Fifty Oaks                                Rockport  
15606 Edinburg Village                      Edinburg

- cc) Presentation, Discussion, and Possible Action Regarding Forgiveness of Accrued Interest on HOME Loan for 1500 MLK, LLC

**Tom Gouris**  
Deputy Executive  
Director

**CONSENT AGENDA REPORT ITEMS**

**ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:**

- a) Report on the Department’s Swap Portfolio and recent activities with respect thereto
- b) Status update regarding 2015 funding from the U.S. Department of Housing and Urban Development (“HUD”)

**Monica Galuski**  
Director of Bond  
Finance

**Brooke Boston**  
Deputy Executive  
Director

**ACTION ITEMS**

**ITEM 3: INTERNAL AUDIT**

- a) Report on the Meeting of the Audit Committee
- b) Management Letter -Report on Survey of Internal Control and Assurance Activities

**Mark Scott**  
Director of Internal  
Audit

**ITEM 4: MULTIFAMILY FINANCE**

- a) Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer

**Teresa Morales**  
Acting Director, MF  
Finance

15403 Harris Branch Seniors Austin  
15414 Retreat at Westlock Houston

- b) Presentation, Discussion, and Possible Action on appeal of denial of Funding due to Previous Participation compliance history of Housing Services Incorporated in connection with the application under the 2014 Notice of Funding Opportunity (“NOFA”) for Cornerstone Apartments, #14501
- c) Presentation, Discussion, and Possible Action regarding Expansion of Funding, Ending the Application Acceptance Period and Awards of HOME and TCAP funds from the 2015-1 Multifamily Development Program Notice of Funding Availability

**Tom Gouris**  
Deputy Executive  
Director

15306	Altura Heights	Houston
15242	Sundance Meadows	Brownsville
15126	Brazoria Manor Apartments	Brazoria
15101	Reserves at Summit West	Wichita Falls
15087	Reserves at Copper Ranch	Lubbock
15125	McKinney Manor Apartments	Sweeny
15297	Artesian Flats	Waco
15328	Mahon Villas Phase I	Lubbock
15502	Westridge Villas	Frisco
15234	Merritt Leisure	Midland
15273	Merritt Hill Country	Dripping Springs
15020	Evergreen at Rowlett Senior	Rowlett
15065	Rhine Forest Apartments	New Braunfels
15120	Waters at Granbury	Granbury
15121	The Glades of Gregory-Portland	Gregory
15010	Mariposa Apartment Homes at South Broadway	Joshua
15252	Henderson Village	Henderson
15086	Reserves at Preston Trails	Wolfforth
15063	Palladium Van Alstyne Senior Living	Van Alstyne
15303	Reserve at Engel Road	New Braunfels

15022	The Oaks of Westview	Canton
15035	The Oaks of Fairview	Athens
15036	Fairview Cottages	Athens
15028	Lometa Pointe	Lampasas
15093	Stonebridge at Childress	Childress
15179	Royal Gardens at Goldthwaite	Goldthwaite
15012	Mariposa Apartment Homes at Greenville Road	Royse City
15023	The Terraces at Canyon Lake	Canyon Lake
15029	The Courtyard Apartments	Sanger
15037	The Cottages at Main	Bullard
15062	Baron Hotel	Cisco
15075	The Village at Main	Bullard
15102	Reserves at Perryton	Perryton
15138	Indian Lake Apartment Homes	Indian Lake
15139	Arbor Creek Apartment Homes	Los Fresnos
15164	Southport Estates	Levelland
15172	Oak Grove Village	Marble Falls
15174	Palladium Glenn Heights	Glenn Heights
15183	Borgfeld Manor	Cibolo
15198	The Pointe at Canyon Lake	New Braunfels
15268	Cayetano Villas of Kingsville	Kingsville
15278	Palladium Anna	Anna
15309	Reserve at Hagan	Whitehouse
15339	Royal Gardens at Diboll	Diboll
15410	Aldridge 51 Apartments	Austin
15600	Sphinx at Fiji Lofts	Dallas
15501	Casitas Acacia	San Benito
15503	Cornerstone Apartments	Brownsville ETJ

d) Presentation, Discussion, and Possible Action regarding Awards from the 2015 State Housing Credit Ceiling and Approval of the Waiting List for the 2015 Housing Tax Credit Application Round

**Kathryn Saar**  
Tax Credit  
Administrator

15000	Palm Parque	Houston
15001	Selinsky Street Supportive Housing	Houston
15002	Rolling Hills	Fredericksburg
15003	Zion Bayou	Houston
15005	Las Palmas on Anaya Apartments	Hidalgo
15006	Solano Park Apartments	Edinburg
15010	Mariposa Apartment Homes at South Broadway	Joshua
15011	Wynnewood Seniors Housing II	Dallas
15012	Mariposa Apartment Homes at Greenville Road	Royse City
15013	Cypress Creek Apartment Homes at Reed Road Phase II	Houston
15014	The Overlook at Cibolo Creek	Boerne
15017	The Residences at Commerce Crossing	Belton
15020	Evergreen at Rowlett Senior Community	Rowlett
15021	Brookhollow Apts	Kerrville
15022	The Oaks of Westview	Canton
15023	The Terraces at Canyon Lake	Canyon Lake

15026	Dyer Palms	El Paso
15027	Pellicano Palms	El Paso
15028	Lometa Pointe	Lampasas
15029	The Courtyard Apartments	Sanger
15031	Solana at the Sports Park	Brownsville
15032	Housing First Oak Springs	Austin
15035	The Oaks of Fairview	Athens
15036	Fairview Cottages	Athens
15037	The Cottages at Main	Bullard
15038	Pecan Chase Apartments	Hallettsville
15041	Curtiss Place	Wichita Falls
15043	Cleme Manor	Houston
15047	Liberty Shores Apartments	Corpus Christi
15049	Kennedale Seniors	Kennedale
15050	Country Place Apartments	Atlanta
15051	Spring Creek Apartments	Linden
15053	Glenoak Apartments	Corpus Christi
15059	Gala at Oak Crest Estates	Eules
15061	Abbingdon Vista of Henrietta	Henrietta
15062	Baron Hotel	Cisco
15063	Palladium Van Alstyne Senior Living	Van Alstyne
15064	Jefferson Square Apartments	Brenham
15065	Rhine Forest Apartments	New Braunfels
15066	StoneLeaf at Hughes Springs	Hughes Springs
15068	Artisan at Potranco Park	San Antonio
15069	Wheatley Courts Senior Apartments	San Antonio
15071	Abbingdon Hill of Brownsboro	Brownsboro
15074	Lafayette Park	South Houston
15075	The Village at Main	Bullard
15076	Provision at Four Corners	Four Corners
15081	The Pointe at Overlook Apartments	Buda
15083	Georgetown Square Apartments	Georgetown
15084	Blanco Seniors Apartments	Blanco
15086	Reserves at Preston Trails	Wolfforth
15087	Reserves at Copper Ranch	Lubbock
15089	Orchid Circle and Las Palmas	Gregory
15090	Lone Star Seniors Apartments	Lone Star
15092	Timpson Seniors Apartments	Timpson
15093	Stonebridge at Childress	Childress
15101	Reserves at Summit West	Wichita Falls
15102	Reserves at Perryton	Perryton
15106	Ridge Crest	Splendor
15107	Hidalgo Vista	Hidalgo
15108	Willow Springs Apartments	Brookshire
15109	Hillside Terrace Apartments	Coldspring
15110	Place of Grace	Beaumont
15115	Bella Vista Apartments	Edinburg
15116	The Carlyle	China
15118	Cedar Creek Villas	Henderson
15119	Liberty Square & Liberty Village	Groesbeck

15120	Waters at Granbury	Granbury
15121	The Glades of Gregory-Portland	Gregory
15122	Casa Toscana	Brownsville
15125	McKinney Manor Apartments	Sweeny
15126	Brazoria Manor Apartments	Brazoria
15127	Northside Manor Apartments	Angleton
15128	Bay City Manor Apartments	Bay City
15132	River Terrace Apartments	Burkburnett
15133	Medio Springs Ranch Apartments	San Antonio
15134	Artisan at Judson Park	San Antonio
15135	Columbia @ Renaissance Square	Fort Worth
15138	Indian Lake Apartment Homes	Indian Lake
15139	Arbor Creek Apartment Homes	Los Fresnos
15140	The Village at Cedar Creek	Mabank
15142	Tuscany Park at Arcola	Arcola
15149	The Astonia	Plano
15151	Cascade Place	Wichita Falls
15152	Merritt Cornerstone	Austin
15154	StoneLeaf at Glen Rose	Glen Rose
15156	New Haven	Athens
15159	Abbingtion Commons of Whitewright	Whitewright
15160	Longview Square	Longview
15164	Southport Estates	Levelland
15165	Bellfort Park Apartments	Houston
15166	Warrington Station	Fairview
15168	Carriage Crossing	Waller
15170	Lodge at Westlake	Houston
15171	Palladio Plaza	Mansfield
15172	Oak Grove Village	Marble Falls
15173	The Heights Apartments	Murillo CDP
15174	Palladium Glenn Heights	Glenn Heights
15179	Royal Gardens at Goldthwaite	Goldthwaite
15180	Campanile at Seabourne Creek	Rosenberg
15183	Borgfeld Manor	Cibolo
15184	Riverbrook Village	Houston
15185	LaMadrid Apartments	Austin
15190	Stillhouse Flats	Harker Heights
15191	Casitas Lantana	Brownsville
15195	West Ridge Villas	Frisco
15197	Callicoatte Cove	Corpus Christi
15198	The Pointe at Canyon Lake	New Braunfels
15202	Laureles del Este	Fabens
15205	Villas at Boston Heights	Benbrook
15214	Keystone Place	El Paso
15217	Inkwood Estates	Clint
15220	Heritage Heights	Beaumont
15224	Residences at Wylie	Wylie
15225	Bristol Pointe	San Antonio
15228	Northwest Apartments	Georgetown
15229	Maplewood Park	San Angelo

15232	Cardinal Point	Austin
15234	Merritt Leisure	Midland
15237	TRM Senior Apartments	Troup Rusk Mount Pleasant
15241	Trails of Brady	Brady
15242	Sundance Meadows	Brownsville
15244	The Brittmoore	Houston
15245	Outlook at Valleyview	San Angelo
15247	City Square Apartment Homes	Garland
15249	Anaqua	Edinburg
15251	Casa Verde Apartments	Laredo
15252	Henderson Village	Henderson
15256	The Monarch at Lakeline Station	Austin
15263	Paisano Terrace	El Paso
15264	La Palmilla	Murillo CDP
15266	Hawks Landing Apartments	Iowa Park
15267	Thomas Westfall Memorial Apartments	El Paso
15268	Cayetano Villas of Kingsville	Kingsville
15270	Sherman Plaza	El Paso
15273	Merritt Hill Country	Dripping Springs
15274	River View at Calallen	Corpus Christi
15275	Gran Cielo Residences	Rio Grande City
15278	Palladium Anna	Anna
15279	Royal Crest Apartments	Dallas
15281	Cayetano Villas of La Vernia	La Vernia
15282	Orchard View at Mirabella	McAllen
15285	Residences at Earl Campbell	Tyler
15288	Vista Pointe at Wild Pine	San Antonio
15289	Sonoma Pointe	San Antonio
15291	Providence Pinehurst	Humble
15297	Artesian Flats	Waco
15299	Robison Terrace	Texarkana
15303	Reserve at Engel Road	New Braunfels
15304	Emerald Manor	Horizon City
15306	Altura Heights	Houston
15308	Azul 620	Austin
15309	Reserve at Hagan	Whitehouse
15310	Terraces at Arboretum	Houston
15315	Reserve at Golden Triangle	Fort Worth
15321	Providence Kuykendahl Court	Conroe
15328	Mahon Villas Phase I	Lubbock
15339	Royal Gardens at Diboll	Diboll

**PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS.**

**EXECUTIVE SESSION**

The Board may go into Executive Session (close its meeting to the public):

1. The Board may go into Executive Session Pursuant to Tex. Gov't Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee.
2. Pursuant to Tex. Gov't Code, §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer.

**J. Paul Oser**  
Chairman

3. Pursuant to Tex. Gov't Code, §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov't Code, Chapter 551; including seeking legal advice in connection with a posted agenda item.
4. Pursuant to Tex. Gov't Code, §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person; and/or-
5. Pursuant to Tex. Gov't Code, §2306.039(c) the Department's internal auditor, fraud prevention coordinator or ethics advisor may meet in an executive session of the Board to discuss issues related to fraud, waste or abuse.

#### **OPEN SESSION**

If there is an Executive Session, the Board will reconvene in Open Session. Except as specifically authorized by applicable law, the Board may not take any actions in Executive Session

#### **ADJOURN**

To access this agenda and details on each agenda item in the board book, please visit our website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us) or contact Michael Lyttle, 512-475-4542, TDHCA, 221 East 11<sup>th</sup> Street, Austin, Texas 78701, and request the information.

If you would like to follow actions taken by the governing board during this meeting, please follow TDHCA account (@tdhca) on Twitter.

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989, at least three (3) days before the meeting so that appropriate arrangements can be made.

Non-English speaking individuals who require interpreters for this meeting should contact Elena Peinado, 512- 475-3814, at least three (3) days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Elena Peinado al siguiente número 512- 475-3814 por lo menos tres días antes de la junta para hacer los preparativos apropiados.



# CONSENT AGENDA

1a

**BOARD ACTION REQUEST**

**LEGAL DIVISION**

**JULY 30, 2015**

Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Mary Olson Apartments (HTF 98261 / CMTS 2691)

**RECOMMENDED ACTION**

**WHEREAS**, Mary Olson Apartments, owned by the Housing Authority of the City of Taylor a/k/a Taylor Housing Authority, has a history of uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

**WHEREAS**, on June 23, 2015, owner's representatives met with the Enforcement Committee and agreed, subject to Board approval, to enter into an Agreed Final Order assessing an administrative penalty of \$500, to be fully forgiven if all violations are resolved as instructed in the Agreed Final Order on or before August 31, 2015;

**WHEREAS**, unresolved compliance findings include: two Uniform Physical Condition Standards violations, Affirmative Marketing Plan violation; Fair Housing Disclosure Notice violations for four units; Notice of Amenities and Services violations for one unit; and

**WHEREAS**, staff has based its recommendations for an Agreed Final Order on the Department's rules for administrative penalties and an assessment of each and all of the statutory factors to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case;

**NOW, therefore, it is hereby**

**RESOLVED**, that an Agreed Final Order assessing an administrative penalty of \$500, subject to forgiveness as outlined above for noncompliance at Mary Olson Apartments (HTF 98261 / CMTS 2691), substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

## **BACKGROUND**

Housing Authority of the City of Taylor a/k/a Taylor Housing Authority ("Owner") is the owner of Mary Olson Apartments ("Property"), a low income apartment complex comprised of 50 units, located in Taylor, Williamson County. The Property is subject to a Land Use Restriction Agreement ("LURA") signed in 1995 in consideration for an allocation of Housing Trust Funds to acquire the Property.

The following compliance violations were referred for an administrative penalty and remain unresolved:

1. Uniform Physical Condition Standards Violations:
  - a. Overgrown/penetrating vegetation – tree branch on roof.
  - b. Cockroach infestation in Building 11-313A 7<sup>th</sup>, Unit 21 (San Miguel).
2. Affirmative marketing plan violation;
3. Fair Housing Disclosure Notice violations for units 4, 39, 41, and 44;
4. Notice of Amenities and Services violations for unit 4;

Owner met with the Enforcement Committee on June 23, 2015, and agreed to sign an Agreed Final Order with the following terms:

1. A \$500.00 administrative penalty, subject to full forgiveness as indicated below;
2. Owner must correct the file monitoring violations as indicated in the attachments to the Agreed Final Order, and submit full documentation of the corrections to TDHCA on or before August 31, 2015;
3. If Owner complies with all requirements and addresses all violations as required, the full administrative penalty will be forgiven; and
4. If Owner violates any provision of the Agreed Final Order, the full administrative penalty will immediately come due and payable.

Consistent with direction from the Department's Enforcement Committee, a probated and, upon successful completion of probation, fully forgivable administrative penalty in the amount of \$500 is recommended.

ENFORCEMENT ACTION AGAINST  
HOUSING AUTHORITY OF THE  
CITY OF TAYLOR A/K/A/ TAYLOR  
HOUSING AUTHORITY WITH  
RESPECT TO MARY OLSON  
APARTMENTS (HTF FILE # 98261 /  
CMTS # 2691)

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BEFORE THE  
TEXAS DEPARTMENT OF  
HOUSING AND  
COMMUNITY AFFAIRS

### **AGREED FINAL ORDER**

#### **General Remarks and official action taken:**

On this 30<sup>th</sup> day of July, 2015, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA") considered the matter of whether enforcement action should be taken against **HOUSING AUTHORITY OF THE CITY OF TAYLOR a/k/a/ TAYLOR HOUSING AUTHORITY**, a public body corporate and politic ("Respondent").

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act ("APA"), Tex. Gov't Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

#### **WAIVER**

Respondent acknowledges the existence of their right to request a hearing as provided by TEX. GOV'T CODE § 2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by TEX. GOV'T CODE § 2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

#### **FINDINGS OF FACT**

##### **Jurisdiction:**

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, and 10 TEX. ADMIN. CODE §1.14 and 10 TEX. ADMIN. CODE Chapter 60, both of which were replaced by 10 TEX. ADMIN. CODE §2 as of November 19, 2014.

2. During 1995, Respondent was awarded an allocation of Housing Trust Funds by the Board to acquire and operate Mary Olson Apartments ("Property") (HTF file No. 98261 / CMTS No. 2691 / LDLD No. 354).
3. Respondent signed a land use restriction agreement ("LURA") regarding the Property. The LURA was effective January 23, 1995, and filed of record at Document Number 9504298 of the Official Public Records of Real Property of Williamson County, Texas ("Records"), as amended by a First Amendment executed on April 23, 2015, and filed in the Records at Document Number 2015032278.
4. Respondent is a local housing authority that is qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.

Compliance Violations<sup>1</sup>:

5. A Uniform Physical Condition Standards ("UPCS") inspection was conducted on August 27, 2014. Inspection reports showed numerous serious property condition violations, a violation of 10 TEX. ADMIN. CODE §10.621 (Property Condition Standards). Notifications of noncompliance were sent and a January 7, 2015, corrective action deadline was set. Partial corrective action was received on June 8, 2015 after an administrative penalty informal conference notice was sent by the Department, but the following violations remain uncorrected:
  - a. Overgrown/penetrating vegetation – tree branch on roof.
  - b. Cockroach infestation in Building 11-313A 7<sup>th</sup>, Unit 21 (San Miguel).
6. An on-site monitoring review was conducted on April 15, 2014, to determine whether Respondent was in compliance with LURA requirements to lease units to low income households and maintain records demonstrating eligibility. The monitoring review found violations of the LURA and TDHCA rules. Notifications of noncompliance were sent and a September 2, 2014, corrective action deadline was set, however, no response was submitted and the following violations remained unresolved at the time of the administrative penalty informal conference that took place on June 23, 2015:
  - a. Respondent failed to provide an affirmative marketing plan, a violation of 10 TEX. ADMIN. CODE §10.617 (Affirmative Marketing), which requires developments to approve and distribute an affirmative marketing plan and to distribute marketing materials to selected marketing organizations that reach groups identified as least likely to apply and to the disabled. An affirmative marketing plan was submitted on June 22, 2015, the day before the property's administrative penalty informal conference, but the plan did not include all requirements under the current affirmative marketing rule, nor did it include copies of the required marketing

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<sup>1</sup> Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TEX. ADMIN. CODE, CHAPTERS 10 AND 60 refer to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

materials to prove that the development was carrying out marketing to the groups identified as being least likely to apply;

- b. Respondent failed to provide the Fair Housing Disclosure Notice to the households in units 3, 4, 8, 17, 34, 38, 39, 41, and 44, a violation of 10 TEX. ADMIN. CODE §10.612 (Tenant File Requirements), which required all developments to provide prospective households with a fair housing disclosure notice within a certain time period. This form has since been combined with the Notice of Amenities and Services into a replacement document called a "Tenant Rights and Resources Guide."

Partially acceptable corrective documentation was submitted on June 22, 2015, the day before the property's administrative penalty informal conference. The finding remains unresolved for units 4, 39, 41, and 44.

- c. Respondent failed to provide a Notice of Amenities and Services to the households in units 4 and 38, a violation of 10 TEX. ADMIN. CODE §10.613 (Lease Requirements), which required owners to provide to each household, at the time of execution of an initial lease and whenever there was a subsequent change in amenities and services, a notice describing those amenities and services. This form has since been combined with the Fair Housing Disclosure Notice into a replacement document called a "Tenant Rights and Resources Guide."

Partially acceptable corrective documentation was submitted on June 22, 2015, the day before the property's administrative penalty informal conference. The finding remains unresolved for unit 4.

7. The following violations remain outstanding at the time of this order:
  - a. UPCS violations described in FOF #5;
  - b. Affirmative marketing violation described in FOF #6a;
  - c. Fair Housing Disclosure Notice violation described in FOF #6b; and
  - d. Notice of Amenities and Services violation described in FOF #6c.

### **CONCLUSIONS OF LAW**

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, 10 TEX. ADMIN. CODE § 1.14 and 10 TEX. ADMIN. CODE Chapter 60, both of which were replaced by 10 TEX. ADMIN. CODE §2 as of November 19, 2014
2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Respondent violated 10 TEX. ADMIN. CODE §10.617 by failing to provide a complete affirmative marketing plan;

4. Respondent violated 10 TEX. ADMIN. CODE §10.612 by failing to execute the Fair Housing Disclosure Notice during the appropriate time frame for units 3, 4, 8, 17, 34, 38, 39, 41, and 44;
5. Respondent violated 10 TEX. ADMIN. CODE §10.613 by failing to execute the Notice of Amenities and Services for units 4 and 38;
6. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules and agreements, the Board has personal and subject matter jurisdiction over Respondent pursuant to TEX. GOV'T CODE §2306.041 and §2306.267.
7. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
8. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code Chapter 2306 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to TEX. GOV'T CODE §2306.041.
9. An administrative penalty of \$500 is an appropriate penalty in accordance with 10 TAC §§60.307 and 60.308, which were in place at the time of the violations. It remains appropriate under the replacement rule at 10 TEX. ADMIN. CODE §2, which became effective on November 19, 2014.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Board of the Texas Department of Housing and Community Affairs orders the following:

**IT IS HEREBY ORDERED** that Respondent is assessed an administrative penalty in the amount of \$500, subject to deferral as further ordered below.

**IT IS FURTHER ORDERED** that Respondent shall fully correct the file monitoring violations as indicated in Attachment 1, and submit full documentation of the corrections to TDHCA on or before August 31, 2015.

**IT IS FURTHER ORDERED** that Respondent shall repair the UPCS violations as indicated in Attachment 2, and submit work orders in the correct format, and including all necessary parts, to document the corrections to TDHCA on or before August 31, 2015.

**IT IS FURTHER ORDERED** that Respondent shall follow the requirements of 10 Tex. Admin. Code 10.406, a copy of which is included at Attachment 3, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.



**IT IS FURTHER ORDERED** that if Respondent timely and fully complies with the terms and conditions of this Agreed Final Order, correcting all violations as required, the satisfactory performance under this order will be accepted in lieu of the full assessed administrative penalty and the full amount of the administrative penalty will be deferred and forgiven.

**IT IS FURTHER ORDERED** that if Respondent fails to satisfy any conditions or otherwise violates any provision of this order, then the full administrative penalty in the amount of \$500 shall be immediately due and payable to the Department. Such payment shall be made by cashier's check payable to the "Texas Department of Housing and Community Affairs" upon the earlier of (1) within thirty days of the date the Department sends written notice to Respondent that it has violated a provision of this Order, or (2) the property closing date if sold before the terms and conditions of this Agreed Final Order have been fully satisfied.

**IT IS FURTHER ORDERED** that corrective documentation must be uploaded to the Compliance Monitoring and Tracking System ("CMTS") by following the instructions at this link: <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>. After the upload is complete, an email must be sent to Ysella Kaseman at [ysella.kaseman@tdhca.state.tx.us](mailto:ysella.kaseman@tdhca.state.tx.us) to inform her that the documentation is ready for review. If it comes due and payable, the penalty payment must be submitted to the following address:

If via overnight mail (FedEx, UPS):	If via USPS:
TDHCA Attn: Ysella Kaseman 221 E 11 <sup>th</sup> St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

**IT IS FURTHER ORDERED** that the terms of this Agreed Final Order shall be published on the TDHCA website.

*[Remainder of page intentionally blank]*

Approved by the Governing Board of TDHCA on \_\_\_\_\_, 2015.

By: \_\_\_\_\_  
Name: J. Paul Oxer  
Title: Chair of the Board of TDHCA

By: \_\_\_\_\_  
Name: James "Beau" Eccles  
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §  
  §  
COUNTY OF \_\_\_\_\_ §

Before me, the undersigned notary public, on this \_\_\_\_\_ day of July, 2015, personally appeared J. Paul Oxer, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

\_\_\_\_\_  
Notary Public, State of Texas

THE STATE OF TEXAS §  
  §  
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this \_\_\_\_\_ day of July, 2015, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

\_\_\_\_\_  
Notary Public, State of Texas

STATE OF TEXAS                                   §  
  §  
COUNTY OF \_\_\_\_\_§

BEFORE ME, \_\_\_\_\_, a notary public in and for the State of \_\_\_\_\_, on this day personally appeared \_\_\_\_\_, known to me or proven to me through \_\_\_\_\_ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is \_\_\_\_\_, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of \_\_\_\_\_ for Respondent. I am the authorized representative of Respondent, owner of Mary Olson Apartments, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondent to execute this document.
3. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs."

**RESPONDENT:**

**TAYLOR HOUSING AUTHORITY**, a public body corporate and politic.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

## Attachment 1

### **File Monitoring Violation Instructions:**

1. Refer to the following link for all references to the rules at 10 TEX. ADMIN. CODE §10 that are referenced below:

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac\\_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y)

2. Refer to the following link for copies of forms that are referenced below:

<http://www.tdhca.state.tx.us/pmcomp/forms.htm>

3. Technical support and training presentations are available at the following link(s):

- Affirmative Marketing Webinar: <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>

1. **Affirmative marketing plan** – Respondent submitted an Affirmative Marketing Plan, however evidence of outreach marketing efforts were not submitted for review. In addition, the rule at 10 TEX. ADMIN. CODE §10.617 has changed. The affirmative marketing web tool referenced in the rule in order to determine groups that are least likely to apply is available online at: <http://www.tdhca.state.tx.us/pmcomp/forms.htm>. The disabled must also be selected as a group that is least likely to apply regardless of the tool results.

Submit updated affirmative marketing plan following the instructions at 10 TEX. ADMIN. CODE §10.617, along with evidence of outreach marketing efforts to selected groups identified in the plan.

2. **Fair Housing Disclosure Notice for units 4, 39, 41, and 44** – The notice has since been replaced by the Tenants Rights and Resource Guide, as indicated at 10 TEX. ADMIN. CODE §10.613(k).

Correctable findings: Implement Tenants Rights and Resource Guide as indicated at 10 TEX. ADMIN. CODE §10.613(k) and submit signed Tenants Rights and Resource Guide Acknowledgments for units 4, 39, 41, and 44. If the tenant has moved out without signing this form, please submit a letter to TDHCA including the move-out date and acknowledging that the finding cannot be resolved.

3. **Notice of Amenities and Services for unit 4** – The notice has since been replaced by the Tenants Rights and Resource Guide, as indicated at 10 TEX. ADMIN. CODE §10.613(k).

Correctable findings: Implement Tenants Rights and Resource Guide as indicated at 10 TEX. ADMIN. CODE §10.613(k) and submit signed Tenants Rights and Resource Guide Acknowledgments for unit 4. If the tenant has moved out without signing this form, please submit a letter to TDHCA including the move-out date and acknowledging that the finding cannot be resolved.

## Attachment 2

### UPCS Violation Instructions:

#### Unresolved UPCS findings:

1. Overgrown/penetrating vegetation – tree branch on roof.
2. Cockroach infestation in Building 11-313A 7<sup>th</sup>, Unit 21 (San Miguel).

#### Submit work orders that comply with the following guidelines:

Ideally, a separate work order is created by Building or Unit for deficiencies found in each area. For example, the work order for a single Unit may indicate all identified deficiencies listed (in that unit) if each correction is individually described. However, most developments generate a separate work order for each deficiency to ensure the response is adequately complete and the description of each corrective action is clearly detailed. **Five pieces of information are needed on work orders or invoices accompanied by the scope of work** to verify that a deficiency has been corrected:

1. **The location** of the deficiency, i.e. Bldg. 5 Unit 502 or Site- near outside gate, etc.
2. **The deficiency**, i.e. Damaged Doors, Hardware, locks – Bedroom door won't latch properly. Site-Hazards Other- Broken Glass.
3. **How the deficiency is corrected**. Just a few quick words are sufficient, i.e. "replaced bedroom door latch" or "adjusted bedroom door latch". "Removed broken glass." "Sheetrock repair, taped, floated, and painted". Conversely, words such as "fixed" "done", "complete" are inadequate and are **NOT** acceptable.
4. **The date the deficiency was corrected** –the department requires a correction date in order to accept the documentation. Additionally, the IRS requires a correction date for Tax Credit properties on form 8823. ***If there is no date of correction listed, the deficiency is NOT considered corrected.***
5. **The signature** of the person who either performed the repair or acknowledges that the repair was performed satisfactorily. This is very important. Someone must certify that the correction was acceptably completed.

**Please:** Turn in all of the work orders that you have **IN THE SAME ORDER THAT THEY APPEAR ON THE "LIST OF DEFICIENCIES FOUND"**. This facilitates faster processing and increases the chances that all violations will be fully addressed.

**For repairs such as concrete repairs, roofing etc.** and vendors are utilized instead of onsite maintenance staff, please **include the scope of work** with the **DATED invoice of the contractor** that performed the work.

**For pest control**, the Structural Pest Control Act (Chapter 1951 of the Occupations Code) requires licensing of businesses and individuals that perform structural pest control for hire. Additionally, persons performing pest control at an apartment building must be licensed. As a result, **you must submit a pest control invoice by a licensed contractor** that includes a date, contractor signature, units treated and the type of pest treated.

Finally, you may submit photographs in support of the above if you wish. However, they are only necessary if the TDHCA asks for them as specific support for a deficiency still in question. If you do submit photographs, please make sure that they are labeled and support work orders and or invoices are attached. Photographs, by themselves, are not acceptable documentation of correction.

**Attachment 3:**

**Texas Administrative Code**

<u>TITLE 10</u>	COMMUNITY DEVELOPMENT
<u>PART 1</u>	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
<u>CHAPTER 10</u>	UNIFORM MULTIFAMILY RULES
<u>SUBCHAPTER E</u>	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
<u>RULE §10.406</u>	Ownership Transfers (§2306.6713)

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(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.

(b) Requirement. Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(c) Transfers Prior to 8609 Issuance or Construction Completion. Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(d) Non-Profit Organizations. If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and

Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

(3) the proposed purchaser meets the Department's standards for ownership transfers

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

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**Source Note:** The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

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**BOARD ACTION REQUEST**

**LEGAL DIVISION**

**JULY 30, 2015**

Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Willow Pond Apartments (HTC 94039 / CMTS 1229)

**RECOMMENDED ACTION**

**WHEREAS**, Willow Pond Apartments, owned by WPA Investment Group, Ltd., has a history of uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

**WHEREAS**, Willow Pond Apartments has previously paid a \$5,000 administrative penalty in accordance with a prior Agreed Final Order dated December 12, 2013;

**WHEREAS**, on June 23, 2015, owner's representatives met with the Enforcement Committee and agreed, subject to Board approval, to enter into an Agreed Final Order assessing an administrative penalty of \$1,000, to be forgiven if a material land use restriction agreement ("LURA") amendment request is submitted on or before October 28, 2015, to request permission to continue using unit 2002 as indicated below;

**WHEREAS**, unresolved compliance findings include a finding for using unit 2002 for nonresidential purposes, as a children's community room and

**WHEREAS**, staff has based its recommendations for an Agreed Final Order on the Department's rules for administrative penalties and an assessment of each and all of the statutory factors to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case;

**NOW, therefore, it is hereby**

**RESOLVED**, that an Agreed Final Order assessing an administrative penalty of \$1,000, subject to forgiveness as outlined above for noncompliance at Willow Pond Apartments (HTC 94039 / CMTS 1229), substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

## BACKGROUND

WPA Investment Group, Ltd. ("Owner") is the current owner of Willow Pond Apartments ("Property"), a low income apartment complex comprised of 385 units, located in Dallas. The Property is subject to a Land Use Restriction Agreement ("LURA") signed in 1996 in consideration for an allocation of housing tax credits to rehabilitate the Property. Owner acquired the property in 2009 and the LURA remains in effect per Section 7 of the LURA which stipulates that its restrictions run with the land.

Owner first met with the Enforcement Committee in August 2009 and informally agreed to a series of benchmarks to correct a large number of Uniform Physical Condition Standards ("UPCS") Violations spanning three review periods. The Committee considered the property again in October 2010, and voted to: (1) re-inspect the property to confirm the correction of prior UPCS violations, (2) require owner to attend 1<sup>st</sup> Thursday and Compliance training, and (3) refer the property back to the Compliance Division so that they could set an appropriate deadline of up to 12 months for resolution of the file monitoring violations. The property submitted much of the requested documentation but did not submit evidence of supportive services or correct all of the tenant files within the required time period set by Compliance. An onsite monitoring review was performed in 2012 and, although the review confirmed that most of the prior tenant file violations had been resolved, two old household income violations remained uncorrected and several new violations were identified. The owner did not submit corrective documentation before the September 11, 2012, deadline. A UPCS inspection was performed in 2012 and a corrective deadline of January 14, 2013, was established, but no corrective response was received. After multiple unsuccessful attempts by the Compliance and Legal Divisions, the matter was brought before the Committee again for consideration of a penalty recommendation and hearing before the State Office of Administrative Hearings.

A final opportunity was extended for the owner to attend an informal conference and settle the penalty case before TDHCA initiated the hearing process. Owner met with the Enforcement Committee on November 19, 2013, and agreed to sign an Agreed Final Order for a \$5,000 administrative penalty, of which \$4,500 would be forgiven if the following were fully resolved on or before March 12, 2014:

1. 2006 UPCS violations;
2. 2011 UPCS violations (includes 2008 and 2009 inspection findings);
3. 2012 UPCS violations;
4. Household income violations for units 1056 and 2045;
5. Supportive services violation;
6. Annual compliance fee delinquency for the years 2010 through 2012 in the amount of \$17,370, plus new 2013 annual compliance fee in the amount of \$5,790;
7. Unit availability violations for units 1111 and 1117;
8. Affirmative marketing plan violation;
9. Lease language violations;
10. Pre-onsite documentation violations; and
11. 2011 Annual Owner's Compliance Report violation.

The prior Agreed Final Order was approved by the TDHCA Governing Board on December 12, 2013. Ultimately, the Owner was able to resolve the majority of findings, but failed to submit one of the required annual compliance fee payments in the amount of \$5,790 and did not submit complete tenant file documentation with respect to four units. Multiple reminder letters were sent by the Compliance Division, but these remaining findings were not fully resolved until June 22, 2015, after additional intervention by the Enforcement Committee.

The Department identified a new finding of noncompliance for the nonresidential use of unit 2002 while reviewing the pre-on-site documentation Entrance Interview Questionnaire. The unit is being used as a children's community room for activities such as meals, after-school child care, tutoring, etc. This is a violation of the LURA, which specifically states that all units at the property must be residential units. On October 10, 2014, Compliance issued a notice with a 90-day corrective deadline for the owner to resolve the new finding by either restoring the unit to residential use or submitting a Material LURA Amendment Request, asking permission to reduce the number of restricted units so that the room could continue to be used for non-residential purposes. Additional correspondence was issued by TDHCA on April 24, 2015, referring the new violation for an administrative penalty. Owner did not respond until the Enforcement Committee intervened and set an informal conference.

Owner met with the Enforcement Committee on June 23, 2015, and expressed the desire to submit a Material LURA Amendment Request so that they can continue using unit 2002 as a children's community room. They agreed to sign an Agreed Final Order with the following terms:

1. A \$1,000.00 administrative penalty, subject to full forgiveness as indicated below;
2. If Owner submits a Material LURA Amendment Request, including the \$2,500 processing fee, on or before October 28, 2015, the full administrative penalty will be forgiven;
3. If the Owner chooses not to submit a Material LURA Amendment Request, the full administrative penalty must be paid on or before October 28, 2015;
4. If the Owner chooses not to submit a Material LURA Amendment Request, unit 2002 must be converted back to residential use on or before October 28, 2015. Such a conversion will not cause the penalty to be forgiven; and
5. If the Owner continues to use unit 2002 as a community room without Department permission, the finding is identified by the Compliance division again, and the finding is not timely resolved, this will be considered a new violation and will be referred back to the Enforcement Committee for consideration of an additional administrative penalty.

Consistent with direction from the Department's Enforcement Committee, a probated and, upon successful completion of probation, fully forgivable administrative penalty in the amount of \$1,000 is recommended.

ENFORCEMENT ACTION AGAINST  
WPA INVESTMENT GROUP, LTD  
WITH RESPECT TO WILLOW POND  
APARTMENTS (LIHTC FILE # 94039 /  
CMTS # 1229)

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BEFORE THE  
TEXAS DEPARTMENT OF  
HOUSING AND  
COMMUNITY AFFAIRS

### **AGREED FINAL ORDER**

#### **General Remarks and official action taken:**

On this 30<sup>th</sup> day of July, 2015, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA") considered the matter of whether enforcement action should be taken against **WPA INVESTMENT GROUP, LTD**, a Texas limited partnership ("Respondent").

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act ("APA"), Tex. Gov't Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

#### **WAIVER**

Respondent acknowledges the existence of their right to request a hearing as provided by TEX. GOV'T CODE § 2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by TEX. GOV'T CODE § 2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

#### **FINDINGS OF FACT**

##### **Jurisdiction:**

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, and 10 TEX. ADMIN. CODE §1.14 and 10 TEX. ADMIN. CODE Chapter 60, both of which were replaced by 10 TEX. ADMIN. CODE §2 as of November 19, 2014.

2. During 1996, Dallas/Glen Hills, L.P., a Texas limited partnership ("Prior Owner") was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of \$350,260 to rehabilitate Willow Pond Apartments ("Property") (HTC file No. 94039 / CMTS No. 1229 / LDLD No. 100).
3. Prior Owner signed a land use restriction agreement ("LURA") regarding the Property. The LURA was effective October 1, 1996, and filed of record on December 30, 1996 at Document Number 2521702 of the Official Public Records of Real Property of Dallas County, Texas ("Records"). In accordance with Section 2 of the LURA, the LURA is a restrictive covenant/deed restriction encumbering the property and binding on all successors and assigns for the full term of the LURA.
4. Respondent purchased the Property on April 3, 2009, and the property continues to be subject to the LURA.
5. Respondent is a Texas limited partnership that is qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.

Compliance Violations<sup>1</sup>:

6. Property has a history of violations and was the subject of a previously signed Agreed Final Order on January 13, 2013, agreeing to a \$5,000 administrative penalty, which was to be partially forgivable provided that Respondent complied with a series of requirements outlined within the Agreed Final Order. The Agreed Final Order was violated and the administrative penalty has been paid in full.
7. On October 10, 2014, TDHCA issued notice that a new finding was identified during its review of the Entrance Interview Questionnaire that was submitted as required by the Agreed Final Order referenced above in FOF # 6. The responses to the Entrance Interview Questionnaire indicated that Unit 2002 was not being used for residential purposes, and was instead being used as a children's community center. Use of the unit for non-residential purposes and not making it available to the public for rent is a violation of Section 4(c) and Appendix A of the LURA, which require 100% of the units in each building to be made available to members of the public who qualify for occupancy, and is considered an event of noncompliance. The October 10, 2014 TDHCA letter provided a 90-day corrective action period to either (a) convert the unit back to residential use, occupy it with a qualified household, and submit the full tenant file to TDHCA, or (b) request a material LURA amendment to allow the unit to be used for non-residential purposes. The deadline to respond to this new finding was January 8, 2015. TDHCA issued a second letter on April 24, 2015, indicating that no response had

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<sup>1</sup> Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TEX. ADMIN. CODE, CHAPTERS 10 AND 60 refer to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

been received, and that the new finding was being referred for an administrative penalty. The finding remains unresolved.

### CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, 10 TEX. ADMIN. CODE § 1.14 and 10 TEX. ADMIN. CODE Chapter 60, both of which were replaced by 10 TEX. ADMIN. CODE §2 as of November 19, 2014.
2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.
4. Respondent violated Section 4(c) and Appendix A of the LURA by using Unit 2002 for non-residential use as a children's community room.
5. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules and agreements, the Board has personal and subject matter jurisdiction over Respondent pursuant to TEX. GOV'T CODE §2306.041 and §2306.267.
6. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
7. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code Chapter 2306 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to TEX. GOV'T CODE §2306.041.
8. An administrative penalty of \$1,000 is an appropriate penalty in accordance with 10 TAC §§60.307 and 60.308, which were in place at the time of the violation. It remains appropriate under the replacement rule at 10 TEX. ADMIN. CODE §2, which became effective on November 19, 2014.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Board of the Texas Department of Housing and Community Affairs orders the following:

**IT IS HEREBY ORDERED** that Respondent is assessed an administrative penalty in the amount of \$1,000, subject to possible deferral as further ordered below.

**IT IS FURTHER ORDERED** that Respondent shall pay and is hereby directed to pay the \$1,000 administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" on or before October 28, 2015, to the address indicated below, with no further demand from the Department unless Respondent chooses to submit a Material LURA Amendment Request as indicated below on or before October 28, 2015.

**IT IS FURTHER ORDERED** that Respondent shall convert unit 2002 back to residential use on or before October 28, 2015 unless it chooses to submit a Material LURA Amendment Request as indicated below.

**IT IS FURTHER ORDERED** that, if Respondent submits a Material LURA Amendment Request on or before October 28, 2015, including the required processing fee, requesting a reduction in the number of restricted units to permit continued usage of unit 2002 as a children's community room, the administrative penalty shall be waived.

**IT IS FURTHER ORDERED** that if Respondent complies with the terms and conditions of this Agreed Final Order and chooses to submit a Material LURA Amendment Request as indicated above, the satisfactory performance under this Agreed Final Order will be accepted in lieu of the assessed administrative penalty and the full administrative penalty will be deferred and forgiven.

**IT IS FURTHER ORDERED** that if Respondent fails to satisfy any conditions, otherwise violates any provision of this order, or chooses not to submit a Material LURA Amendment Request as indicated above, then the full administrative penalty in the amount of \$1,000 shall be submitted to the Department on or before October 28, 2015.

**IT IS FURTHER ORDERED** that, if unit 2002 continues to be used as a community room without permission from the Department and the violation is identified again by the Compliance Division during a future corrective documentation review, desk review, onsite file review, or onsite physical inspection conducted after the date this Agreed Final Order is approved by the TDHCA Board, and the finding is not timely resolved during the corrective action period set by the Compliance Division, this will be considered a new violation and may be referred back to the Enforcement Committee for consideration of an additional administrative penalty.

**IT IS FURTHER ORDERED** that Respondent shall follow the requirements of 10 Tex. Admin. Code 10.406, a copy of which is included at Attachment 1, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

**IT IS FURTHER ORDERED** that the Material LURA Amendment Request and/or any administrative penalty payment must be submitted to the following address:

<b>If via overnight mail (FedEx, UPS):</b>	<b>If via USPS:</b>
TDHCA Attn: Ysella Kaseman 221 E 11 <sup>th</sup> St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

**IT IS FURTHER ORDERED** that the terms of this Agreed Final Order shall be published on the TDHCA website.



Approved by the Governing Board of TDHCA on \_\_\_\_\_, 2015.

By: \_\_\_\_\_  
Name: J. Paul Ozer  
Title: Chair of the Board of TDHCA

By: \_\_\_\_\_  
Name: James "Beau" Eccles  
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §  
  §  
COUNTY OF \_\_\_\_\_§

Before me, the undersigned notary public, on this \_\_\_\_\_ day of July, 2015, personally appeared J. Paul Ozer, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

\_\_\_\_\_  
Notary Public, State of Texas

THE STATE OF TEXAS §  
  §  
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this \_\_\_\_\_ day of July, 2015, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

\_\_\_\_\_  
Notary Public, State of Texas

STATE OF TEXAS                    §  
  §  
COUNTY OF \_\_\_\_\_§

BEFORE ME, \_\_\_\_\_, a notary public in and for the State of \_\_\_\_\_, on this day personally appeared \_\_\_\_\_, known to me or proven to me through \_\_\_\_\_ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is \_\_\_\_\_, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of \_\_\_\_\_ for Respondent. I am the authorized representative of Respondent, owner of Willow Pond Apartments, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondent to execute this document.
3. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs."

**RESPONDENT:**

**WPA INVESTMENT GROUP, LTD**, a Texas limited partnership

**WILLOW POND PARTNERS, LLC**, a Texas limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

## Attachment 1

### **Texas Administrative Code**

<u>TITLE 10</u>	COMMUNITY DEVELOPMENT
<u>PART 1</u>	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
<u>CHAPTER 10</u>	UNIFORM MULTIFAMILY RULES
<u>SUBCHAPTER E</u>	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
<u>RULE §10.406</u>	Ownership Transfers (§2306.6713)

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(a) **Ownership Transfer Notification.** All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.

(b) **Requirement.** Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(c) **Transfers Prior to 8609 Issuance or Construction Completion.** Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(d) **Non-Profit Organizations.** If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and

Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

(3) the proposed purchaser meets the Department's standards for ownership transfers

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

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**Source Note:** The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

1c

**BOARD ACTION REQUEST**

**LEGAL DIVISION**

**JULY 30, 2015**

Presentation, Discussion, and Possible Action regarding the adoption of Agreed Final Orders concerning related properties Sunrise Village II (HTC 96113 / HOME 536265 / CMTS 1574) and Rincon Point Apartments (HOME 534031 / CMTS 2618)

**RECOMMENDED ACTION**

**WHEREAS**, Sunrise Village II, owned by San Marcos Senior Community II, LLP, has a history of uncorrected compliance findings of the applicable land use restriction agreements and the associated statutory and rule requirements;

**WHEREAS**, Rincon Point Apartments, owned by Foundation of Hope, Inc., has a history of uncorrected compliance findings of the applicable land use restriction agreements and the associated statutory and rule requirements;

**WHEREAS**, owner representatives are the same for both organizations;

**WHEREAS**, Sunrise Village II has paid a \$250 administrative penalty in accordance with a prior Agreed Final Order dated July 31, 2014, for violations identified during reviews performed in 2012 and 2013;

**WHEREAS**, Rincon Point Apartments was also discussed along with Sunrise Village II during an informal conference that took place on June 17, 2014, but the Enforcement Committee did not recommend a penalty for Rincon Point at the time because a corrective action deadline for a new 2014 file monitoring review had been set for August and the violations on the new list were numerous and more serious than those that had already been referred; instead, they put the administrative penalty referral on hold and told the owner that the case would be reconsidered after corrective documentation had been submitted and reviewed;

**WHEREAS**, on June 23, 2015, owner's representatives met with the Enforcement Committee a second time and agreed, subject to Board approval, to enter into an Agreed Final Order for each property, assessing a fully payable administrative penalty of \$500 for Sunrise Village II, and assessing a partially forgivable administrative penalty of \$2,850 for Rincon Point Apartments, with \$500 payable by August 31, 2015, and the remainder to be probated and forgiven provided that all remaining findings are addressed as required in the Agreed Final Order;

**WHEREAS**, unresolved compliance findings for Sunrise Village II include a household income above limit violation for 1 unit;

**WHEREAS**, unresolved compliance findings for Rincon Point Apartments include household income above limit violations for 4 units, rent calculation violation for 1 unit, Fair Housing Disclosure Notice violations for 4 units; Notice of Amenities and Services violations for 4 units; and

**WHEREAS**, staff has based its recommendations for an Agreed Final Order on the Department's rules for administrative penalties and an assessment of each and all of the statutory factors to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case;

**NOW, therefore, it is hereby**

**RESOLVED**, that Agreed Final Orders assessing an administrative penalty of \$500 for noncompliance at Sunrise Village II (HTC 96113 / HOME 536265 / CMTS 1574), and assessing an administrative penalty of \$2,850 for noncompliance at Rincon Point Apartments (HOME 534031 / CMTS 2618), subject to forgiveness as outlined above, substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

## BACKGROUND

Property	Location	Owner	LURA
Sunrise Village II 60 units New Construction	San Marcos, Hays County	San Marcos Senior Community II, LLP	HOME LURA effective 1997. Funding amount: \$450,000.  HTC LURA effective 1999. Funding amount: \$250,558 annually.
Rincon Point 36 units New Construction	Taft, San Patricio County	Foundation of Hope, Inc.	HOME LURA effective 1998. Funding amount: \$1,490,000.

Both properties have the same owner representatives and, despite previous attempts by the Compliance Division, Legal Division, and Enforcement Committee (“Committee”), both have failed to remain in compliance with the applicable LURAs and do not submit complete responses to monitoring deadlines. Each has been referred for a penalty previously and they attended their first informal conference with the Enforcement Committee on July 17, 2014, where:

1. Sunrise Village II: Agreed to sign an Agreed Final Order with respect to findings identified during 2013 onsite review. A \$250 administrative penalty was paid on time. When this Agreed Final Order was signed, there were household income above limit upon initial occupancy violations relating to units 2512 and 2618 that could not be resolved until a later date. The Agreed Final Order included a paragraph specifically excluding those findings from the administrative penalty assessment and warning the owner that they must timely and fully respond as required by the Compliance Division for the new 2014 onsite review, which had identified both findings again, in order to avoid an administrative penalty recommendation with respect to those two units.
2. Rincon Point: The Committee did not recommend a penalty for Rincon Point because a corrective action deadline for a new 2014 file monitoring review had been set for August of 2014, and the violations on the new list were more numerous and serious than those that had already been referred; instead, they put the administrative penalty referral on hold and told the owner that the case would be reconsidered after corrective documentation had been submitted and reviewed.

Both properties were reviewed again during 2014, and were referred back to the Committee:

1. Sunrise Village II. Quality of corrective documentation improved after the first informal conference, however, property still did not respond to all TDHCA monitoring letters and also renewed a lease for a non-qualified household. Referred findings:
  - a. Household income above limit violation for unit 2512: Acceptable corrective documentation was submitted on May 8, 2015, after intervention by the Committee. The finding was dropped.
  - b. Household income above limit violation for unit 2618: This violation was repeated in 2014 when the property renewed the lease for the over-income tenant despite previously representing to the Department that the lease would not be renewed upon expiration because the tenant did not qualify for the program.



2. Rincon Point: Quality of corrective documentation did not improve after the first informal conference. Property submitted a timely response to the initial compliance monitoring letter relating to their 2014 review, but the response was incomplete and they did not respond to subsequent correspondence from Compliance. They then submitted late and incomplete documentation for the following findings after intervention by the Committee:
  - a. Household income above limit violations for units 7, 16, 33, and 36.
  - b. Special Needs violation for failure to have the required number of units occupied by Special Needs Individuals or Families.
  - c. Rent calculation violation for unit 4 after the tenant's income increased above 80% at recertification.
  - d. Fair Housing Disclosure Notice violations for 4 units; and
  - e. Notice of Amenities and Services violations for 4 units.

Owner representatives met with the Enforcement Committee a second time on June 23, 2015, and agreed to sign Agreed Final Orders with the following terms:

1. Sunrise Village: A \$500.00 administrative penalty, to be paid on or before August 31, 2015.
2. Rincon Point:
  - a. A \$2,850 administrative penalty, with \$500 to be paid on or before August 31, 2015, and the remainder subject to full forgiveness as indicated below;
  - b. Owner must correct the file monitoring violations as indicated in the attachments to the Agreed Final Order, and submit full documentation of the corrections to TDHCA on or before October 28, 2015;
  - c. If Owner complies with all requirements and addresses all violations as required, the remaining administrative penalty will be forgiven; and
  - d. If Owner violates any provision of the Agreed Final Order, the remaining administrative penalty will immediately come due and payable.

Consistent with direction from the Department's Enforcement Committee, an administrative penalty in the amount of \$500 is recommended for Sunrise Village II, and a probated and, upon successful completion of probation, partially forgivable administrative penalty in the amount of \$2,850 is recommended for Rincon Point.

ENFORCEMENT ACTION AGAINST  
SAN MARCOS SENIOR  
COMMUNITY II, LLP WITH  
RESPECT TO SUNRISE VILLAGE II  
(HOME FILE # 536265 /  
HTC FILE # 96113 / CMTS # 1574)

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BEFORE THE  
TEXAS DEPARTMENT OF  
HOUSING AND  
COMMUNITY AFFAIRS

### **AGREED FINAL ORDER**

#### **General Remarks and official action taken:**

On this 30<sup>th</sup> day of July, 2015, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA”) considered the matter of whether enforcement action should be taken against **SAN MARCOS SENIOR COMMUNITY II, LLP**, a Texas Limited Partnership (“Respondent”).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act (“APA”), Tex. Gov’t Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

#### **WAIVER**

Respondent acknowledges the existence of their right to request a hearing as provided by TEX. GOV’T CODE § 2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by TEX. GOV’T CODE § 2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

#### **FINDINGS OF FACT**

##### **Jurisdiction:**

1. The Department has jurisdiction over this matter pursuant to Tex. Gov’t Code §§2306.041-.0503, and 10 TEX. ADMIN. CODE §1.14 and 10 TEX. ADMIN. CODE Chapter 60, both of which were replaced by 10 TEX. ADMIN. CODE §2 as of November 19, 2014.

2. In 1996, San Marcos Senior Community II, LLP (“Respondent”) was awarded an allocation of HOME funds by the Board, in the amount of \$450,000.00 to build and operate Sunrise Village II (“Property”) (HOME File No. 536265 / CMTS No. 1574 / LDDL No. 403).
3. In 1996, San Marcos Senior Community II, LLP (“Respondent”) was awarded an allocation of Housing Tax Credit funds by the Board, in the annual amount of \$250,558.00 to build and operate Sunrise Village II (“Property”) (HOME File No. 536265 / CMTS No. 1574 / LDDL No. 403).
4. Respondent signed two land use restriction agreements (collectively, “LURA’s”) regarding the Property. The HOME LURA was effective May 30, 1997, and filed of record at Volume 1326, Page 247 of the Official Public Records of Real Property of Hays County, Texas (“Records”). The HTC LURA was effective August 12, 1999, and filed of record at Document Number 9924728 in the Records.
5. Respondent is a Texas limited partnership that is approved by TDHCA as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.

Compliance Violations<sup>1</sup>:

6. Property has a history of violations and previously signed an Agreed Final Order dated July 31, 2014, agreeing to pay a \$250 administrative penalty with respect to findings identified during onsite reviews conducted during 2013. This penalty was paid on time. When this Agreed Final Order was signed, there were two household-income-above-limit upon-initial-occupancy violations relating to units 2512 and 2618 that could not be resolved until a later date. The Agreed Final Order included a paragraph specifically excluding those findings from the administrative penalty assessment and warning the owner that they must timely and fully respond as required by the Compliance Division for the new onsite review discussed below in FOF #8 in order to avoid an administrative penalty recommendation with respect to the two units.
7. An on-site monitoring review was conducted on April 24, 2014, to determine whether Respondent was in compliance with LURA requirements to lease units to low income households and maintain records demonstrating eligibility. The monitoring review found violations of the LURA and TDHCA rules. Notifications of noncompliance were sent and an August 18, 2014 deadline was set. Partial corrective documentation was timely submitted, however, no response was received to TDHCA’s subsequent letter dated February 18, 2015, which demanded further action with respect to the following unresolved violations:
  - a. Respondent failed to provide documentation that household incomes were within prescribed limits upon initial occupancy for unit 2512, a violation of 10 TEX.

<sup>1</sup> Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TEX. ADMIN. CODE, CHAPTERS 10 AND 60 refer to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

ADMIN. CODE §10.611 (Determination, Documentation and Certification of Annual Income) and both LURAs, which require screening of tenants to ensure qualification for the programs. Acceptable corrective documentation was submitted on May 8, 2015, after intervention by the Enforcement Committee, and the finding was dropped.

- b. Respondent failed to provide documentation that household incomes were within prescribed limits upon initial occupancy for unit 2618, a violation of 10 TEX. ADMIN. CODE §10.611 (Determination, Documentation and Certification of Annual Income) and both LURAs, which require screening of tenants to ensure qualification for the programs. Respondent submitted a copy of a Notice of Nonrenewal dated April 24, 2014, to the Enforcement Committee on May 1, 2014, representing that the unqualified tenant in 2618 would move out upon lease expiration on August 31, 2014 (see Attachment 1). The lease was renewed anyway and a second Notice of Nonrenewal, this time representing that the unqualified tenant would move out upon lease expiration on August 31, 2015, was submitted on May 4, 2015, after intervention by the Enforcement Committee (see Attachment 2).
8. The following violation remains outstanding at the time of this order:
- a. Household income above limit upon initial occupancy finding described in FOF #7b;

### CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, 10 TEX. ADMIN. CODE § 1.14 and 10 TEX. ADMIN. CODE Chapter 60, both of which were replaced by 10 TEX. ADMIN. CODE §2 as of November 19, 2014.
2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.
4. Respondent violated 10 TEX. ADMIN. CODE §10.611 by failing to timely provide documentation that household incomes are within prescribed limits upon initial occupancy for units 2512 and 2618
5. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules and agreements, the Board has personal and subject matter jurisdiction over Respondent pursuant to TEX. GOV'T CODE §2306.041 and §2306.267.

6. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
7. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code Chapter 2306 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to TEX. GOV'T CODE §2306.041.
8. An administrative penalty of \$500 is an appropriate penalty in accordance with 10 TAC §§60.307 and 60.308, which were in place at the time of the violation. It remains appropriate under the replacement rule at 10 TEX. ADMIN. CODE §2, which became effective on November 19, 2014.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Board of the Texas Department of Housing and Community Affairs orders the following:

**IT IS HEREBY ORDERED** that Respondent is assessed an administrative penalty in the amount of \$500.

**IT IS FURTHER ORDERED** that Respondent shall pay and is hereby directed to pay the \$500 administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" on or before August 31, 2015.

**IT IS FURTHER ORDERED** that if the lease for the currently unqualified tenant in unit 2618 is renewed again, this will be considered a new violation and may be referred back to the Enforcement Committee for a new penalty unless the tenant's financial circumstances have changed such that they qualify for the program at the time of lease renewal.

**IT IS FURTHER ORDERED** that if the financial circumstances for the unqualified tenant in unit 2618 change and the lease is renewed, the full tenant file must be submitted for review. A full tenant file shall include an application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum, Tenant Rights and Resources Guide Acknowledgment, and any other forms that may be required by TDHCA rules at the time that the lease is signed. If TDHCA reviews the file and finds that the tenant still did not qualify for the program at the time of renewal, this will be considered a new violation.

**IT IS FURTHER ORDERED** that if the unqualified tenant in unit 2618 vacates the unit, the unit must be made ready for occupancy as required by TDHCA rules and the full new tenant file must be submitted for review. A full tenant file shall include an application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum, Tenant Rights and Resources Guide Acknowledgment, and any other forms that may be required by TDHCA rules at the time that the lease is signed. If TDHCA reviews the file and finds that the new tenant does not qualify for the program, this will be considered a new violation.

**IT IS FURTHER ORDERED** that Respondent shall follow the requirements of 10 Tex. Admin. Code 10.406, a copy of which is included at Attachment 3, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

**IT IS FURTHER ORDERED** that corrective documentation must be uploaded to the Compliance Monitoring and Tracking System ("CMTS") by following the instructions at this link: <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>. After the upload is complete, an email must be sent to Ysella Kaseman at [ysella.kaseman@tdhca.state.tx.us](mailto:ysella.kaseman@tdhca.state.tx.us) to inform her that the documentation is ready for review. The penalty payment must be submitted to the following address:

If via overnight mail (FedEx, UPS):	If via USPS:
TDHCA Attn: Ysella Kaseman 221 E 11 <sup>th</sup> St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

**IT IS FURTHER ORDERED** that the terms of this Agreed Final Order shall be published on the TDHCA website.

*[Remainder of page intentionally blank]*

Approved by the Governing Board of TDHCA on \_\_\_\_\_, 2015.

By: \_\_\_\_\_  
Name: J. Paul Oxer  
Title: Chair of the Board of TDHCA

By: \_\_\_\_\_  
Name: James "Beau" Eccles  
Title: Secretary of the Board of TDHCA

**THE STATE OF TEXAS** §  
  §  
**COUNTY OF \_\_\_\_\_** §

Before me, the undersigned notary public, on this \_\_\_\_\_ day of July, 2015, personally appeared J. Paul Oxer, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

\_\_\_\_\_  
Notary Public, State of Texas

**THE STATE OF TEXAS** §  
  §  
**COUNTY OF TRAVIS** §

Before me, the undersigned notary public, on this \_\_\_\_\_ day of July, 2015, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

\_\_\_\_\_  
Notary Public, State of Texas

STATE OF TEXAS                            §  
  §  
COUNTY OF \_\_\_\_\_§

BEFORE ME, \_\_\_\_\_, a notary public in and for the State of \_\_\_\_\_, on this day personally appeared \_\_\_\_\_, known to me or proven to me through \_\_\_\_\_ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

- 1. "My name is \_\_\_\_\_, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
- 2. I hold the office of \_\_\_\_\_ for Respondent. I am the authorized representative of Respondent, owner of Sunrise Village II, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondent to execute this document.
- 3. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs."

**RESPONDENT:**

**SAN MARCOS SENIOR COMMUNITY II, LLP**, a  
Texas limited partnership

**SAN MARCOS SENIOR COMMUNITY II,  
LLP**, a Texas nonprofit corporation, its general  
partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_



**Attachment 1**

**Notice of Nonrenewal #1 – Unit 2618**

04/24/2014 18:37 FAX

002/002

**ADVANCE NOTICE OF LEASE TERMINATION  
AT END OF LEASE TERM OR RENEWAL PERIOD**

April 24, 2014

Date

Linda Janet Burcasser

(Names of all residents)

500 Parker Drive, A2618

(Street address and dwelling unit number, if applicable)

San Marcos, TX 78666

(City, State, Zip)

Re: Notice to vacate at end of lease term or renewal period

TAA Lease Contract dated 09/01/2013

between residents named above and

Sunrise Village

(owner)

Dear Resident(s):

Your current TAA Lease Contract expires on August 31st, 2014. According to the advance notice provision of your lease, we are writing this letter to give you sufficient notice of our request for possession of your dwelling unit on August 31, 2014. Please consider this letter as lawful notice to vacate on that date.

April 24, 2014

Date notice was given by the method checked below

Beatriz Hotal  
Signature of owner's representative

The notice was: (check at least one)

- |   |  |   |
|---|--|---|
| <input checked="" type="checkbox"/> hand delivered to any one of the residents named above; | <input type="checkbox"/> posted on the inside of the dwelling's main entry door (not the screen door) that has a keyless bolting device or keyless deadbolt on it; | <input type="checkbox"/> sent by first class mail;                            |
| <input type="checkbox"/> hand delivered to any person 16 or older residing in the dwelling; |  | <input type="checkbox"/> sent by certified mail, return receipt requested; or |
|   |  | <input type="checkbox"/> sent by registered mail.                             |

**Attachment 2**

**Notice of Nonrenewal #2 – Unit 2618**

**ADVANCE NOTICE OF LEASE TERMINATION  
AT END OF LEASE TERM OR RENEWAL PERIOD**

Linda J. Burgassar

May 4, 2015

Date

\_\_\_\_\_  
(Names of all residents)

500 Parker Drive (2618)

(Street address and dwelling unit number, if applicable)

San Marcos, TX 78666

(City, State, Zip)

Re: Notice to vacate at end of lease term or renewal period

TAA Lease Contract dated 08/31/2015

between residents named above and

Sunrise Village

\_\_\_\_\_  
(owner)

Dear Resident(s):

Your current TAA Lease Contract expires on August 31, 2015. According to the advance notice provision of your lease, we are writing this letter to give you sufficient notice of our request for possession of your dwelling unit on September 1, 2015. Please consider this letter as lawful notice to vacate on that date.

May 4, 2015

Date notice was given by the method checked below

Mary Petersen

Signature of owner's representative

The notice was: (check at least one)

- |   |  |   |
|---|--|---|
| <input checked="" type="checkbox"/> hand delivered to any one of the residents named above; | <input type="checkbox"/> posted on the inside of the dwelling's main entry door (not the screen door) that has a keyless bolting device or keyless deadbolt on it; | <input type="checkbox"/> sent by first class mail;                            |
| <input type="checkbox"/> hand delivered to any person 16 or older residing in the dwelling; |  | <input type="checkbox"/> sent by certified mail, return receipt requested; or |
|   |  | <input type="checkbox"/> sent by registered mail.                             |

**Attachment 3:**

**Texas Administrative Code**

<u>TITLE 10</u>	COMMUNITY DEVELOPMENT
<u>PART 1</u>	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
<u>CHAPTER 10</u>	UNIFORM MULTIFAMILY RULES
<u>SUBCHAPTER E</u>	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
<u>RULE §10.406</u>	Ownership Transfers (§2306.6713)

---

(a) **Ownership Transfer Notification.** All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.

(b) **Requirement.** Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(c) **Transfers Prior to 8609 Issuance or Construction Completion.** Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(d) **Non-Profit Organizations.** If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and

Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

(3) the proposed purchaser meets the Department's standards for ownership transfers

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

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**Source Note:** The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

ENFORCEMENT ACTION AGAINST  
FOUNDATION OF HOPE, INC. WITH  
RESPECT TO RINCON POINT  
APARTMENTS (HOME FILE # 534031  
/ CMTS # 2618)

§  
§  
§  
§  
§

BEFORE THE  
TEXAS DEPARTMENT OF  
HOUSING AND  
COMMUNITY AFFAIRS

### **AGREED FINAL ORDER**

#### **General Remarks and official action taken:**

On this 30<sup>th</sup> day of July, 2015, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA") considered the matter of whether enforcement action should be taken against **FOUNDATION OF HOPE, INC.**, a Texas nonprofit corporation ("Respondent").

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act ("APA"), Tex. Gov't Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

#### **WAIVER**

Respondent acknowledges the existence of their right to request a hearing as provided by TEX. GOV'T CODE § 2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by TEX. GOV'T CODE § 2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

#### **FINDINGS OF FACT**

##### **Jurisdiction:**

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, and 10 TEX. ADMIN. CODE §1.14 and 10 TEX. ADMIN. CODE Chapter 60, both of which were replaced by 10 TEX. ADMIN. CODE §2 as of November 19, 2014.

2. During 1996, Respondent was awarded an allocation of HOME funds by the Board, in the annual amount of \$1,490,000 to build and operate Rincon Point Apartments ("Property") (HOME file No. 534031 / CMTS No. 2618 / LDLD No. 160).
3. Respondent signed a land use restriction agreement ("LURA") regarding the Property. The LURA was effective August 28, 1998, and filed of record at Document Number 465858 of the Official Public Records of Real Property of San Patricio County, Texas ("Records"), as amended by a First Amendment effective September 17, 2010, and filed in the Records at Volume 4187, Page 368.
4. Respondent is a Texas nonprofit corporation that is qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.

Compliance Violations<sup>1</sup>:

5. An on-site monitoring review was conducted on March 25, 2014, to determine whether Respondent was in compliance with LURA requirements to lease units to low income households and maintain records demonstrating eligibility. The monitoring review found violations of the LURA and TDHCA rules. Notifications of noncompliance were sent and an August 4, 2014 corrective action deadline was set. Partial corrective documentation was received, however, the following violations were not corrected before the deadline:
  - a. Respondent failed to provide documentation that household incomes were within prescribed limits upon initial occupancy for units 7, 16, 33, 36, a violation of 10 TEX. ADMIN. CODE §10.611 (Determination, Documentation and Certification of Annual Income) and Section 4 of the LURA, which require screening of tenants to ensure qualification for the program;
  - b. Respondent failed to provide evidence that the required number of units had been designated as being occupied by Special Needs Individuals or Families, a violation of Section 2.3(b) of the amended LURA, which requires 35% of units to be made available for occupancy by Special Needs Individuals or Families. At the time of the review, 13 units were required but only 11 had been designated as Special Needs and none included the required verification. Responses regarding this finding were submitted between May 22, 2015 and May 25, 2015, after an administrative penalty informal conference notice was sent, and the finding was subsequently dropped.
  - c. Respondent failed to provide evidence that rent had been properly determined for unit 4 after the household income increased above 80% at recertification, a violation of 10 TEX. ADMIN. CODE §10.622 (Special Rules Regarding Rents and Rent Limit Violations), which requires owner to charge rent equal to 30 percent of

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<sup>1</sup> Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TEX. ADMIN. CODE, CHAPTERS 10 AND 60 refer to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

the household's adjusted income when the household income increases above 80% at recertification. The wrong rent amount was calculated and charged. A response regarding this finding was submitted on May 22, 2015, after an administrative penalty informal conference notice was sent, indicating that the household moved out on May 1, 2014, and a new tenant had moved in on September 1, 2014. Since the household moved out and the requested documentation to resolve the finding could not be provided, there is no corrective action available and the finding will remain uncorrected.

- d. Respondent failed to provide the Fair Housing Disclosure Notice for units 3, 7, 16, 19, a violation of 10 TEX. ADMIN. CODE §10.612 (Tenant File Requirements), which requires all developments to provide prospective households with a fair housing disclosure notice within a certain time period. This form has since been combined with the Notice of Amenities and Services into a replacement document called a "Tenant Rights and Resources Guide."

Responses regarding these findings were submitted between May 22, 2015 and May 25, 2015, after an administrative penalty informal conference notice was sent. The finding remains unresolved for unit 3 because an appropriately signed notice has not been submitted, but the finding can be resolved by submitting a signed Tenant Rights and Resources Guide Acknowledgment. The finding is uncorrectable for units 7, 16, and 19 because the households moved out without signing during the appropriate time period.

- e. Respondent failed to provide a Notice of Amenities and Services to units 7, 16, 19, 36, a violation of 10 TEX. ADMIN. CODE §10.613 (Lease Requirements), which required owners to provide to each household, at the time of execution of an initial lease and whenever there was a subsequent change in amenities and services, a notice describing those amenities and services. This form has since been combined with the Fair Housing Disclosure Notice into a replacement document called a "Tenant Rights and Resources Guide."

Responses regarding these findings were submitted between May 22, 2015 and May 25, 2015, after an administrative penalty informal conference notice was sent. The finding remains unresolved for unit 36 because an appropriately signed notice has not been submitted, but the finding can be resolved by submitting a signed Tenant Rights and Resources Guide Acknowledgment. The finding is uncorrectable for units 7, 16, and 19 because the households moved out without signing during the appropriate time period.

6. The following violations remain outstanding at the time of this order:
  - a. Household income above limit violations described in FOF #5a;
  - b. Rent calculation violation described in FOF #5c;
  - c. Fair Housing Disclosure Notice violations described in FOF #5d; and
  - d. Notice of Amenities and Services violations described in FOF #5e.

## CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, 10 TEX. ADMIN. CODE § 1.14 and 10 TEX. ADMIN. CODE Chapter 60, both of which were replaced by 10 TEX. ADMIN. CODE §2 as of November 19, 2014.
2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Respondent violated 10 TEX. ADMIN. CODE §10.611 by failing to provide documentation that household incomes were within prescribed limits upon initial occupancy for units 7, 16, 33, and 36;
4. Respondent violated Section 2.3(b) of the amended LURA by failing to ensure the correct number of Special Needs units;
5. Respondent violated 10 TEX. ADMIN. CODE §10.622 by failing to properly determine the rent for unit 4 after the household income increased above 80% at recertification;
6. Respondent violated 10 TEX. ADMIN. CODE §10.612 by failing to provide the Fair Housing Disclosure Notice for units 3, 7, 16, and 19;
7. Respondent violated 10 TEX. ADMIN. CODE §10.613 by failing to provide the Notice of Amenities and Services to units 7, 16, 19, and 36;
8. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules and agreements, the Board has personal and subject matter jurisdiction over Respondent pursuant to TEX. GOV'T CODE §2306.041 and §2306.267.
9. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
10. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code Chapter 2306 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to TEX. GOV'T CODE §2306.041.
11. An administrative penalty of \$2,850 is an appropriate penalty in accordance with 10 TAC §§60.307 and 60.308, which were in place at the time of the violations. It remains appropriate under the replacement rule at 10 TEX. ADMIN. CODE §2, which became effective on November 19, 2014.



Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Board of the Texas Department of Housing and Community Affairs orders the following:

**IT IS HEREBY ORDERED** that Respondent is assessed an administrative penalty in the amount of \$2,850, subject to deferral as further ordered below.

**IT IS FURTHER ORDERED** that Respondent shall pay and is hereby directed to pay a \$500 portion of the assessed administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" on or before August 31, 2015.

**IT IS FURTHER ORDERED** that Respondent shall fully correct the file monitoring violations as indicated in the attachments and submit full documentation of the corrections to TDHCA on or before October 28, 2015.

**IT IS FURTHER ORDERED** that Respondent shall follow the requirements of 10 Tex. Admin. Code 10.406, a copy of which is included at Attachment 2, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

**IT IS FURTHER ORDERED** that if Respondent timely and fully complies with the terms and conditions of this Agreed Final Order, correcting all violations as required, the satisfactory performance under this order will be accepted in lieu of the remaining assessed administrative penalty and the remaining administrative penalty in the amount of \$2,350 will be deferred and forgiven.

**IT IS FURTHER ORDERED** that if Respondent fails to satisfy any conditions or otherwise violates any provision of this order, then the remaining administrative penalty in the amount of \$2,350 shall be immediately due and payable to the Department. Such payment shall be made by cashier's check payable to the "Texas Department of Housing and Community Affairs" upon the earlier of (1) within thirty days of the date the Department sends written notice to Respondent that it has violated a provision of this Order, or (2) the property closing date if sold during the term of this Order.

**IT IS FURTHER ORDERED** that corrective documentation must be uploaded to the Compliance Monitoring and Tracking System ("CMTS") by following the instructions at this link: <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>. After the upload is complete, an email must be sent to Ysella Kaseman at [ysella.kaseman@tdhca.state.tx.us](mailto:ysella.kaseman@tdhca.state.tx.us) to inform her that the documentation is ready for review. If it comes due and payable, the penalty payment must be submitted to the following address:

If via overnight mail (FedEx, UPS):	If via USPS:
TDHCA Attn: Ysella Kaseman 221 E 11 <sup>th</sup> St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

**IT IS FURTHER ORDERED** that the terms of this Agreed Final Order shall be published on the TDHCA website.

Approved by the Governing Board of TDHCA on \_\_\_\_\_, 2015.

By: \_\_\_\_\_  
Name: J. Paul Oxer  
Title: Chair of the Board of TDHCA

By: \_\_\_\_\_  
Name: James "Beau" Eccles  
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §  
  §  
COUNTY OF \_\_\_\_\_ §

Before me, the undersigned notary public, on this \_\_\_\_\_ day of July, 2015, personally appeared J. Paul Oxer, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

\_\_\_\_\_  
Notary Public, State of Texas

THE STATE OF TEXAS §  
  §  
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this \_\_\_\_\_ day of July, 2015, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

\_\_\_\_\_  
Notary Public, State of Texas

STATE OF TEXAS §  
 COUNTY OF \_\_\_\_\_ §

BEFORE ME, \_\_\_\_\_, a notary public in and for the State of \_\_\_\_\_, on this day personally appeared \_\_\_\_\_, known to me or proven to me through \_\_\_\_\_ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is \_\_\_\_\_, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of \_\_\_\_\_ for Respondent. I am the authorized representative of Respondent, owner of Rincon Point Apartments, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondent to execute this document.
3. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs."

**RESPONDENT:**

**FOUNDATION OF HOPE, INC.**, a Texas nonprofit corporation

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
 Signature of Notary Public

\_\_\_\_\_  
 Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

## Attachment 1

### **File Monitoring Violation Resources and Instructions**

1. Refer to the following link for all references to the rules at 10 TEX. ADMIN. CODE §10 that are referenced below:

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac\\_view=5&ti=10&pt=1&ch=10&sch=F&r1=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&r1=Y)

2. Refer to the following link for copies of forms that are referenced below:

<http://www.tdhca.state.tx.us/pmcomp/forms.htm>

3. Technical support and training presentations are available at the following links:

Video/Audio Training: <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>

Income and Rent Limits: <http://www.tdhca.state.tx.us/pmcomp/irl/index.htm>

Utility Allowance: <http://www.tdhca.state.tx.us/pmcomp/utility-allowance.htm>

Online Reporting: <http://www.tdhca.state.tx.us/pmcomp/reports.htm>

FAQ's: <http://www.tdhca.state.tx.us/pmcomp/compFaqs.htm>

4. Important notes -

- a. Do not backdate any documents listed below.
- b. A transfer from another unit is not sufficient to correct any of the above findings. This will instead transfer the finding to the other unit.

5. Household income above income limit upon initial occupancy for unit 33: On 5/22/2015, the property manager responded to indicate that the unqualified tenant moved out 9/1/2013, and a new household moved in 3/19/2014. Submit the following for the current qualified household: application, verification of all sources of income and assets, tenant income certification, lease, lease addendum, and Tenant Rights and Resources Guide Acknowledgment.

6. Notice of Amenities and Services Violations: If the household that moved into unit 36 on 1/1/2014 remains in the unit, submit signed Tenant Rights and Resources Guide Acknowledgment. If tenant has moved out without signing, submit move-out date and acknowledge that the finding is uncorrectable.

7. Fair Housing Disclosure Notice Violations: If the household that moved into unit 3 on 4/1/2013 remains in the unit, submit signed Tenant Rights and Resources Guide Acknowledgment. If tenant has moved out without signing, submit move-out date and acknowledge that the finding is uncorrectable.

8. Household income above income limit upon initial occupancy for unit 7: On 5/22/2015, the property manager responded to indicate that the necessary documentation had been uploaded to CMTS, however, it was not submitted.

The Unit Status Report indicates that the household for whom the violation was originally identified no longer occupies the unit. Submit the full tenant file for the current household, including: application, verification of all sources of income and assets, fully executed tenant

income certification, lease, lease addendum, Tenant Rights and Resources Guide Acknowledgment.

9. Household income above income limit upon initial occupancy for unit 16: On 5/22/2015, the property manager responded to indicate that the necessary documentation had been uploaded to CMTS, however, it was not submitted.

Since the household for whom the violation was originally identified no longer occupies the unit, submit the full tenant file for the current household, including: application, verification of all sources of income and assets, fully executed tenant income certification, lease, lease addendum, Tenant Rights and Resources Guide Acknowledgment.

10. Household income above income limit upon initial occupancy for unit 36: On 5/22/2015, the property manager responded and indicated that the household was above the limit at the time of initial lease, but their financial situation changed at time of renewal. An incomplete tenant file was uploaded for the household.

- a. If the household is over income, send a Notice of Nonrenewal and submit a copy to the Department.
- b. If the household now qualifies for occupancy, as represented on 5/22/2015, submit:
  - i. Documentation regarding rental income: Household includes a property manager and a maintenance staff member. If household is receiving a discount on rent, that is considered income and verification, such as a leasing contract documenting the amount of rental income they are collecting each month must be submitted. The amount must also be factored into the income calculation to determine whether the household qualifies for occupancy. If no rental discount is being received, indicate that in your response.
  - ii. Clarification regarding house: The prior application listed a house and rental income, but that was not disclosed in the current application. During the informal conference, property manager indicated that the house had been sold. Please submit verification, such as a HUD-1 Settlement Statement.
  - iii. Income verifications: A Zero dollar asset verification was submitted for the adult daughter, but no verifications for husband and wife. Submit first hand documentation, such as check stubs or payroll print-outs of earnings, to verify income for the husband and wife.
  - iv. Asset verifications: Checking and savings accounts were disclosed on the supplemental application, but the property manager submitted incomplete asset verification documentation for daughter and wife. The forms were not completed by the financial institution and were unsigned. Submit verification of all accounts disclosed on the supplemental application, either with bank statements or verification(s) completed by the bank. To prevent fraud, you must submit the verification directly to the bank and must not allow the tenant to handle it. If you receive the verification via mail, retain the envelope and submit along with the verification. If you receive it via fax, ensure that the fax stamp is on it.

**Attachment 2:**

**Texas Administrative Code**

<u>TITLE 10</u>	COMMUNITY DEVELOPMENT
<u>PART 1</u>	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
<u>CHAPTER 10</u>	UNIFORM MULTIFAMILY RULES
<u>SUBCHAPTER E</u>	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
<u>RULE §10.406</u>	Ownership Transfers (§2306.6713)

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(a) **Ownership Transfer Notification.** All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.

(b) **Requirement.** Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(c) **Transfers Prior to 8609 Issuance or Construction Completion.** Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(d) **Non-Profit Organizations.** If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and

Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

(3) the proposed purchaser meets the Department's standards for ownership transfers

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

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**Source Note:** The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

1d



**BOARD ACTION REQUEST**  
**NEIGHBORHOOD STABILIZATION PROGRAM**  
**JULY 30, 2015**

Presentation, Discussion, and Possible Action Authorizing the programming of Neighborhood Stabilization Program Three (“NSP3”) Program Income for Use by Community Development Corporation of Brownsville.

**RECOMMENDED ACTION**

**WHEREAS**, the Community Development Corporation of Brownsville (“CDCB”) was a recipient of NSP3 program funds and has continued its contract activities since the March 7, 2014, NSP3 Expenditure Deadline through additional contract extensions granted by the Department;

**WHEREAS**, CDCB has continued to incur costs averaging \$40,000 per year, and continued funding is needed to assure the successful completion of the homebuyer sales associated with CDCB’s NSP3 Activities; and

**WHEREAS**, NSP3 activities will result in the receipt of Program Income;

**NOW, therefore, it is hereby**

**RESOLVED**, that NSP3 Program Income is approved to be utilized for expenses for disposition of NSP3 properties held by CDCB; and that the Executive Director and his designees be and each of them are hereby authorized, empowered, and directed for and on behalf of the Department, to take such actions as they or any of them may deem necessary to effectuate the use of funds in this manner; and

**FURTHER RESOLVED**, that due to the limited amount of NSP3 Program Income currently available, initial funding of the Reservation Agreement may not be sufficient to meet budgeted costs. With this action, the Board authorizes an award of up to \$120,000 to reimburse costs incurred through August 31, 2016, if program funds are available.

**BACKGROUND**

The Neighborhood Stabilization Program (“NSP”) is a U.S. Department of Housing and Urban Development (“HUD”) funded program authorized by the “Housing and Economic Recovery Act of 2008”, as a supplemental allocation to the Community Development Block Grant (“CDBG”) Program through an amendment to the existing State of Texas 2008 CDBG Action Plan. The NSP3 allocation of

funds is provided under Section 1497 of the Wall Street Reform and Consumer Protection Act. The purpose of NSP1 and NSP3 is to redevelop into affordable housing, or acquire and hold, abandoned or foreclosed properties in areas that are documented to have the greatest need for stabilization of declining property values as a result of excessive foreclosures.

The Department made its NSP3 funds available for the purchase, rehabilitation or new construction of single-family homes which were required to be expended by the March 7, 2014, NSP3 deadline. However, all properties were not occupied. Until occupancy occurs the properties are not in an NSP final eligible use, as required by HUD. CDCB, the only single family NSP3 subrecipient, has continued to incur costs averaging \$40,000 annually for insurance, mowing, small repairs and similar charges for the 17 NSP3 properties remaining. Reimbursement of these previous and future costs supports these properties and CDCB until the transfer of the NSP3 properties to their final eligible use as affordable housing. The Board approval of the CDCB NSP3 contract on September 12, 2013, included provision for payment of homebuyer closing costs through reduced payoff of the construction loan, therefore those costs are not included in this request.

It is proposed that funds required to maintain the properties prior to homebuyer closing be budgeted from available NSP3 Program Income, and made available to CDCB through a Reservation System Participation Agreement. The amount budgeted will be based on estimates provided by CDCB and approved by the Department; the percentages used in calculating the budget for these expenses that were established in earlier NOFAs and contracts would no longer apply.

Due to the limited amount of NSP3 Program Income currently available, initial funding of the Reservation Agreement will not be sufficient to reimburse all costs. Board authorization of this award up to \$120,000 will allow staff to provide additional funding to reimburse CDCB expenses as NSP3 Program Income if such income (minus the Department's administrative costs) is received by August 31, 2016.

1e

**BOARD ACTION REQUEST**  
**NEIGHBORHOOD STABILIZATION PROGRAM**  
**JULY 30, 2015**

Presentation, Discussion, and Possible Action regarding a proposal to use Neighborhood Stabilization Program (“NSP”) funds to resolve properties with defaulted loans, or foreclosed single family properties.

**RECOMMENDED ACTION**

**WHEREAS**, the Department has made loans for single-family properties that may be in default, or have been foreclosed; and

**WHEREAS**, NSP funds may be used to resolve properties that fit the NSP definition of foreclosed through financing acquisition of the property by other parties including necessary rehabilitation, clearing blighted properties and securing properties to prevent deterioration;

**NOW, therefore, it is hereby**

**RESOLVED**, funds from Round 1 of NSP may be used to resolve properties in default of Department loans; and

**FURTHER RESOLVED**, that staff is authorized, empowered, and directed, for and on behalf of the Department to execute such documents, instruments and writings and perform such other act as may be necessary to effectuate the foregoing.

**BACKGROUND**

Round One of the Neighborhood Stabilization Program (“NSP”) is a HUD-funded program authorized by HR3221, the “Housing and Economic Recovery Act of 2008”, as a supplemental allocation to the Community Development Block Grant (“CDBG”) Program through an amendment to the existing State of Texas 2008 CDBG Action Plan. The purpose of the program is to redevelop into affordable housing, or acquire and hold, abandoned and foreclosed properties in areas that are documented to have the greatest need for arresting declining property values as a result of excessive foreclosures

NSP funds may be used to resolve defaulted or foreclosed single family properties through financing the acquisition of those properties by unrelated third properties. Rehabilitation or reconstruction funds would be included to ensure that properties meet the applicable standard and do not become a source of blight that negatively impacts the community. NSP funds may also be used to board or otherwise secure

foreclosed properties held by the Department or to remove blight through clearance and demolition of foreclosed properties.

Because it is not possible to project the budget for these activities until properties are identified, a specific amount of NSP funds will not be designated for this use. Single Family Operations and Services staff will work with NSP to identify appropriate properties for use of NSP funds with the preservation of affordability periods as a priority. Single Family Operations and Services will select administrators or contractors to carry out required rehabilitation and sale of properties to eligible households in accordance with procurement requirements. All properties that receive an NSP investment must meet a final eligible use.

1f

**BOARD ACTION REQUEST**

**COMPLIANCE DIVISION**

**JULY 30, 2015**

Presentation, Discussion, and Possible Action on ratification of withdrawal of proceedings to terminate contracts and the eligible entity status of the Urban League of Greater Dallas (“ULGD”)

**RECOMMENDED ACTION**

**WHEREAS**, at the meeting of May 7, 2015, the Board approved and immediately suspended the 2015 Community Services Block Grant (“CSBG”) contract to the ULGD subject to fulfillment of nine conditions to be met no later than May 27, 2015;

**WHEREAS**, not all of the conditions were met by the deadline, and as a result on June 17, 2015, staff sent notice to ULGD of the Department’s intention to initiate proceeding to terminate the contract and ULGD’s eligible entity status; and

**WHEREAS**, subsequent to that notice, ULGD hired a Chief Financial Officer which satisfied one of the critical conditions and based upon discussions with that person the Department’s Executive Director advised ULGD that the Department would withdraw its notice of intention to proceed, subject to this Board’s ratification.

**NOW, therefore, it is hereby**

**RESOLVED**, that the withdrawal of proceedings to terminate contracts and the eligible entity status of the Urban League of Greater Dallas is ratified.

**BACKGROUND**

ULGD is one of the network providers that operate the CSBG program. The Program Year 2015 funds were awarded to most agencies in December 2014. However, ULGD was delinquent in submission of the fiscal year 2013 single audit and their 2012 single audit contained significant findings related to the agency’s ability to manage federal funds. The required single audit was received by the Department in March 2015 (8 months late). In May 2015, the Board approved and immediately suspended of the 2015 CSBG contract to ULGD subject to fulfillment of nine conditions, one of which was hiring an employee to supervise the financial area. Now that a Chief Financial Officer has been hired, Department staff and the ULGD have restarted the dialogue to focus of the following key areas:

- Quantifying the financial position of ULGD, including identifying any disallowed costs paid by CSBG;
- Clarifying the correct handling of various charges loosely categorized as indirect costs and addressing definitely what, if any, cost allocation plan should be in place;
- Addressing the need for a promptly procured and properly carried out A-133 audit (which is due July 31, 2015); and

- As soon as is appropriate, pulling in the Community Action Partnership to provide technical assistance.

As noted in the Department's July 10, 2015, letter to ULGD, this action in no way waives the Department's legal rights and remedies including, but not limited to, the initiation of future action to terminate contracts or terminate the eligible entity status if it is determined that facts warrant such action.



1g

**BOARD ACTION REQUEST**  
**ASSET MANAGEMENT DIVISION**  
**JULY 30, 2015**

Presentation, Discussion, and Possible Action regarding a Housing Tax Credit Application Amendment for Shepherd Seniors Apartments (#13048)

**RECOMMENDED ACTION**

**WHEREAS**, Shepherd Seniors Apartments received an award of 9% Housing Tax Credits in 2013 for the acquisition and rehabilitation of 32 multifamily units in Shepherd;

**WHEREAS**, the Development Owner is requesting approval of a reduction of more than 3% in the square footage of the units;

**WHEREAS**, the changes to the stated square footage of the units do not negatively affect the Development, impact the viability of the transaction, or affect the amount of tax credits awarded because the development is rehabilitation and actual unit sizes will not change; and

**WHEREAS**, Board approval is required for a material alteration to the Development under Texas Government Code §2306.6712 and 10 TAC §10.405(a)(4)(D), and the Owner has complied with the amendment requirements in 10 TAC §10.405(a)(1);

**NOW, therefore, it is hereby**

**RESOLVED**, that the amendment of the Housing Tax Credit application for Shepherd Seniors Apartments is approved as presented to this meeting and the Executive Director and his designees are each authorized, empowered and directed to take all necessary action to effectuate the foregoing.

**BACKGROUND**

Shepherd Seniors received a 2013 HTC award to acquire and rehabilitate 32 multifamily units in Shepherd, San Jacinto County. According to the owner, Shepherd Seniors Housing, Ltd. (James M. Washburn), upon completion of the post-construction architectural drawings, they found that there

was a considerable difference in the Net Rentable Area (“NRA”) that was identified at Application to the actual NRA that was identified on the post-construction architectural drawings that were completed in preparation to submit their cost certification package to the Department for approval of IRS Forms 8609.

Based on the information provided by the owner, the square feet for all units decreased as reflected in the table below:

<b>Unit Type</b>	<b>Square Footage at Application</b>	<b>Square Footage at Amendment</b>	<b>Change (%)</b>
1BR/1BA	685 sf	623 sf	-9.05%
2BR/1BA	877 sf	796 sf	- 9.24%
Net Rentable Area	22,688 sf	20,628 sf	-9.08%

Overall, the changes noted above result in a reduction of 3% or more in the square footage of the units and, therefore, considered a material alteration pursuant to 10 TAC §10.405(a)(4)(D).

The owner has reiterated that no structural changes have occurred to the units since this was an existing development that was proposed for rehabilitation. As a result, the square footage was simply misstated on the original application. The final cost certification has not been submitted to the Department and staff has not reviewed the impact the changes noted above have had to the final development costs; however, staff does not believe the changes requested impact the development in a negative manner nor does it impact the award of credits previously recommended at this time. A determination of the final tax credit award will be made at the time the cost certification is submitted and reviewed.

Staff recommends approval of the amendment request.

# Shepherd Seniors Housing, Ltd.

Post Office Box 489  
New Caney, Texas 77357

281-689-2030 phone  
281-689-0103 fax

Wednesday, June 10, 2015

Mr. Kent Bedell  
Asset Manager  
Texas Department of Housing and Community Affairs  
221 E. 11th Street Austin, TX 78701

RE: Shepherd Seniors Apartments Application Amendment (#13048)

Mr. Bedell:

Enclosed please find the applicable fee of \$2,500 for filing the Shepherd Seniors Housing application amendment regarding a square footage discrepancy.

Upon completion of post-construction architectural drawings, and further due diligence, for this recently completed Acquisition and Rehabilitation, it was found that there is a considerable difference in the application Net Rentable Area and the actual. Basing our pre-application assumptions on the validity of the original plans, we were unaware of this issue until finishing up requirements for the Cost Certification.

Per our application, NRA for this 32 unit project was 22,688. We have now discovered that the actual square footage is a total of 20,628. Therefore, there is a 9.986% decrease from application to actual. We understand the concern with this issue; however, we would like to emphasize the nature of this development as a USDA acquisition rehab with no structural changes. Even though misstated in the original application, the change did not substantially affect the points or tax credits awarded to this development. I hope the Department can recognize this fact and no further actions are needed.

We are prepared to answer any questions you may have on this matter. We thank you in advance for your cooperation and helpfulness. If you have any other concerns, please feel free to contact myself or Craig Washburn at (713) 818-6455. Thank you.

Respectfully,



**Devin Baker**

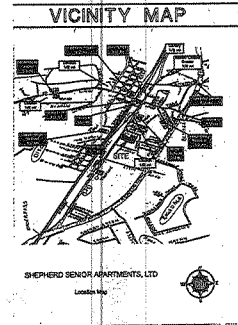
Acquisition Development Manager  
Phone (281) 689-2030 ext.128  
Email [dpbaker@lcjcompanies.com](mailto:dpbaker@lcjcompanies.com)



*This institution is an equal opportunity employer and provider.*



PROPOSED REHAB FOR:  
SHEPHERD SENIOR APARTMENTS, LTD.  
1791 SOUTH BYRD AVENUE  
SHEPHERD, TEXAS



SHEET INDEX	
SHEET	DESCRIPTION
SP-1	SURVEY EXISTING SITE
SP-2	SITE PLAN (REVISED)
SP-3	SITE DETAILS
A-1	MATRIX - SCOPE OF WORK
A-2	EXISTING AND REVISED COMMUNITY BLDG. PLANS
A-3	EXISTING AND REVISED 1 & 2 BEDROOM PLANS
A-4	HANDICAP MODIFICATIONS FOR 1 BDRM. UNIT
A-5	HANDICAP MODIFICATIONS FOR 2 BDRM. UNIT
A-6	SIGHT AND HEARING PLAN & GAZEBO PLAN
A-7	BUILDING ELEVATIONS

UNIT SYNOPSIS			
UNIT TYPE	NO. OF UNITS	NRA/UNIT	TOTAL NRA
1BRM./1 BATH 4-PLEX	28	623 S.F.	17,444 S.F.
2BRM./1 BATH 4-PLEX	4	796 S.F.	3,184 S.F.

NRA = NET RENTABLE AREA PER TDHCA (TEXAS DEPT. HOUSING & COMMUNITY AFFAIRS) GUIDELINES.

BUILDING SYNOPSIS											
BUILDING TYPE	NO. OF BLDGS.	NRA PER BLDG.	PORCH AREA PER BLDG.	STORAGE AREA/BLDG.	BRICKLEDGE PER BLDG.	SLAB AREA PER BLDG.	TOTAL NRA	TOTAL PORCH AREA	TOTAL STORAGE	TOTAL BRICKLEDGE	TOTAL SLAB AREA
COMMUNITY	1		64.37 S.F.	235.5 S.F.	61.35 S.F.	1,666 S.F.		64.37 S.F.	235.5 S.F.	61.35 S.F.	1,666 S.F.
1 BRM. 4-PLEX	7	2,492 S.F.	158.26 S.F.	41.33 S.F.	99.37 S.F.	2,791 S.F.	17,444 S.F.	1,107.82 S.F.	289.21 S.F.	695.59 S.F.	19,537 S.F.
2 BRM. 4-PLEX	1	3,184 S.F.	228.11 S.F.	41.13 S.F.	97.76 S.F.	3,553 S.F.	3,184 S.F.	228.11 S.F.	41.13 S.F.	97.76 S.F.	3,553 S.F.
TOTALS	9						20,628 S.F.	1,400.3 S.F.	565.94 S.F.	862.75 S.F.	24,756 S.F.

CONTACT: JIM WASHBURN

OWNER	ARCHITECT
SHEPHERD SENIORS HOUSING, L.P.A. P.O. BOX 489 NEW CANEY, TEXAS 77857 PH: (281) 687-2230 FAX: (281) 687-0103	HARRY W. BOSTIC 4500 CARTER CREEK PKWY, ST.205 BRYAN, TEXAS 77802 PH: (979) 864-3366 FAX: 846-0665
CONTRACTOR	ENGINEER
L. C. J. CONSTRUCTION ADDRESS & PHONE SAME AS ABOVE CONTACT: CRAIG WASHBURN	
USDA / RURAL DEVELOPMENT	



**BUILDING/UNIT TYPE CONFIGURATION**

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by un-hiding columns Q through AA.

**Specifications and Amenities**

Building Configuration (Check all that apply):  Single Family Construction  SRO  Transitional (per §42(j)(3)(B))  Duplex Duplex  
 Scattered Site  Fourplex  > 4 Units Per Building  Townhome Townhome  
 Development will have (check all that apply):  Fire Sprinklers  Elevators  # of Elevators  Wt. Capacity  
 Parking (consistent with Architectural Drawings):  Number of Shed or Flat Roof Carport Spaces  Number of Detached Garage Spaces  
 Number of Attached Garage Spaces  36 Number of Uncovered Spaces  
 Number of Structured Parking Garage Spaces  
 Floor & Wall Compositions:  100 % Carpet/Vinyl/Resilient Flooring  9 Ft. Ceilings  
 % Ceramic Tile  
 % other Describe:

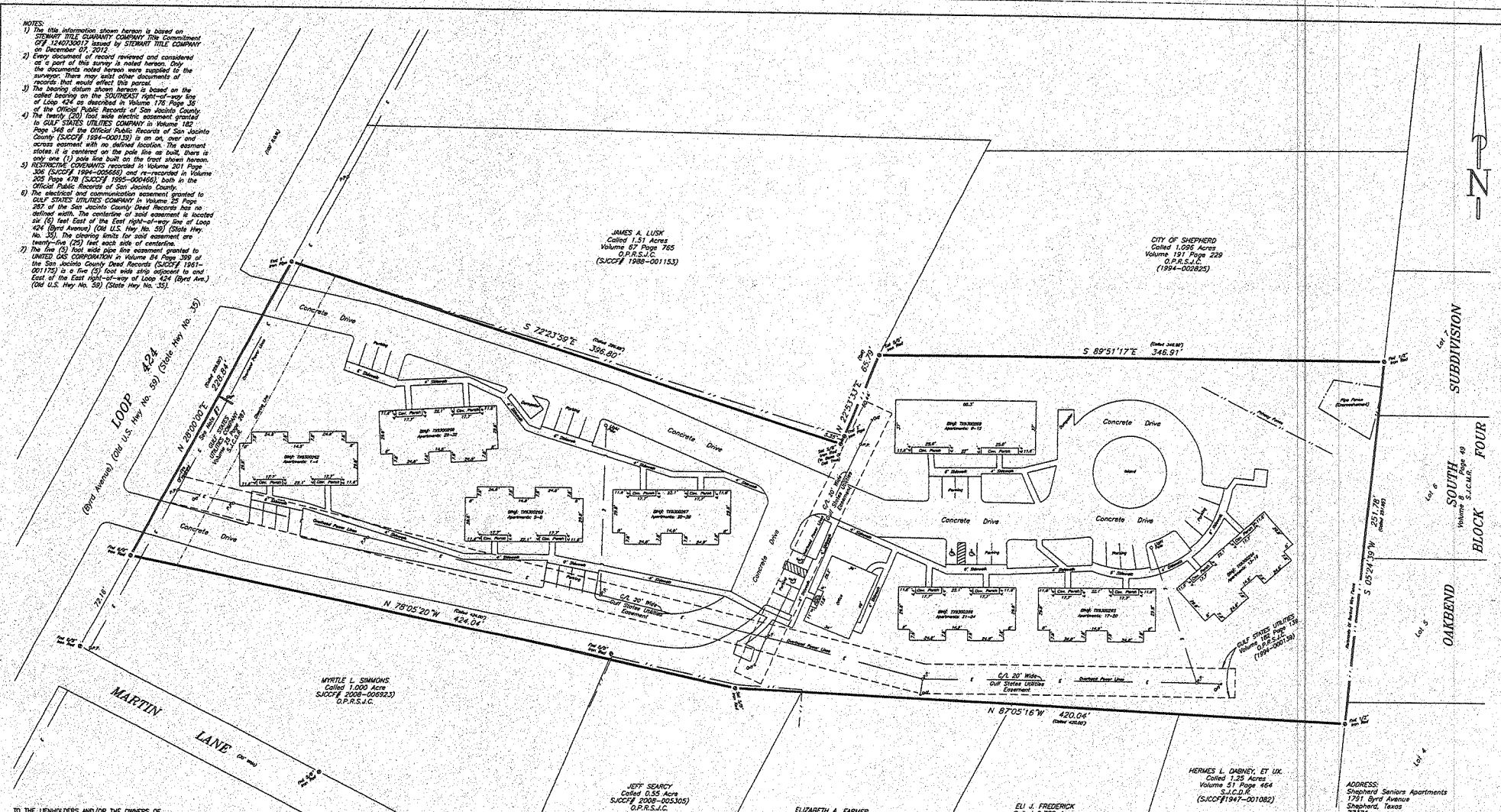
Unit Type					B2	B3	B4	B5	B6	B7	B8	C0	A1											Total # of Residential Buildings	Total # of Units	Total Sq Ft for Unit Type					
Unit Label	# of Bedrooms	# of Baths	Sq. Ft. Per Unit	Number of Buildings	1	1	1	1	1	1	1	1	1											1							
1	1	1	685					1																1	1	685					
2	1	1	685					1																1	1	685					
3	1	1	685					1																1	1	685					
4	1	1	685					1																1	1	685					
5	1	1	685						1															1	1	685					
5	1	1	685						1															1	1	685					
7	1	1	685						1															1	1	685					
8	1	1	685						1															1	1	685					
9	2	1	877									1												1	1	877					
10	2	1	877									1												1	1	877					
11	2	1	877									1												1	1	877					
12	2	1	877									1												1	1	877					
13	1	1	685								1	1												1	1	685					
14	1	1	685								1	1												1	1	685					
15	1	1	685								1	1												1	1	685					
16	1	1	685								1	1												1	1	685					
17	1	1	685							1														1	1	685					
18	1	1	685							1														1	1	685					
19	1	1	685							1														1	1	685					
20	1	1	655							1	1													1	1	655					
21	1	1	685							1														1	1	685					
22	1	1	685						1															1	1	685					
23	1	1	685						1															1	1	685					
24	1	1	655							1														1	1	655					
25	1	1	685		1																			1	1	685					
25	1	1	685		1																			1	1	685					
27	1	1	685		1																			1	1	685					
28	1	1	685		1																			1	1	685					
29	1	1	685			1																		1	1	685					
30	1	1	685			1																		1	1	685					
31	1	1	685			1																		1	1	685					
32	1	1	655			1																		1	1	655					
				Totals	4	4	4	4	4	4	4	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32	22,688

3 1 1 685

1 685

Interior Corridors (elevator served, Supp. Hsg. [see QAP §11.9(e)(2)])																								
Total Interior Corridor Per Building Label	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
Common Area (Supportive Housing buildings [see QAP §11.9(e)(2)])																								1,666
Total Common Area Per Building Label	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,666	
Total square footage outside NRA																						1,666		
Total Common Area used in Cost per Square Foot calculation for Supportive Housing Developments																						1,600		

- NOTES**
- The title information shown hereon is based on STEWART TITLE GUARANTEE COMPANY The Commitment of 12/40/2011 issued by STEWART TITLE COMPANY on December 07, 2012.
  - Every document of record reviewed and considered as a part of this survey is noted hereon. Only the documents noted hereon were supplied to the surveyor. There may exist other documents of records that would affect this parcel.
  - The bearing datum shown hereon is based on the called bearing on the SOUTHWEST right-of-way line of Loop 424 as described in Volume 176 Page 36 of the Official Public Records of San Jacinto County.
  - The twenty (20) foot wide easement granted to GULF STATES UTILITIES COMPANY in Volume 142 Page 146 of the Official Public Records of San Jacinto County (SICCF# 1294-001132) is an on, over and across easement with no individual location. The easement stakes it is centered on the pole line as built. There is only one (1) stake line built on the tract shown hereon.
  - RESTRICTIVE COVENANTS recorded in Volume 201 Page 306 (SICCF# 1944-025656) and re-recorded in Volume 203 Page 478 (SICCF# 1225-000466) both in the Official Public Records of San Jacinto County.
  - The electrical and communication easement granted to GULF STATES UTILITIES COMPANY in Volume 28 Page 203 of the San Jacinto County Deed Records has no defined width. The centerline of said easement is located six (6) feet East of the East right-of-way line of Loop 424 (Brd Avenue) (Old U.S. Hwy. No. 59) (State Hwy. No. 35). The clearing limits for said easement are twenty-five (25) feet each side of centerline.
  - The five (5) foot wide pipe line easement granted to UNITED GAS CORPORATION in Volume 046 Page 395 of the San Jacinto County Deed Records (SICCF# 1917-001175) is a five (5) foot wide strip adjacent to and East of the East right-of-way of Loop 424 (Brd Ave.) (Old U.S. Hwy. No. 59) (State Hwy. No. 35).



TO THE LENDHOLDERS AND/OR THE OWNERS OF THE PREMISES AND STEWART TITLE GUARANTEE COMPANY

The undersigned does hereby certify that this survey was made on the ground of the property hereby described hereon and was correct at the time of the survey, and that there are no visible and/or apparent discrepancies, conflicts, boundary line conflicts, encroachments, omissions of improvements, easements, rights-of-way or utility easements, except as shown hereon, and that said property has access to and from a public roadway.

Dated this 18th day of MARCH, 2014.

*John C. Noonan*  
JOHN C. NOONAN  
REGISTERED PROFESSIONAL  
LAND SURVEYOR NO. 1889



To: SHEPHERD SENIORS HOUSING, LTD.  
U.S.G.A.—RURAL DEVELOPMENT and  
STEWART TITLE GUARANTEE COMPANY:

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2011 Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys, jointly established and adopted by ALTA and NSPS. The field work was completed on March 18, 2014.

Date of Map or Plat: March 18, 2014

*John C. Noonan*  
JOHN C. NOONAN  
Registered Professional  
Land Surveyor

PARKING SPACES

Handicap	Spaces	4
Regular	Spaces	32
Total	Spaces	36

**MAP OF SURVEY OF**

4.0348 ACRES (175,758 SQUARE FEET) OF LAND, BEING ALL OF THAT CERTAIN CALLED 4.038 ACRE TRACT DESCRIBED IN VOLUME 176 PAGE 36 OF THE OFFICIAL PUBLIC RECORDS OF SAN JACINTO COUNTY (SICCF# 1993-004730), OUT OF THE URAH GIBSON SURVEY A-133 IN SAN JACINTO COUNTY, TEXAS.

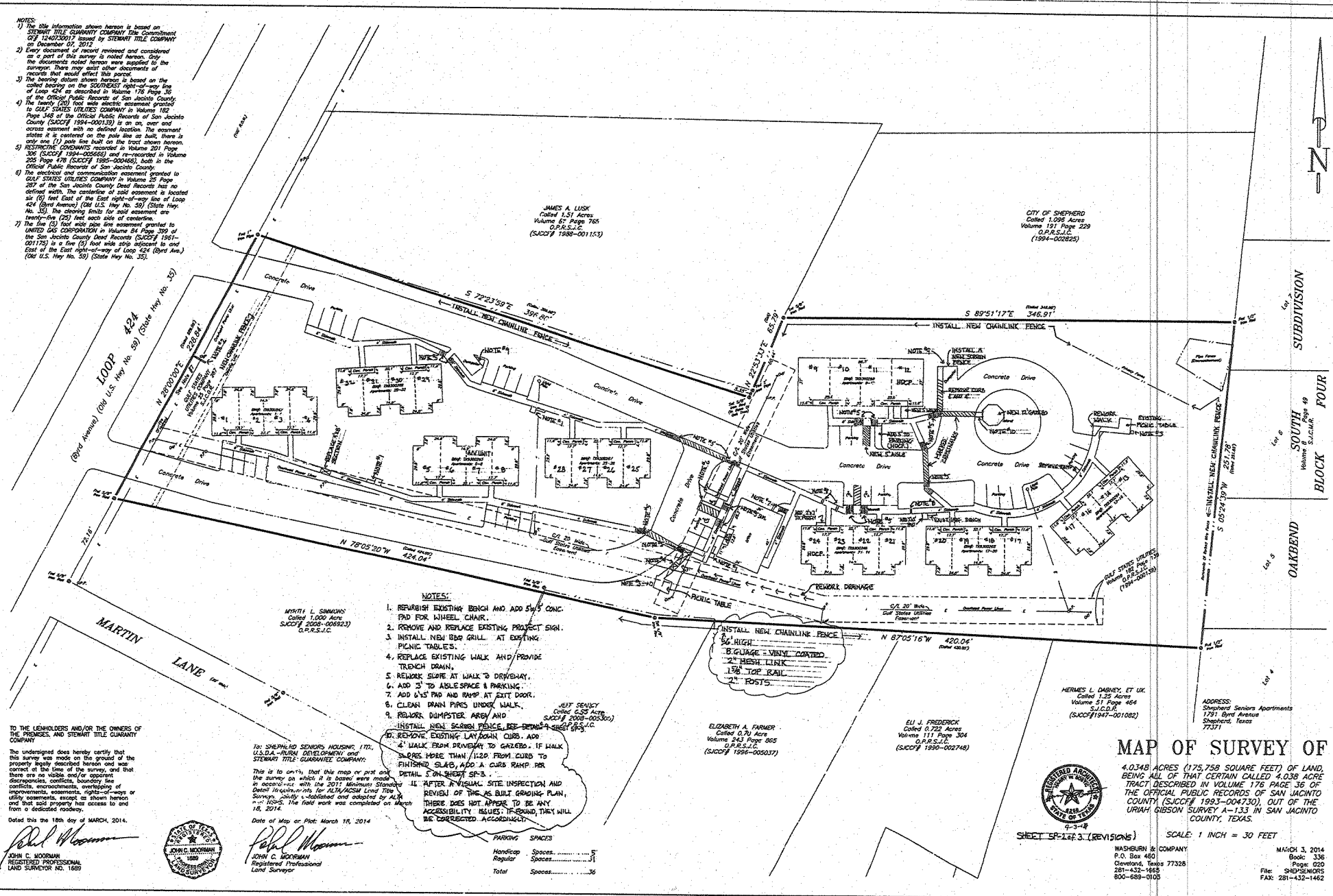
SCALE: 1 INCH = 30 FEET

WASBURN & COMPANY  
P.O. Box 460  
Cleveland, Texas 77328  
281-432-1665  
800-688-0103

MARCH 3, 2014  
Book: 336  
Page: 650  
File: SHEPHERDORS  
FAX: 281-432-1482



- NOTES:**
- 1) The site information shown hereon is based on STEWART TITLE GUARANTEE COMPANY Title Commitment 028 1240720017 issued by STEWART TITLE COMPANY on December 07, 2012.
  - 2) Every document of record reviewed and considered as a part of this survey is noted hereon. Only the documents noted hereon were supplied to the surveyor. There may exist other documents of records that would affect this project.
  - 3) The bearing datum shown hereon is based on the corner being on the SOUTHWEST right-of-way line of Loop 424 as described in Volume 176 Page 36 of the Official Public Records of San Jacinto County.
  - 4) The twenty (20) foot wide electric easement granted to GULF STATES UTILITIES COMPANY in Volume 102 Page 448 of the Official Public Records of San Jacinto County (SJOCC# 1994-001133) is an on, over and across easement with an undefined location. The easement states it is centered on the pole line as built, there is only one (1) pole line built on the tract shown hereon.
  - 5) RESTRICTIVE COVENANTS recorded in Volume 201 Page 306 (SJOCC# 1994-002665) and re-recorded in Volume 295 Page 478 (SJOCC# 1995-000468), both in the Official Public Records of San Jacinto County.
  - 6) The encroached and communication easement granted to GULF STATES UTILITIES COMPANY in Volume 22 Page 207 of the San Jacinto County Deed Records has no defined width. The centerline of said easement is located six (6) feet East of the East right-of-way line of Loop 424 (first Avenue) (Old U.S. Hwy No. 59) (State Hwy. No. 35). The clearing limits for said easement are twenty-five (25) feet each side of centerline.
  - 7) The five (5) foot wide pipe line easement granted to UNITED GAS CORPORATION in Volume 04 Page 395 of the San Jacinto County Deed Records (SJOCC# 1981-001178) is a five (5) foot wide strip adjacent to and East of the East right-of-way of Loop 424 (Byrd Ave.) (Old U.S. Hwy No. 59) (State Hwy No. 35).



- NOTES:**
1. REFURISH EXISTING BENCH AND ADD 6\"/>
  - 2. REMOVE AND REPLACE EXISTING PROJECT SIGN.
  - 3. INSTALL NEW BENCH GRILL AT EXISTING PICNIC TABLES.
  - 4. REPLACE EXISTING WALK AND PROVIDE TRENCH DRAIN.
  - 5. REWORK SLOPE AT WALK TO DRIVEWAY.
  - 6. ADD 3' TO ASLESPACE & PARKING.
  - 7. ADD 6\"/>
  - 8. CLEAN DRAIN PIPES UNDER WALK.
  - 9. REWORK DUMPSTER AREA AND INSTALL NEW SCRAMBLE FENCE, SEE DETAIL SHEET SP-3.
  - 10. REMOVE EXISTING LAYDOWN CURB. ADD 4\"/>
  - 11. AFTER A VISUAL SITE INSPECTION AND REVIEW OF THE AS BUILT GRADING PLAN, THERE DOES NOT APPEAR TO BE ANY ACCESSIBILITY ISSUES. IF FOUND, THEY WILL BE CORRECTED. ACCORDINGLY.

PARKING SPACES

Handicap Spaces	5
Regular Spaces	31
Total Spaces	36

TO THE LEHOLDERS AND/OR THE OWNERS OF THE PREMISES AND STEWART TITLE GUARANTEE COMPANY

The undersigned does hereby certify that this survey was made on the ground of the property legally described hereon and that there are no visible and/or apparent discrepancies, conflicts, boundary line conflicts, encroachments, easements, rights-of-way or utility easements, except as shown hereon, and that said property has access to and from a dedicated roadway.

Dated this 18th day of MARCH, 2014.

*John C. McGowan*  
 JOHN C. MCGOWAN  
 REGISTERED PROFESSIONAL  
 LAND SURVEYOR NO. 1689



TO: SHEPHERD SENIORS HOUSING, 177, U.S.D.A. - RURAL DEVELOPMENT and STEWART TITLE GUARANTEE COMPANY:

This is to certify that this map or plat was made on the ground of the property as described herein and that it is based on the 2012 Monument Stationing Data Requirements for ALTA/ACSM Land Title Surveys, which is established and adopted by ALTA and ACSM. The field work was completed on March 18, 2014.

Date of Map or Plat: March 18, 2014

*John C. McGowan*  
 JOHN C. MCGOWAN  
 Registered Professional  
 Land Surveyor

JAMES A. LUSK  
 Called 1.51 Acres  
 Volume 61 Page 765  
 O.P.R.S.I.C.  
 (SJOCC# 1988-001153)

CITY OF SHEPHERD  
 Called 1.998 Acres  
 Volume 191 Page 229  
 O.P.R.S.I.C.  
 (1994-002625)

MIRYLA L. SHANDS  
 Called 1.000 Acres  
 SJOCC# 2008-005923  
 O.P.R.S.I.C.

JEFF SEANLEY  
 Called 0.55 Acres  
 SJOCC# 2008-002305  
 O.P.R.S.I.C.

ELIZABETH A. FARMER  
 Called 0.70 Acres  
 Volume 243 Page 965  
 O.P.R.S.I.C.  
 (SJOCC# 1996-000307)

ELI J. FREDERICK  
 Called 0.722 Acres  
 Volume 111 Page 304  
 O.P.R.S.I.C.  
 (SJOCC# 1990-002748)

HERMES L. DAGNEY, ET UX.  
 Called 1.25 Acres  
 Volume 51 Page 464  
 S.J.O.C.I.C.  
 (SJOCC# 1947-001082)

ADDRESS:  
 Shepherd Seniors Apartments  
 1791 Byrd Avenue  
 Shepherd, Texas  
 75371



SHEET SP-1 of 3 (REVISIONS)

SCALE: 1 INCH = 30 FEET

# MAP OF SURVEY OF

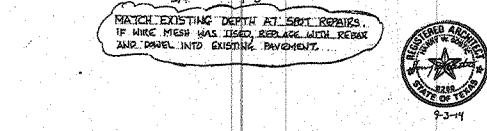
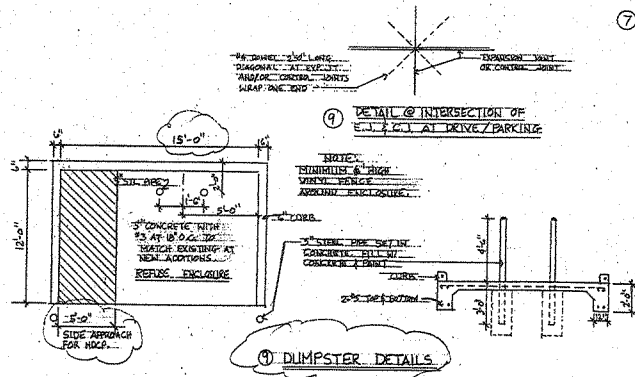
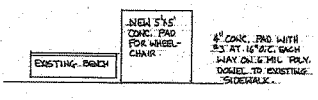
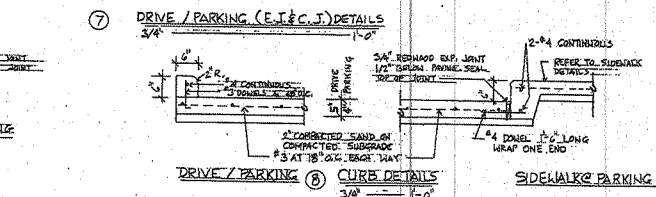
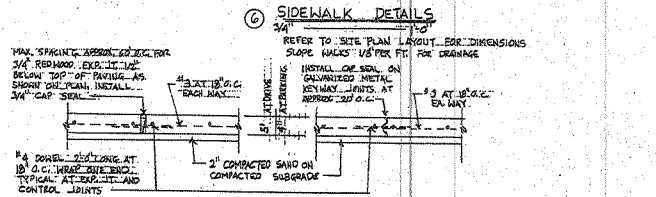
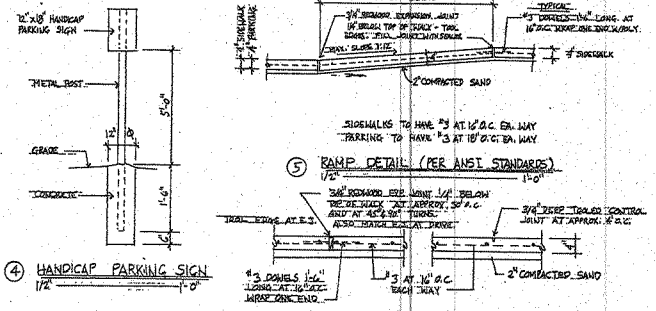
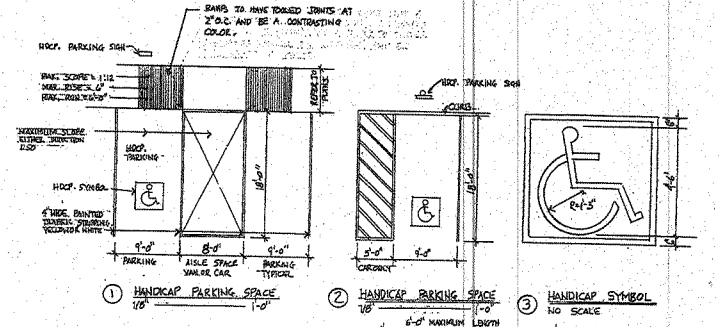
4.0348 ACRES (175,758 SQUARE FEET) OF LAND, BEING ALL OF THAT CERTAIN CALLED 4.0348 ACRE TRACT DESCRIBED IN VOLUME 176 PAGE 36 OF THE OFFICIAL PUBLIC RECORDS OF SAN JACINTO COUNTY (SJOCC# 1993-004730), OUT OF THE URBAN GIBSON SURVEY A-133 IN SAN JACINTO COUNTY, TEXAS.

WASHBURN & COMPANY  
 P.O. Box 460  
 Cleveland, Texas 77328  
 281-432-1655  
 800-689-0105

MARCH 3, 2014  
 Book: 336  
 Page: 020  
 File: SHEPSENORS  
 FAX: 281-432-1462



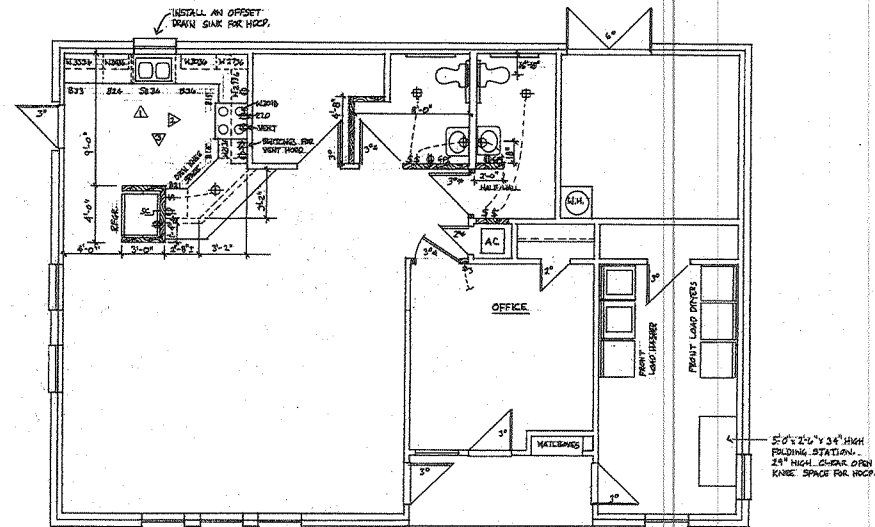
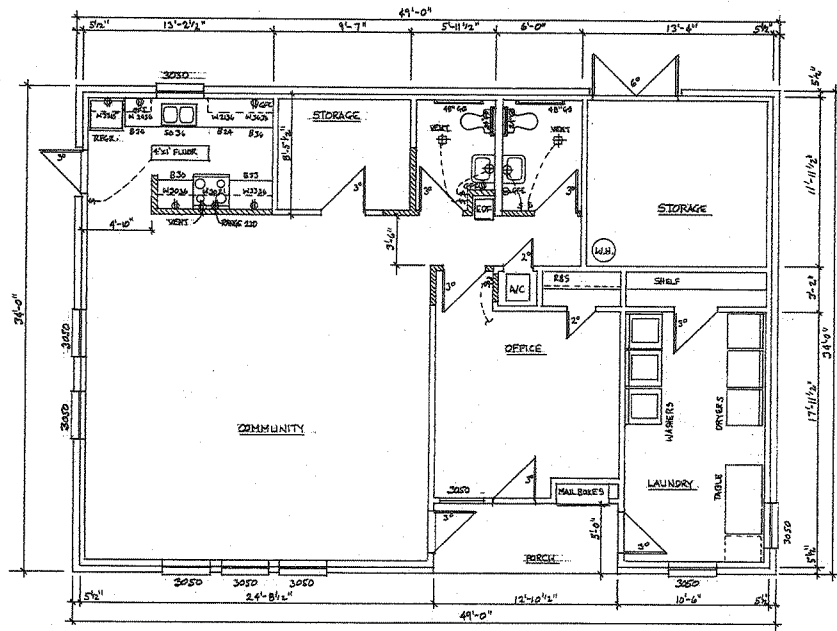
Subdivision  
 SOUTH  
 Volume 8 S.J.C.R. Page 49  
 BLOCK FOUR  
 OAKBEND  
 Lot 5  
 Lot 6



DATE: 6-5-14  
SHEET: SHEPHERD SENIOR APARTMENTS LTD  
SFS 3 of 3 1791 SOUTH BYRD AVE. SHEPHERD, TEXAS







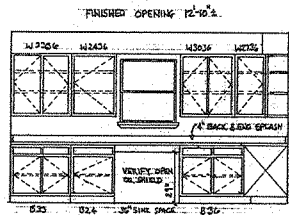
**COMMUNITY BUILDING**  
1/4" = 1'-0"

PLAN & DIMENSIONS PER ORIGINAL DRAWINGS.  
 ----- EXISTING WALLS TO BE REMOVED.  
 ALL KITCHEN CABINETS TO BE REPLACED.  
 ELECTRICAL OUTLETS SHOWN ARE EXISTING.

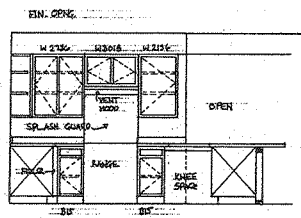
**HANDICAP MODIFICATIONS**  
1/4" = 1'-0"

----- NEW 2x4 STUD WALL LOCATIONS.  
 - - - - - EXISTING DOORS THAT ARE RELOCATED.  
 MAX HEIGHT FOR HDQR UNIT MAILBOXES IS 48".  
 RELOCATE LIGHT FIXTURES OVER LAVATORIES  
 IN THE RESTROOMS. RELOCATE VENT AND LIGHT  
 SWITCHES AND GFI OUTLETS.  
 VERIFY REVISIONS TO A/C DUCT AND PURGE  
 DRAIN OVER THE NEW BAR AREA.

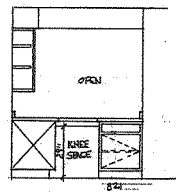
ELECTRICAL OUTLETS SHOWN ARE NEW  
 ADDED OUTLETS AND SWITCHES AND LIGHT  
 ARE NEWLY ADDED.  
 NEW SWITCHES MAX 48" HIGH.



ELEVATION #1

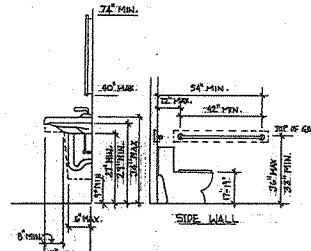


ELEVATION #2

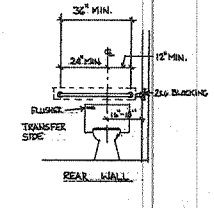


ELEVATION #3

MAXIMUM COUNTERTOP HEIGHT 34"  
 MAXIMUM 48" TO TOP OF BOTTOM SHELF  
 AT UPPER CABINETS.  
 TRIM TO HAVE LEVER CONTROLS.  
 SINK TO HAVE LEVER CONTROLS.



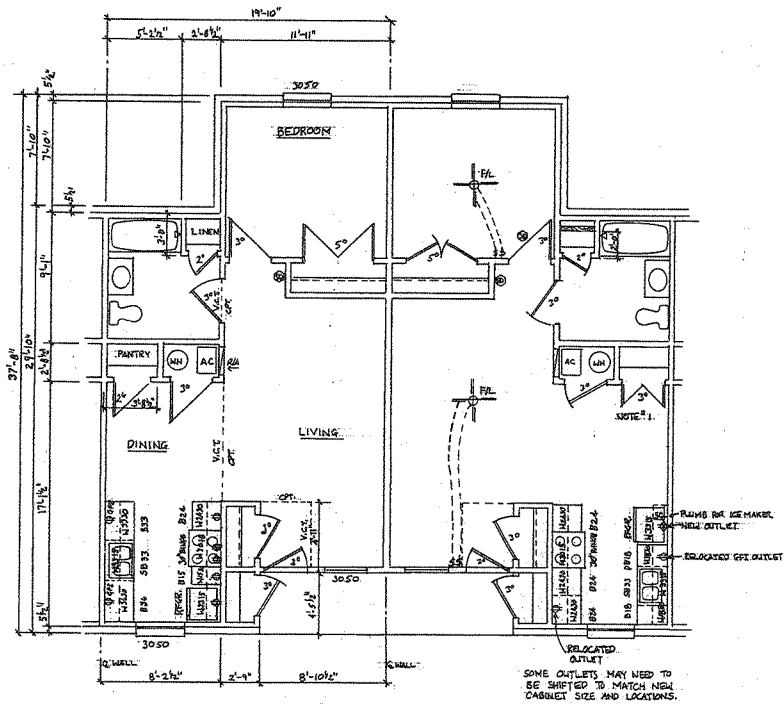
LAVATORY CLEARANCES



REAR WALL



DATE: 6-5-14  
 SHEET: A-2 of 7  
 PROPOSED REBAS OF EXISTING APARTMENTS FOR  
**SHEPHERD SENIOR APARTMENTS, LTD**  
 1791 SOUTH BYRD AVE. SHEPHERD, TEXAS

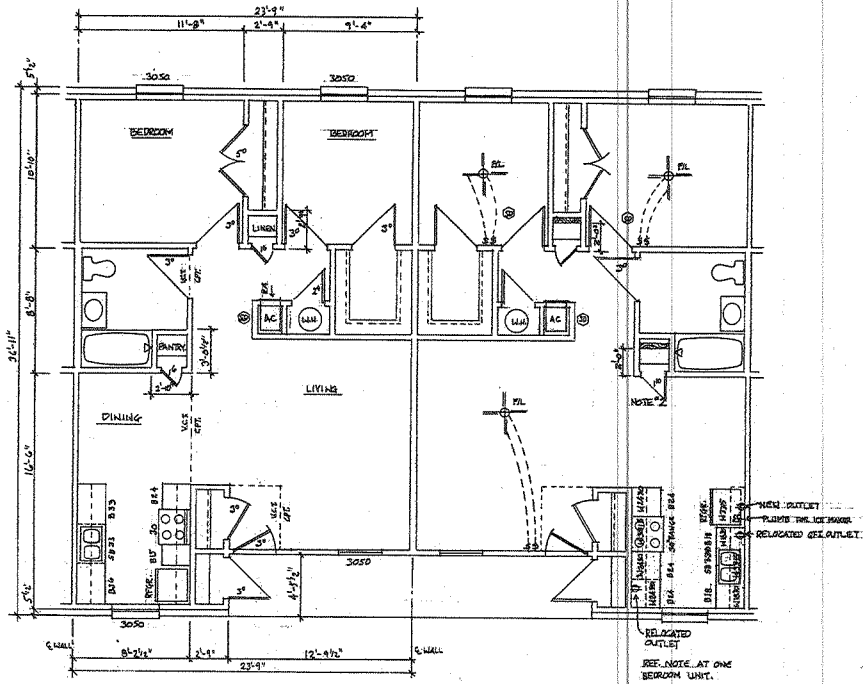


EXISTING ONE BEDROOM PLAN

1/4" = 1'-0"  
 PLAN AND DIMENSIONS FROM ORIGINAL DRAWINGS  
 EMERGENCY CALL SWITCHES ARE LOCATED IN BEDROOMS AND BATH IN ALL UNITS (1 & 2 BEDROOMS).

REVISED ONE BEDROOM PLAN

1/4" = 1'-0"  
 REPLACE LIVING AND BEDROOM LIGHTS ONLY WITH NEW FAN/LIGHTS.  
 RELOCATE LIGHT OVER SINK.  
 PROVIDE SEPARATE SWITCHES FOR PANTRY LIGHT.  
 ORIGINAL PLANS SHOW ONE SMOKE DETECTOR ONLY IN HALL. NEED TO ADD ONE IN THE BEDROOM. HARDWARE TOGETHER WITH BATTERY BACKUP. REVERSE DOOR SWING AT BATHROOM.

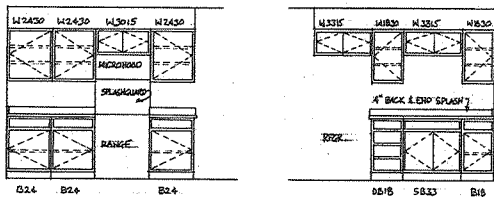


EXISTING TWO BEDROOM PLAN

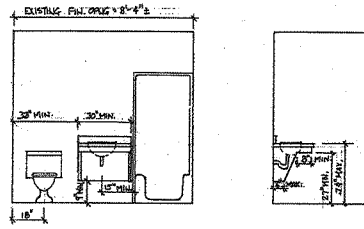
1/4" = 1'-0"  
 PLAN AND DIMENSIONS FROM ORIGINAL DRAWINGS  
 REQUIREMENTS FOR FAIR HOUSING ACCESSIBILITY GUIDELINES  
 NOTE #1: REMOVE EXISTING 2" DOOR AND INSTALL A NEW BAR OF 1 1/2" DOORS.  
 NOTE #2: REPLACE 1" DOOR WITH 1 1/2" DOOR AND REDUCE DEPTH OF PANTRY AS NOTED.

REVISED TWO BEDROOM PLAN

1/4" = 1'-0"  
 REPLACE LIVING AND BEDROOM LIGHTS ONLY WITH NEW FAN/LIGHTS.  
 RELOCATE LIGHT OVER SINK.  
 PROVIDE SEPARATE SWITCHES FOR PANTRY LIGHT.  
 ORIGINAL PLANS SHOW ONE SMOKE DETECTOR ONLY IN HALL. NEED TO ADD ONE IN EACH BEDROOM. HARDWARE TOGETHER WITH BATTERY BACKUP. REVERSE DOOR SWING AT BATHROOM.



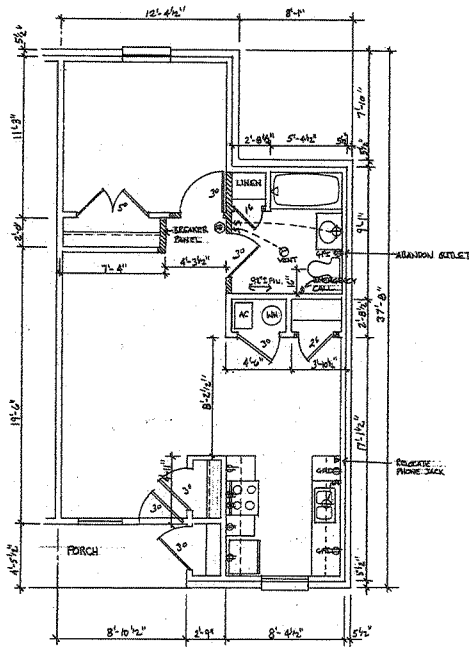
REVISED KITCHEN CABINET ELEVATIONS FOR BOTH 1 & 2 BEDROOM PLANS  
 3/8" = 1'-0"



VERIFY SIZE OF MEDICINE CABINET OVER LAVATORY. BOTTOM EDGE OF MIRROR 40" A.F.F.  
 TYPICAL NON-H.C. BATH ELEVATIONS



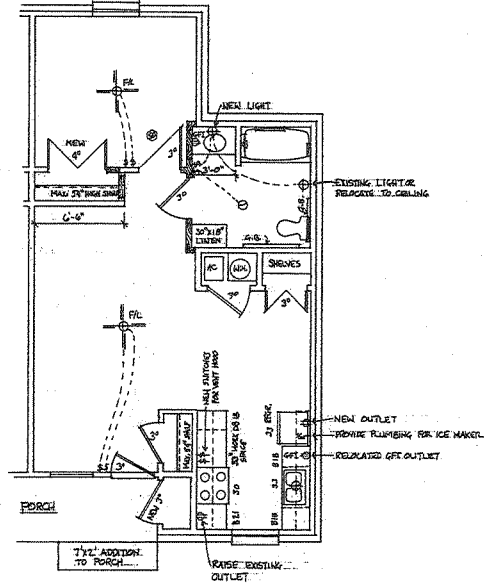
DATE: 6-5-14  
 SHEET: A-3 of 7  
 PROPOSED REHAB. OF EXISTING APARTMENTS FOR SHEPHERD SENIOR APARTMENTS, LTD.  
 1711 SOUTH BYRD AVE. SHEPHERD, TEXAS



**EXISTING ONE BDRM PLAN UNIT 24**

1/4" = 1'-0"  
DIMENSIONS PER ORIGINAL DRAWING

----- WALL BEING REMOVED  
 RELOCATE BREAKER PANEL IN NEW WALL LOCATION



**HANDICAP PLAN REVISIONS**

1/4" = 1'-0"

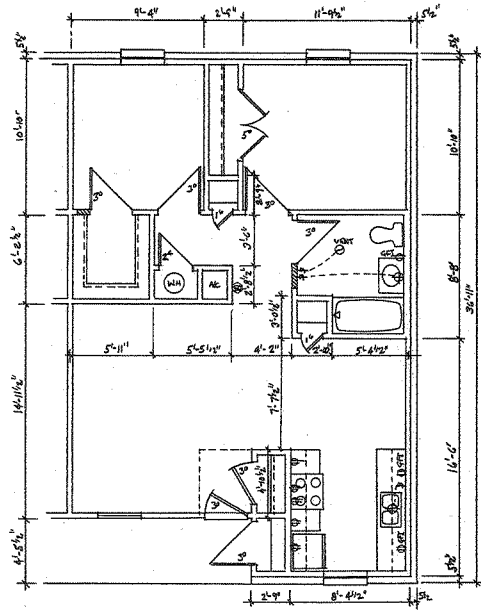
REFER TO TWO BEDROOM HCR PLAN FOR SIMILAR KITCHEN AND BATHROOM ELEVATIONS AND DETAILS

NEW FAN/LIGHT IN LIVING AND BEDROOM. PARTIALS ON SOME SWITCHES  
 RELOCATE EXISTING SMOKE DETECTOR AND ADD SMOKE DETECTOR IN BEDROOM

- HANDICAP NOTES - UNITS 12 & 24**
1. PROVIDE HCR ACCESSIBLE THRESHOLD AS REQUIRED AT ENTRY DOOR.
  2. PROVIDE PEEP HOLE MOUNTED 43"-51" HIGH IN ENTRY DOOR.
  3. MINIMUM 40" CLEARANCE BETWEEN COUNTER TOPS AND APPLIANCES.
  4. IF PORCH IS DROPPED AT ENTRY, RAISE TO MATCH FINISHED FLOOR ELEVATION INSIDE. MAX. SLOPE 1/4" FT.
  5. RELOCATE SWITCHES AND OUTLETS WHERE WALLS ARE REMOVED AND/OR RELOCATED.
  6. ALL SWITCHES TO BE RELOCATED MAXIMUM 48" HIGH. ALL OUTLETS TO BE MINIMUM 15" A.F.F.
  7. ALL DOORS TO HAVE LEVER HARDWARE.
  8. LAVATORY, SINK, AND TUB TO HAVE LEVER CONTROLS.
  9. RANGE TO HAVE FRONT CONTROLS AND VENT HOOD (MICRO-HOOD) TO BE SWITCHED AT WALL.
  10. VERIFY WALL OUTLETS IN KITCHEN. REUSE WHERE POSSIBLE AND ADD OR RELOCATE AS REQUIRED.
  11. EMERGENCY CALL SWITCHES TO BE ON IN DOWN POSITION, HAVE STRING ATTACHED, AND BE CONTRASTING COLOR.
  12. INSTALL CLEAR ACRYLIC OUTSIDE SHETRACK CORNER PROTECTORS.
  13. WATER CLOSET FLUSHER TO BE ON OPEN SIDE OF TANK.



DATE:	PROPOSED REPAIR OF EXISTING APARTMENTS FOR:
6-5-14	SHEPHERD SENIOR APARTMENTS LTD
SHEET:	1791 SOUTH BYRD AVE.
A-2 of 7	SHEPHERD, TEXAS

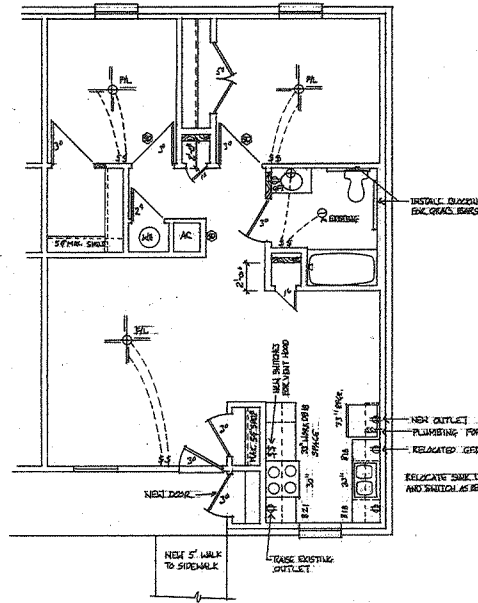
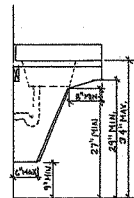
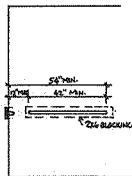
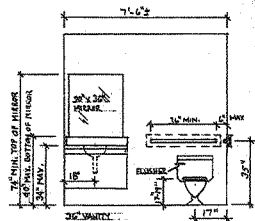


**EXISTING TWO BDRM PLAN UNIT 12**

1/4" = 1'-0"

DIMENSIONS PER ORIGINAL DRAWINGS

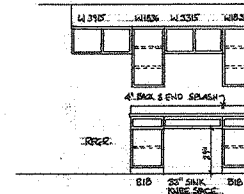
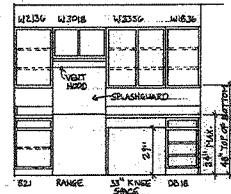
XXXXX = WALLS TO BE REMOVED



**HANDICAP PLAN REVISIONS**

PROVIDE SEPARATE SWITCHES FOR FAN/LIGHT  
 ADD SMOKE DETECTORS IN BEDROOMS  
 PROVIDE LEVER HARDWARE AND PULLS ON ALL DOORS  
 PROVIDE LEVER CONTROLS AT PLUMBING FIXTURES (SINK, CLOSET, TUB/SHOWER)  
 PROVIDE PEEL HOLES AT FRONT DOOR (ONE MOUNTED AT 48" HIGH)

PER ORIGINAL DRAWINGS, BRACKETS TO BE INSTALLED AT ALL TUBS AND WATER CLOSETS FOR FUTURE GRAB BAR TO BE ADDED AS REQUIRED/VERIFY AS REQD. SEE OTHER SHEETS

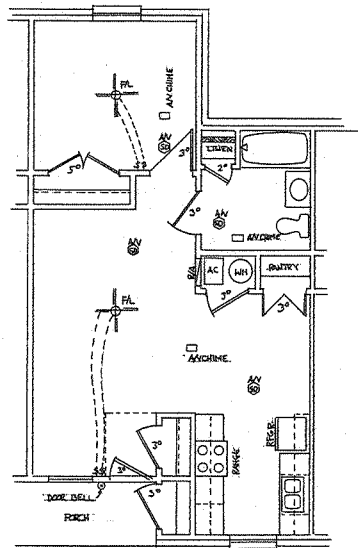


**HDCP KITCHEN ELEVATIONS**

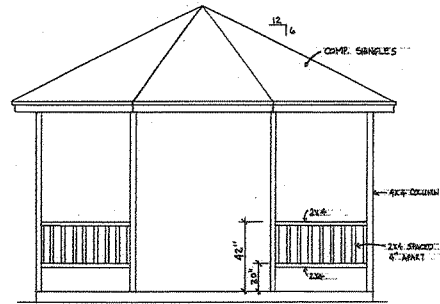
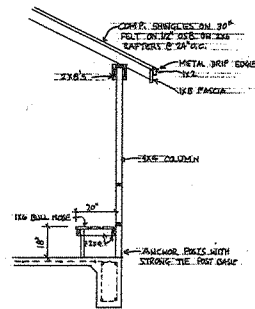
3/8" = 1'-0"



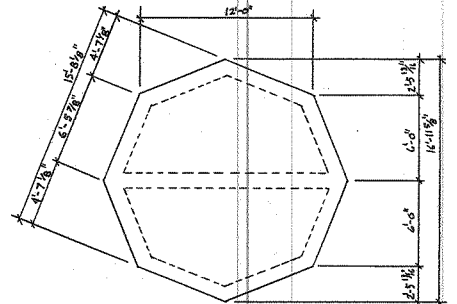
DATE:	PROPOSED RENOV. OF EXISTING APARTMENTS FOR
6-5-14	SHEPHERD SENIOR APARTMENTS, LTD
SHEET:	1791 SOUTH BYRD AVE.
A-506 7	SHEPHERD, TEXAS



REVISED ONE BEDROOM UNIT (#7)  
FOR SIGHT AND HEARING IMPAIRED.



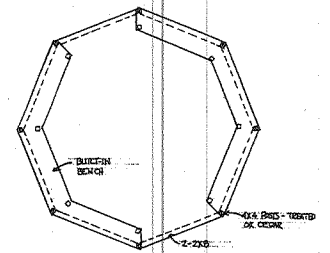
ELEVATION  
3/8" = 1'-0"



MINIMUM 4" CONCRETE SLAB  
WITH #3 AT 10" O.C. EACH WAY  
ON 6 MIL POLYETHYLENE IMPERMEABLE  
SAND OR SELECT LOAM RI FILL.

ALL BEAMS 1 1/2" X 2 1/2" L<sup>2</sup>  
WITH 2x6 TOP & BOTTOM AND  
#3 STRAPUPS AT 20" O.C.

FOUNDATION PLAN  
1/8" = 1'-0"  
SLAB AREA: 2.08' X 4' 5"  
DIAGONAL FOR SQUARES: 12'-0"  
SQUARES @ 10" O.C.

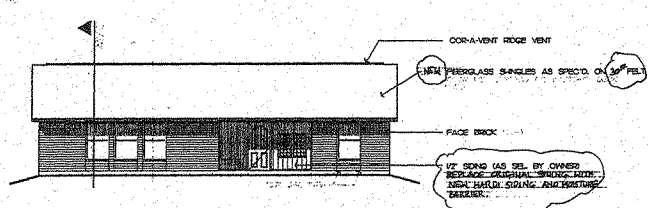


GAZEBO PLAN  
1/8" = 1'-0"  
PLAN DIMED ON 12'-0" SQUARES.

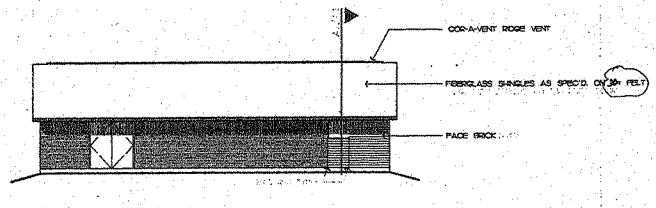


DATE:	PROPOSED REHAB OF EXISTING APARTMENTS, ETC.
6-5-14	SHEPHERD SENIOR APARTMENTS, LTD.
SHEET:	1711 SOUTH BYRD AVE., SHEPHERD, TEXAS
A-627	

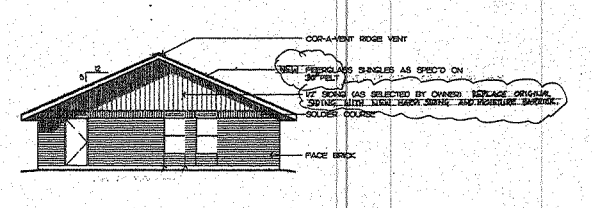




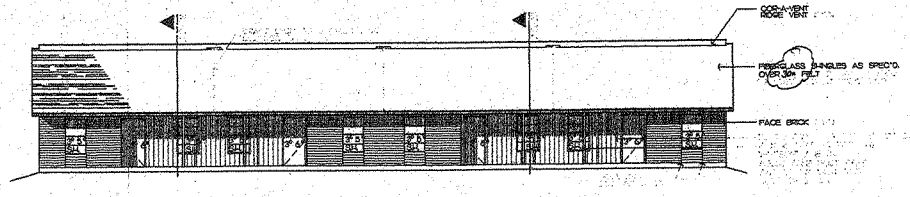
**01 BUILDING A FRONT ELEVATION**  
1/8" SC.



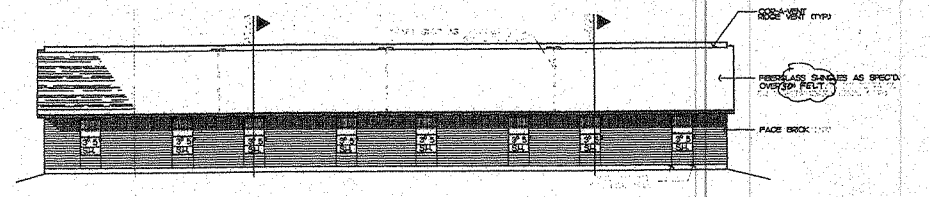
**02 BUILDING A REAR ELEVATION**  
1/8" SC.



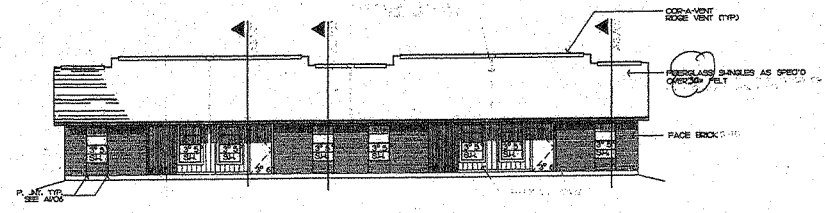
**03 BUILDING A SIDE ELEVATION**  
1/8" SC.



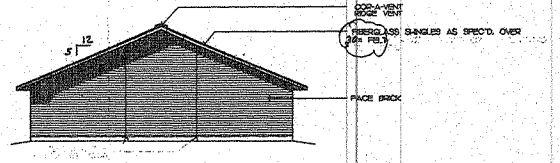
**01 BUILDING "C" FRONT ELEVATION**  
1/8" SC.



**02 BUILDING "C" REAR ELEVATION**  
1/8" SC.



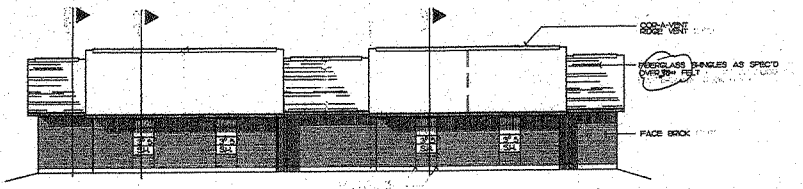
**01 BUILDING "B" FRONT ELEVATION**  
1/8" SC.



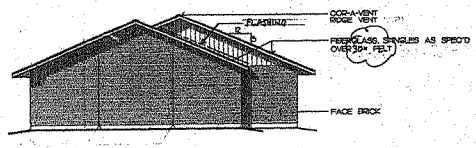
**03 BLDG. "C" SIDE ELEVATION**  
1/8" SC.

THE ELEVATIONS ARE REPRODUCTIONS OF ORIGINAL DRAWINGS AND HAVE NOT BEEN VERIFIED WITH EXISTING AS BUILTS.

1. REMOVE ALL EXISTING COMPOSITION SHINGLES AND FELT. INSTALL NEW 20" FELT AND 30 YEAR ARCHITECTURAL SHINGLES. INSTALL FLASHING AT ROOF AND SIDING AT BUILDING "B" ROOF OFFSETS.
2. REMOVE ALL EXISTING SIDING, MOISTURE BARRIER, SOFFIT, FASCIA AND TRIM. REPLACE WITH FIBER CEMENT PRODUCTS. REPLACE MOISTURE BARRIER.
3. INSTALL NEW METAL DRIP EDGE AT ROOF FRGGA.
4. RESEAL EXPANSION JOINTS AT BRICK.
5. CAULK AND SEAL ALL REPLACED WINDOWS AND DOORS.
6. REPLACE ROSE VENT AS REQUIRED.
7. REPLACE ANY DAMAGED ROOF SHEATHING.



**02 BUILDING "B" REAR ELEVATION**  
1/8" SC.



**03 BLDG. "B" SIDE ELEVATION**  
1/8" SC.



REVISED: 7-14-14	PROPOSED REHAB OF EXISTING APARTMENTS FOR:
DATE: 6-5-14	<b>SHEPHERD SENIOR APARTMENTS LTD.</b>
SHEET: A-1.67	1711 SOUTH BYRD AVE. SHEPHERD, TEXAS

**BOARD ACTION REQUEST**  
**ASSET MANAGEMENT DIVISION**  
**JULY 30, 2015**

Presentation, Discussion, and Possible Action to approve a Housing Tax Credit Application Amendment for Churchill at Champions Circle (#14051)

**RECOMMENDED ACTION**

**WHEREAS**, Churchill at Champions Circle received an award of 9% Housing Tax Credits in 2014 to construct 132 new multifamily units in Fort Worth;

**WHEREAS**, the Development Owner advised the Department of an anticipated conveyance of a 4.972 acre tract for the construction of an access road and other infrastructure, pursuant to the Contract of Sale, decreasing the development site acreage from 9.972 acres to 5.00 acres and also increases the residential density;

**WHEREAS**, §2306.6712(d)(6) of the Texas Government Code considers a modification of the residential density of the development of at least 5% to be a material alteration requiring Board approval; and

**WHEREAS**, the changes in site acreage and residential density do not negatively affect the Development, impact the viability of the transaction, or affect the amount of tax credits awarded;

**NOW, therefore, it is hereby**

**RESOLVED**, that the requested amendment of the Housing Tax Credit application for Churchill at Champions Circle is approved as presented to this meeting and the Executive Director and his designees are each authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

**BACKGROUND**

Churchill at Champions Circle was submitted and approved for a 9% HTC allocation during the 2014 cycle. The Application identified 9.972 acres for the development site, and based on this acreage, the underwriting report identified a density of 13.2 units per acre. However, the underwriting report also stated that the site includes approximately 5 acres for the building and 4.972 acres for public access. This is confirmed in the site control documentation in the Application. The land seller, Roanoke 35/114 Partners, L.P., is to construct the access road and extend utilities to the development site. The Contract of Sale includes a repurchase option, which provides the seller the right to repurchase the access tract at any time within 24 months after the date of the deed. The purchase price for the repurchase option is ten dollars. The access tract, to be known as Outlet Boulevard, provides potential access to the development site from the north

(via access to Championship Parkway) and potential access from the development site east to the I-35 frontage road.

The Development Owner, Brad Forslund, explained that the City of Fort Worth (“City”) is now requiring the construction and dedication of the proposed road (Outlet Boulevard) providing access to the I-35 frontage road. The seller is to develop the access tract through a Community Facilities Agreement (“CFA”) with the City of Fort Worth. In the event that the seller fails to develop the access tract after re-conveyance, the Development Owner has the right to take over the CFA and the funds escrowed to pay for the infrastructure construction to complete the job itself.

The original seller has also entered into negotiations and pre-development tasks with an outlet mall developer and a retail power center for the neighboring area. However, because the Development’s access to Championship Parkway was needed immediately and because the original seller's negotiations with the City and the outlet mall developer were lengthy, the access tract was divided into two parts, Part A and Part B. Part A is the 0.841-acre of land needed to provide access from the Development to Championship Parkway and also to Golf View Drive, which will abut the Development’s eastern boundary. Part B is the 4.131-acre portion of the access tract that will provide the Development with access to the I-35W frontage road. The Contract of Sale was amended to permit the original seller to exercise its option to repurchase Part A independently of Part B and to also provide that, upon re-conveyance of either Part to the original seller, the Development Owner will retain a non-exclusive access easement over the part re-conveyed until the developed streets are dedicated to the public and accepted for maintenance by the City. The original seller has entered into a CFA with the City for the construction of the infrastructure needed to provide access to the Development via Championship Parkway and has elected to re-purchase Part A. The re-conveyance has taken place and construction on the infrastructure is due to begin imminently. The seller's option to repurchase Part B has not been exercised yet, but the Development Owner explained that, in order to permit the proposed development of the outlet mall, the City will require Outlet Boulevard to be built in conjunction with the construction of the outlet mall.

The increased residential density is the result of the land conveyed for the road construction and did not affect the original design of the Development. Additionally, this re-conveyance of the access tract does not impact the viability of the transaction.

A modification of the residential density of at least 5% and an increase or decrease in the site acreage greater than 10% from the original site under control and proposed in the Application are usually considered to be material alterations that require Board approval under 10 TAC §10.405(a)(4)(F) and (G), unless they are a result of changes required by local government. In this case, the decrease in site acreage and resulting modification to residential density was already contemplated in the Application and is now also a result of local government requirements. However, §2306.6712(d)(6) of the Texas Government Code considers a modification of the residential density of the development of at least 5% to be a material alteration requiring Board approval.

Staff recommends approval of the amendment request.

# CHURCHILL AT CHAMPIONS CIRCLE COMMUNITY, L.P.

March 3, 2015

**By Email to raquel.morales@tdhca.state.tx.us**

Ms. Raquel Morales  
Director of Asset Management  
Texas Department of Housing and Community Affairs  
P.O. Box 13941  
Austin, Texas 78711-3941

RE: TDHCA # 14051 Churchill at Champions Circle Apartments,  
Fort Worth, Denton County, Texas 76177.

Dear Raquel:

The site for Churchill at Champions Circle Apartments (the "Project") includes a 5.00 acre tract for the development of the multifamily housing apartment complex (the "Site") and a 4.972 acre tract to provide access to the Site (the "Access Tract"). The Access Tract provides potential access to the Site from the north (Championship Parkway) and potential access from the Site east to the I-35 frontage road. This letter is to advise you of an anticipated conveyance pursuant to the Contract for Sale for the Project, which was contemplated under the 2014 9% Housing Tax Credit Application. Attached is Exhibit A from the land contract included in the application (see Exhibit A).

Under the Contract for Sale, the Seller is obligated to construct an access road and water, sewer, gas and electric utility lines (collectively, the "Infrastructure") to the perimeter of the Site, providing access from Championship Parkway. Seller retained a right for 24 months to repurchase the Access Tract in order to install the Infrastructure, which was to be part of the overall development of the planned development of which the Project is a part. The Applicant contracted to have a non-exclusive access easement over the Access Tract in the event that the Seller exercised the Repurchase Option, to be released at such time as the access road is dedicated and accepted as a public street.

In the year since the HTC Application was filed for the Project, the Seller has negotiated the sale of approximately 44 acres which is to be developed as an outlet mall (see Exhibit B), conditioned upon the extension of the Project's access roadway eastward to I-35, and its dedication to the public. The City of Fort Worth is now requiring the construction and dedication of the proposed road providing access to the I-35 frontage road. Accordingly, the Seller has advised us that it anticipates exercising its Repurchase rights under the Contract of Sale in order to develop what is now to be called "Outlet Boulevard". At such time as the Repurchase Option is exercised, the Project's Special Warranty Deed back into the Seller will retain a non-exclusive access easement across the Access Tract for the benefit of the remainder of the Site, which easement shall automatically terminate upon the dedication of the Access Tract to the City of Fort Worth as a public street.

We are advising you of the proposed conveyance that is anticipated to take place in the next 30-60 days. We do not think that the proposed transaction requires an Application Amendment, since the Seller's obligation to construct the Infrastructure and the Repurchase Option were included in the Application; therefore, we have not included an amendment fee. The price for the Repurchase Option is Ten Dollars, so that the underwriting of the Project should not be disturbed. Additionally, the roadway improvement is now a requirement of the City of Fort Worth, so we believe that this transaction meets an exception in the 2015 Uniform Multifamily Rules, where §10.405(a)(4)(G) provides that changes required by local government resulting in an increase or decrease in the site acreage of greater than 10 percent from the original site under control and proposed in the Application are not considered "material alterations" of a development, thereby requiring TDHCA Board approval.

If you have any questions please call me at 972-550-7800 x 222 or email me at [bforslund@cri.bz](mailto:bforslund@cri.bz).

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley E. Forslund".

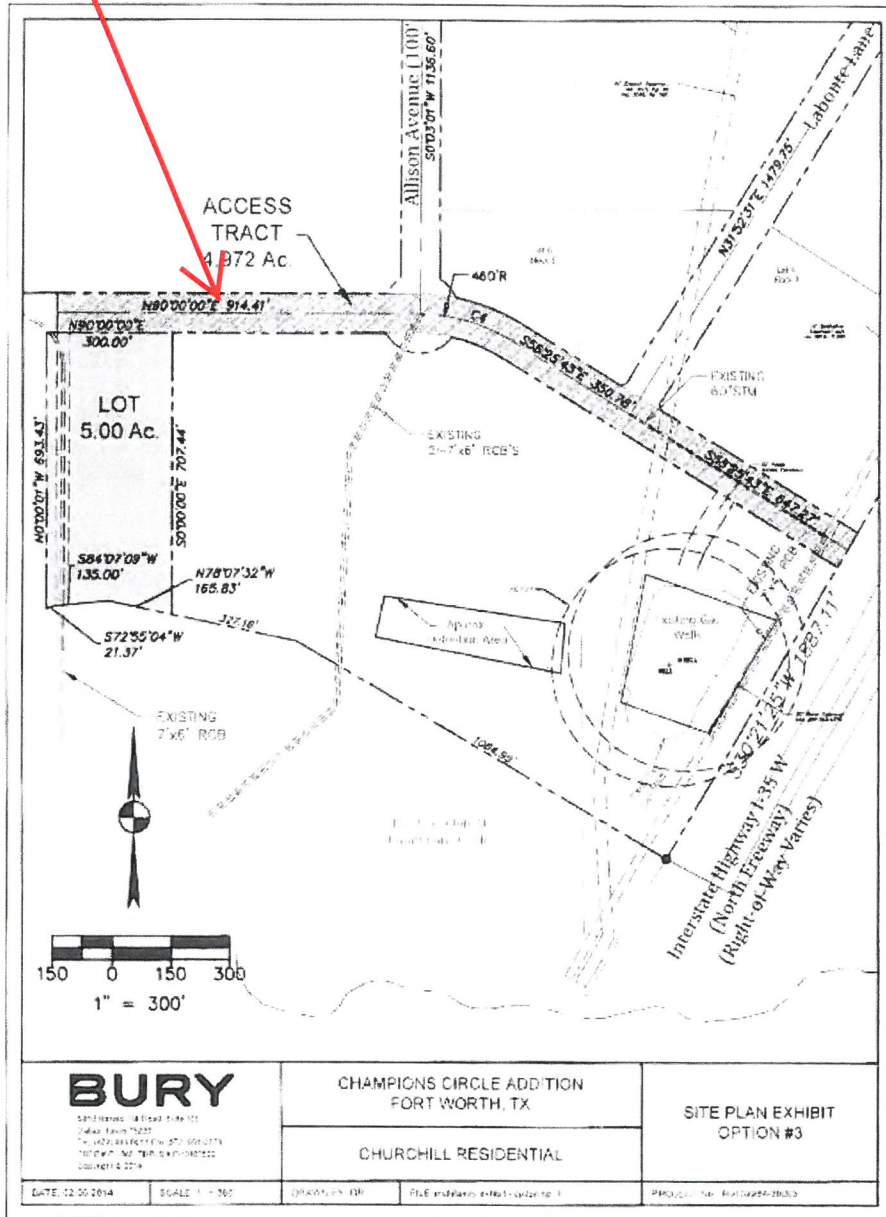
Bradley E. Forslund  
Authorized Representative  
Churchill at Champions Circle Community, L.P.

Enclosures

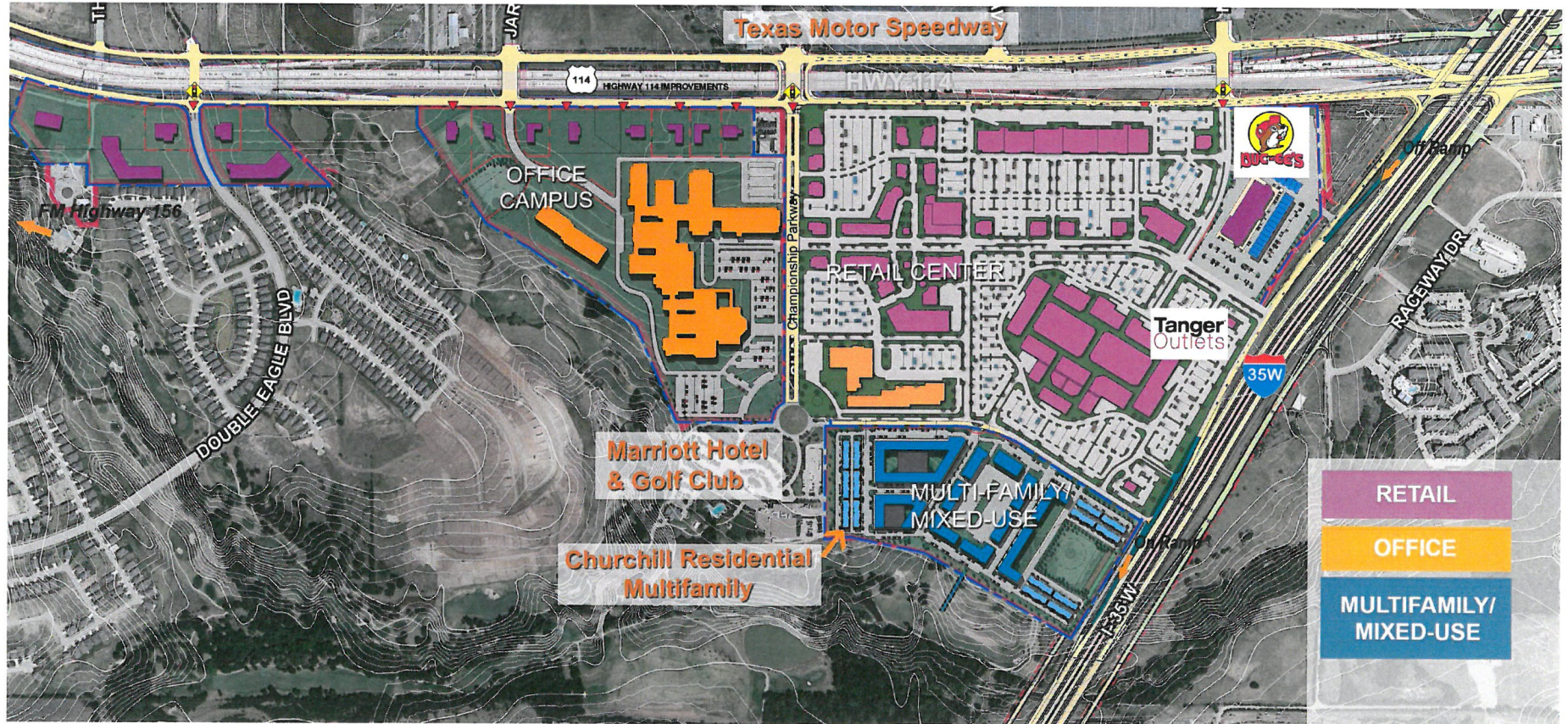
Exhibit A - Site Map from 2014 9% Housing Tax Credit Application  
Exhibit B - Colored Site Plan of Master Planned Mixed Use Development

# Future "Outlet Boulevard"

Exhibit "A"







# Exhibit B

## 280 Acre Master Planned Mixed Use Development



May 12, 2015

Mr. Rosalio Banuelos  
Senior Asset Manager  
Texas Department of Housing and Community Affairs  
221 E. 11<sup>th</sup> Street  
Austin Texas 78701  
512.475.3357  
512.475.4420  
[rosalio.banuelos@tdhca.state.tx.us](mailto:rosalio.banuelos@tdhca.state.tx.us)

Re: TDHCA# 14051; Churchill at Champions Circle, Fort Worth, Texas (Project).

Dear Mr. Banuelos:

The Contract of Sale Agreement (Contract) between Seller (Roanoke 35/114 Partners, L.P. - the master developer of the mixed use Champions Circle development at the SWC of IH 35W and 114 in Fort Worth, Texas ) and Buyer (Churchill at Champions Circle Community, L.P ) related to two tracts of land: (i) the Project Site, being 5.00 acres; and (ii) the Access Tract, being 4.972 acres, which was necessary to assure that the Project had access to a public street. The Seller was responsible for providing access to the Project Site via Championship Parkway, but the Buyer also wanted the potential to have access to IH 35W, which could be provided through the portion of the Access Tract shown in the attached Exhibit A. Buyer's access concerns were resolved through the conveyance of the Access Tract to the Buyer, with the Seller retaining the right to repurchase the Access Tract in order to develop the Access Tract through a Community Facilities Agreement (CFA) with the City of Fort Worth. While the purchase of the Project Site included the Access Tract, only Ten Dollars of the purchase price was allocated to the Access Site and it was to be re-conveyed for the same nominal consideration. In the event that the Seller failed to develop the Access Tract after re-conveyance, the Buyer had the right to take over the CFA and the funds escrowed to pay for the infrastructure construction, in order to complete the job itself. If the Seller did not exercise its option to reacquire the Access Tract, then because it owned the Access Tract, the Buyer would be able to construct the necessary infrastructure to provide access to the Project.

During the approximately 16 months since the Contract of Sale Agreement was executed, the Seller entered into negotiations and pre-development tasks with a large Outlet Mall developer (Tanger) as well as Bucc'ees, and a large retail Power Center. The attached master development plan (Exhibit B) shows the location of both the proposed future Outlet Blvd and these future users. Clearly the proposed development will benefit the residents of the Project. In order to permit the proposed development, however, the City of Fort Worth will require Outlet Blvd. to be built in conjunction with the construction of Tanger Outlet Mall (see Exhibit C communication from Development Services Administrator with the City of Fort Worth).

Because the Project's access to Championship Parkway was needed immediately, and the Seller's negotiations with the City and the Outlet Mall developer were lengthy, we divided the Access Tract into two parts: (i) Part A is the land needed to provide access from the Project to Championship Parkway and also to Golf View Drive, which will abut the Project's eastern boundary; (ii) Part B is the portion of the Access Tract that will provide the Project with access to the IH 35W frontage road. The Contract was amended to permit the Seller to exercise its option to repurchase Part A independently of Part B, and to also provide that upon





reconveyance of either Part to the Seller, the Buyer retained a non-exclusive access easement over the Part so reconveyed until the developed streets were dedicated to the public and accepted for maintenance by the City of Fort Worth.

The Seller has entered into a CFA with the City for the construction of the infrastructure needed to provide access to the Project via Championship Parkway, and has elected to re-purchase Part A. The reconveyance has taken place and construction on the infrastructure is due to begin imminently. The Seller's option to re-purchase Part B has not been exercised yet.

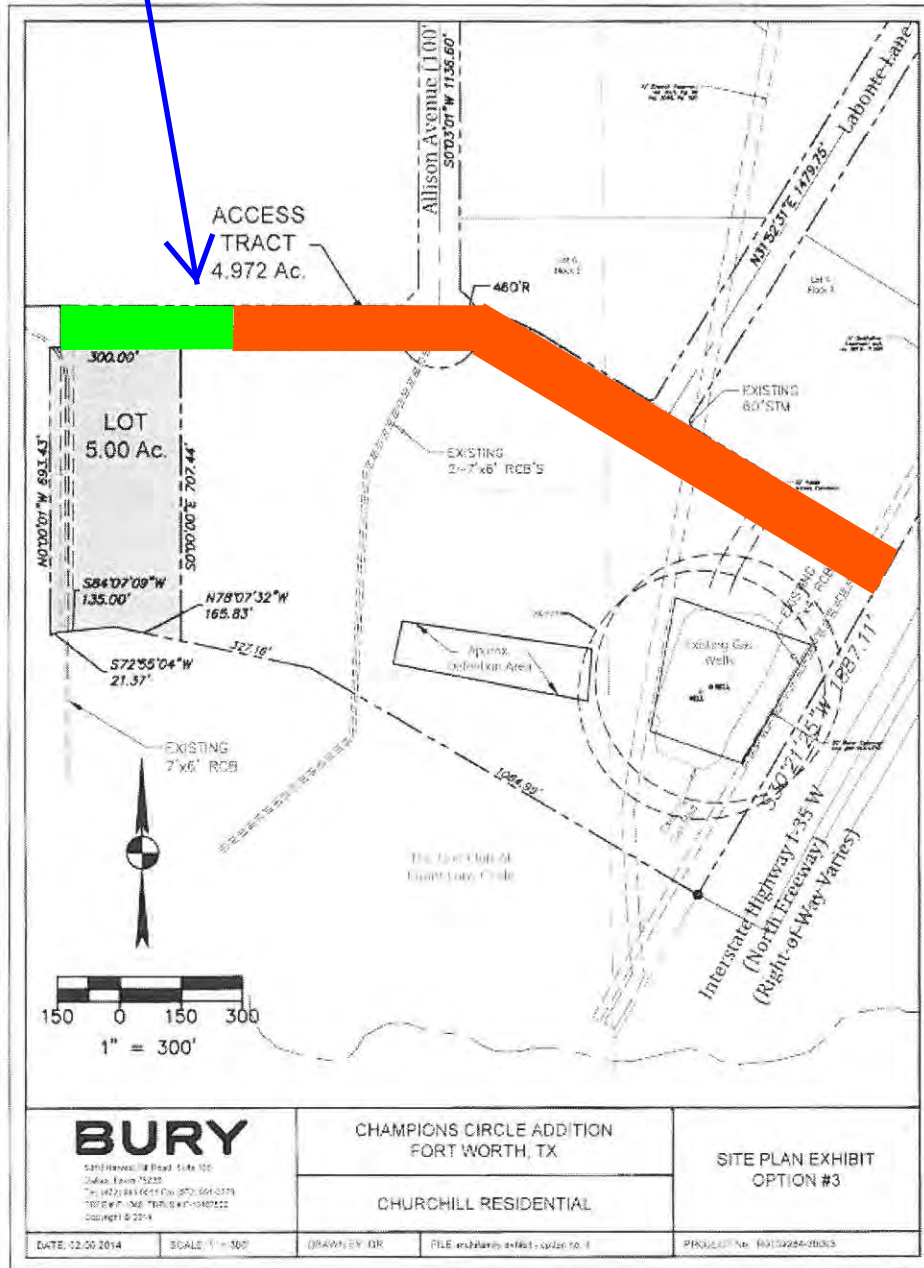
Sincerely,

A handwritten signature in black ink, appearing to read "Brad Forslund", written over a horizontal line.

Brad Forslund  
Authorized Representative  
Churchill at Champions Circle Community, L.P.

# Future "Outlet Boulevard"

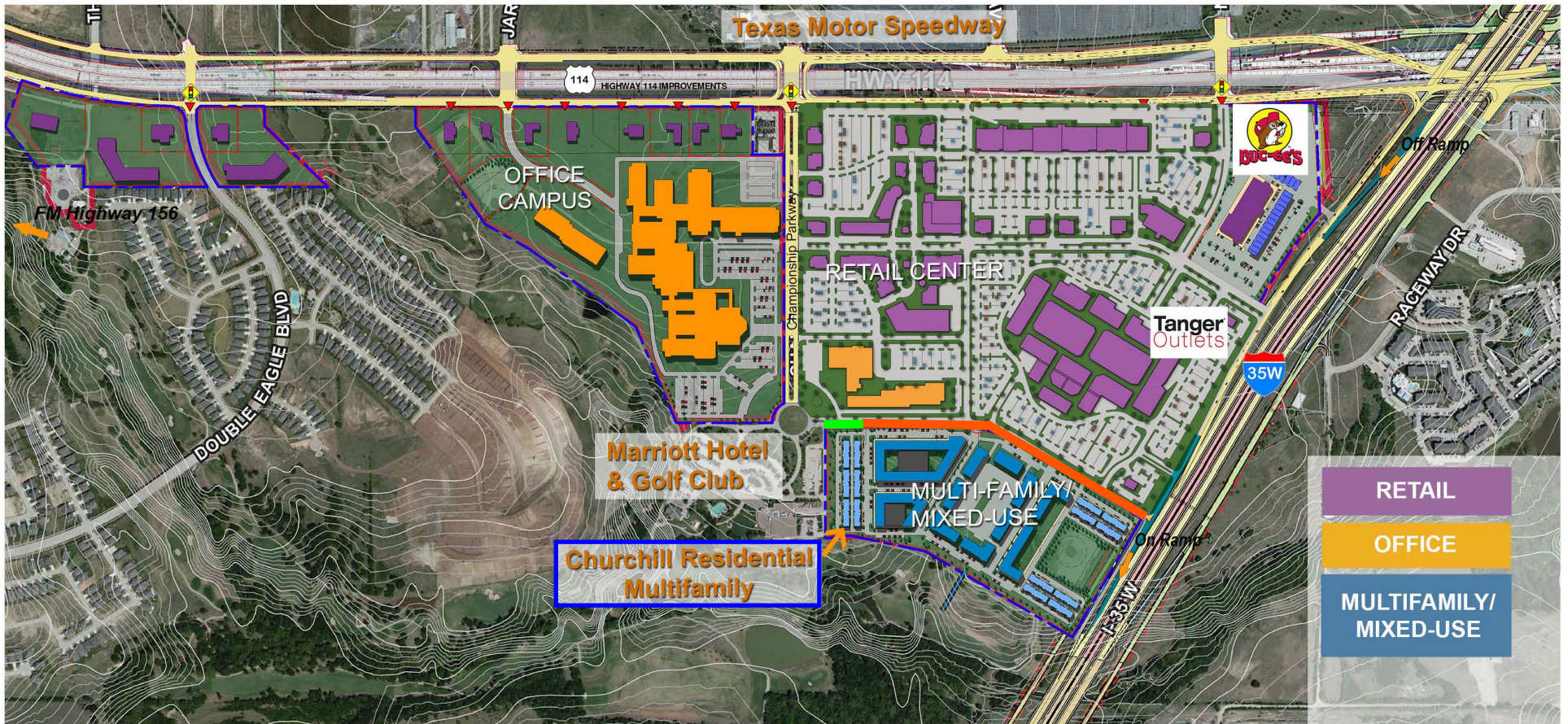
Exhibit "A"



**Part A - Outlet Boulevard**  
**Part B - Outlet Boulevard**

Note: Part A & Part B combine to make the 4.972 acres





## Exhibit B

- Part A Outlet Blvd.
- Part B Outlet Blvd.

# 280 Acre Master Planned Mixed Use Development

## Exhibit C

**From:** Schroeder, David [<mailto:David.Schroeder@fortworthtexas.gov>]

**Sent:** Friday, May 08, 2015 3:52 PM

**To:** Boecker, Bill

**Cc:** Harrell, D. J.; Wheaton-Rodriguez, Arty; Spencer, Mirian

**Subject:** FW: e mail from the city regarding our financing

Bill

The construction of Outlet Blvd will be required to be obligated and financially guaranteed through the execution of a CFA before the plat for the future Tanger Outlet site can be filed. Once filed and construction commences on the Tanger Outlet Mall, the building(s) will not be able to secure a Certificate of Occupancy until Outlet Blvd is constructed and accepted by the City of Fort Worth

Regards

### **David Schroeder**

Development Services Administrator

Planning & Development Dept

City of Fort Worth

T: 817.392.2239

F: 817.392.7985

[david.schroeder@fortworthtexas.gov](mailto:david.schroeder@fortworthtexas.gov)

*"City of Fort Worth - Working together to build a strong community"*



How am I doing?

Please contact my supervisor Randle Harwood at [randle.harwood@fortworthtexas.gov](mailto:randle.harwood@fortworthtexas.gov)



**FIFTH AMENDMENT TO**  
**CONTRACT OF SALE**

THIS FIFTH AMENDMENT TO CONTRACT OF SALE (this "**Fifth Amendment**") is entered into as of January 15, 2015, by and between ROANOKE 35/114 PARTNERS, L.P. a Texas limited partnership ("**Seller**"), and CHURCHILL AT CHAMPIONS CIRCLE COMMUNITY, L.P., a Texas limited partnership ("**Buyer**").

**RECITALS**

A. Seller and Churchill Residential, Inc. entered into that certain Contract of Sale dated effective January 15, 2014 ("**Initial Contract**") providing for the purchase and sale of certain real property located in Fort Worth, Denton County, Texas, as more particularly described in the Initial Contract.

B. Seller and Churchill Residential, Inc. entered into that certain First Amendment to Contract of Sale ("**First Amendment**") dated as of February 18, 2014.

C. Churchill Residential, Inc. assigned to Buyer, and Buyer assumed, all of Churchill Residential, Inc.'s rights and obligations under the Initial Contract, as amended.

D. Seller and Buyer entered into that certain Second Amendment to Agreement of Purchase and Sale ("**Second Amendment**") dated as of April 21, 2014.

E. Seller and Buyer entered into that certain Third Amendment to Contract of Sale ("**Third Amendment**") dated as of July 23, 2014.

F. Seller and Buyer entered into that certain Fourth Amendment to Contract of Sale ("**Fourth Amendment**") dated as of September 2, 2014.

G. The Initial Contract, as amended by the First Amendment, the Second Amendment, the Third Amendment, and the Fourth Amendment, is collectively referred to in this Fifth Amendment as the "**Agreement**".

H. The Title Company holds the Initial Earnest Money Deposit and the Additional Earnest Money Deposit.

I. Seller and Buyer desire to further amend the Agreement as more particularly set forth below.

**AMENDMENT**

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Seller and Buyer agree to amend the Agreement as follows:

1. Section 6 of the Contract is amended in its entirety as follows:

“6. **Infrastructure Construction.**

Seller shall, at Seller’s expense, construct the street to access the Property as shown on **Exhibit D-1** attached to this Fifth Amendment, which shall include the water, storm sewer, gas, electric and telephone lines to the perimeter of the Property (collectively, **Infrastructure**). The Infrastructure shall also include the sidewalks along the street shown on **Exhibit D-1**, but Buyer is responsible for the cost of constructing the sidewalks. The proposed schedule for construction of the Infrastructure is attached as **Exhibit D** to this Fifth Amendment. At Closing Seller and Buyer shall set up an escrow account with Closing Agent with Seller depositing the reasonably estimated costs to complete the Infrastructure (other than the sidewalks), and Buyer depositing the reasonably estimated costs of the sidewalks. Title Company shall hold these funds in escrow pursuant to an escrow agreement (**Infrastructure Escrow Agreement**) mutually agreed upon by Seller, Buyer, Title Company, and the City of Fort Worth. The Infrastructure Escrow Agreement shall provide that Seller shall construct and install the Infrastructure on or before September 1, 2015, pursuant to the plans and specifications provided by Seller, and that Seller may draw funds monthly from the escrow account for the payment of these costs upon submission of appropriate documentation and lien waivers. In the event that Seller has not (i) commenced construction of the Infrastructure within thirty (30) days after Closing; (ii) completed construction of at least 50% of the Infrastructure within ninety (90) days after Closing; or (iii) completed the construction of the Infrastructure by September 1, 2015; then, upon five days’ written notice to Seller, Buyer may take over completion of the Infrastructure using Buyer’s own contractors and shall be entitled to draw upon the escrow account in the same manner as set forth for Seller for payment of sums spent on the completion of the Infrastructure. The provisions of this Paragraph 6 survive Closing.”

2. Section 8.a. of the Agreement is amended in its entirety as follows:

“a. The **Closing** of this Contract will occur in Closing Agent’s offices on or before the earlier of (i) 15 days after City of Fort Worth’s issuance of both the building permits required for Buyer to commence construction of its multifamily residential project on the Property and a “Notice to Proceed” in connection with Seller’s construction of the Infrastructure, or (ii) March 30, 2015 (the **Closing Date**). In consideration of Seller’s agreement to this revised Closing Date, Buyer has paid Seller a \$10,000.00 fee (**Extension Fee**) which has been deposited with Closing Agent. The Extension Fee will not apply to the Purchase Price and will be non-refundable to Buyer except in the event of Seller’s default under this Agreement.”

3. A new Section 8.c. is added to the Agreement as follows:

“c. Buyer acknowledges and consents that prior to Closing Seller shall, at Seller’s expense, record the Outlet Center Restriction, substantially in the form attached hereto as **Exhibit F**, against the Property and that this instrument will be a Permitted Exception.”

4. Section 15(a) is amended by adding an additional fourth condition precedent to Buyer's Closing, as follows:

- “• Seller has not obtained a “Notice to Proceed” from the City of Fort Worth with regard to construction of the Infrastructure.”

5. Exhibit E of the Agreement is amended by revising the first paragraph to read in its entirety as follows:

“In consideration of the mutual covenants contained in this Deed, Grantor reserves the right (a) to repurchase the entire Property from Grantee on the terms and conditions set forth below, if Construction Commencement (as defined below) has not occurred on the Property within twenty-four (24) month after the date of this Deed (the “Property Repurchase Option”), or (b) to repurchase only the Access Tract portion of the Property from Grantee on the terms and conditions set forth below. Access Tract A (as shown on the attached Exhibit E-1) may be repurchased at any time after the date of this Deed and not later than twenty-four (24) months after the date of this Deed, and Access Tract B (as shown on the attached Exhibit E-1) may be repurchased at any time between thirty (30) days after the date of this Deed and not later than twenty-four (24) months after the date of this Deed (each individually and collectively, the “Access Tract Repurchase Option”). “Construction Commencement” means the pouring of the foundations for one or more multi-family buildings to be built on the Property.”

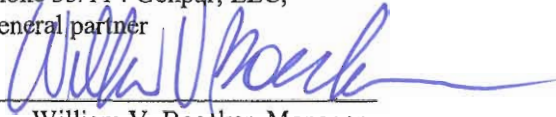
6. Exhibit E of the Agreement is amended by adding the following paragraph after the first two paragraphs:

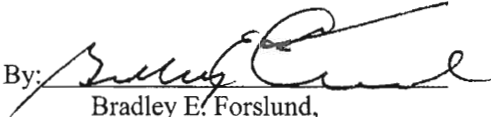
“If Grantor exercises the Access Tract Repurchase Option, the special warranty deed that Grantee must deliver to Grantor shall provide that Grantee retains a non-exclusive access easement across the Access Tract for the benefit of the remainder of the Property, which easement shall automatically terminate upon the dedication of the Access Tract to the City of Fort Worth as a publicly dedicated street.”

7. All of the capitalized terms used in this Fifth Amendment, unless otherwise defined herein, shall have the same meaning as assigned to such terms in the Agreement.

8. Except as modified and amended as set forth in this Fifth Amendment, the Agreement and all of its terms, conditions, covenants, agreements and provisions are ratified and confirmed by Seller and Buyer and shall remain in full force and effect and enforceable in accordance with its terms.

9. This Fifth Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all such counterparts shall constitute one agreement. To facilitate execution of this Fifth Amendment, the parties may execute and exchange signature pages by facsimile or pdf electronic transmission.

**SELLER:**           **ROANOKE 35/114 PARTNERS, L.P.,**  
a Texas limited partnership  
By   Roanoke 35/114 Genpar, LLC,  
its general partner  
By:   
William V. Boecker, Manager

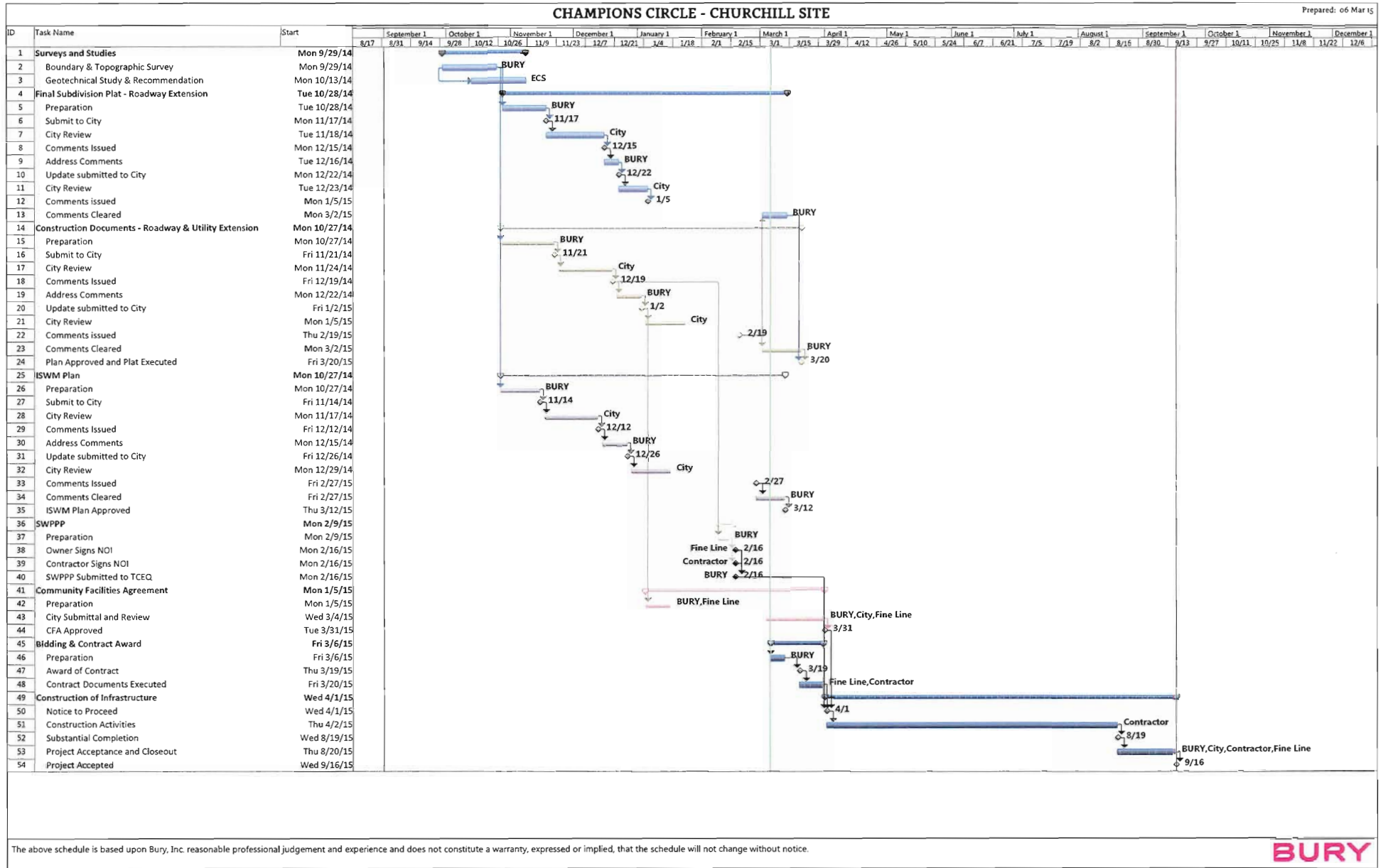
**BUYER:**           **CHURCHILL AT CHAMPIONS**  
**CIRCLE COMMUNITY, L.P.,**  
a Texas limited partnership  
  
By:   
Bradley E. Forslund,  
Authorized Representative



**EXHIBIT D**

**INFRASTRUCTURE PROJECT SCHEDULE**

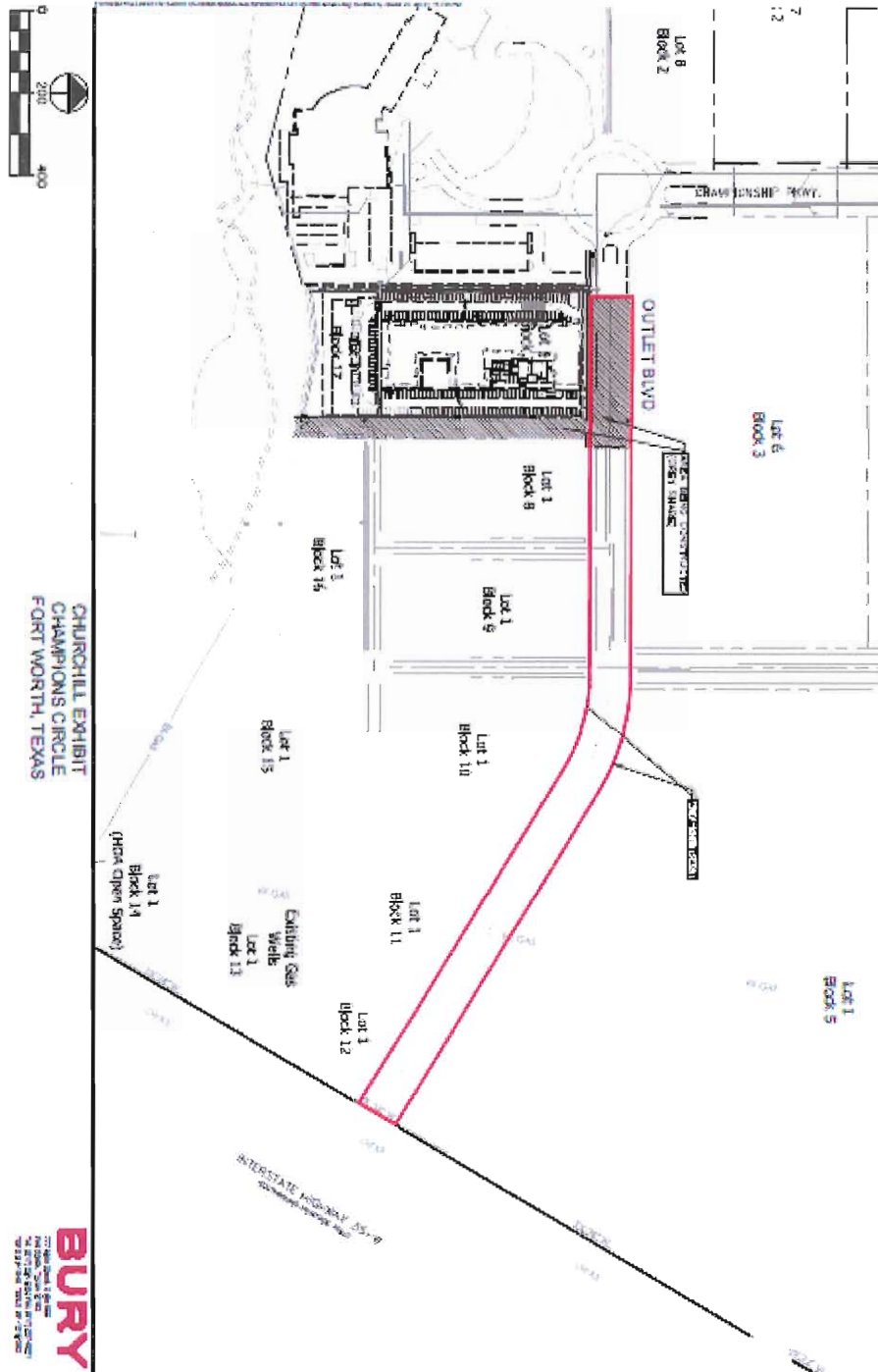
[see following page]



The above schedule is based upon Bury, Inc. reasonable professional judgement and experience and does not constitute a warranty, expressed or implied, that the schedule will not change without notice.



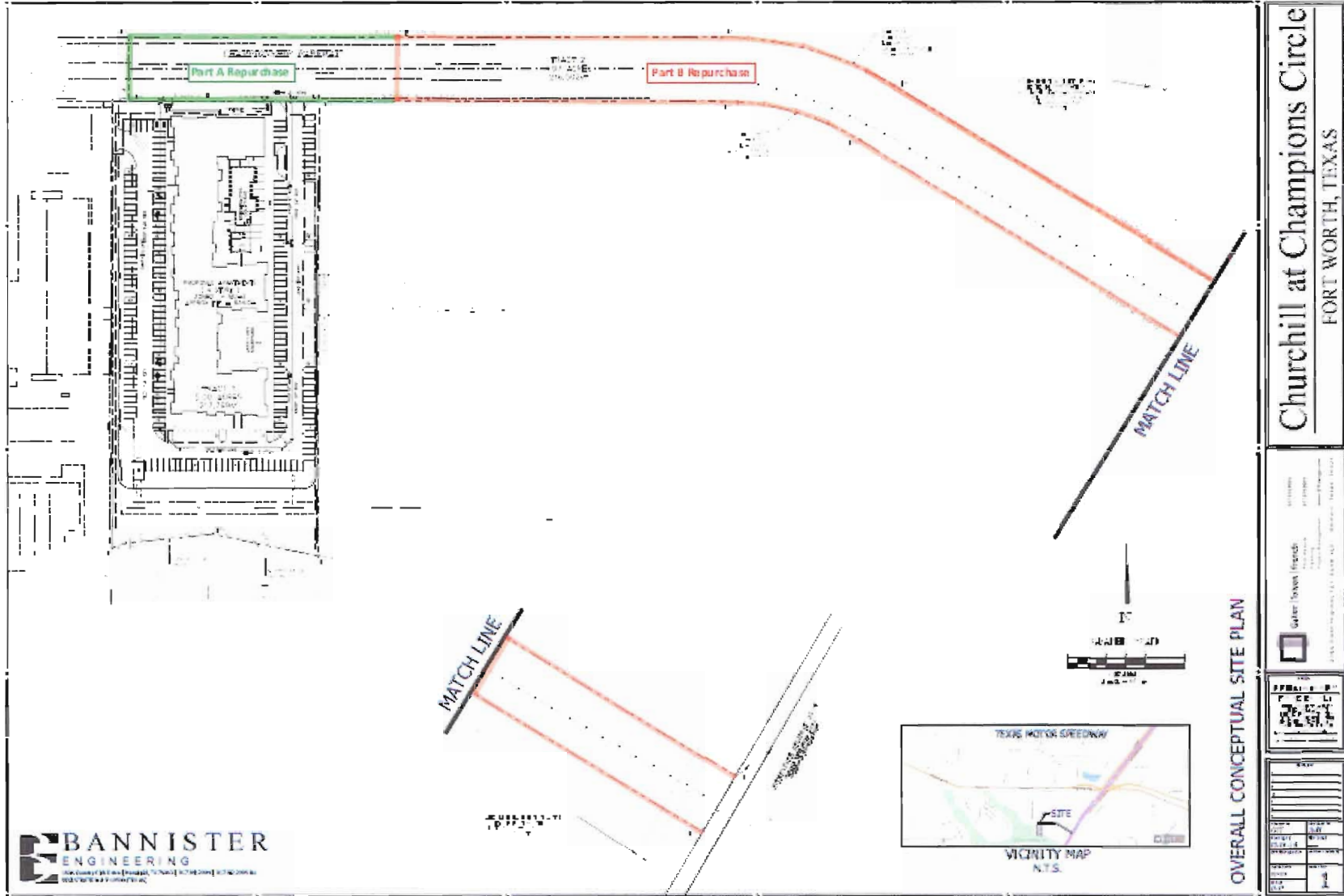
### EXHIBIT D-1 STREET PORTION OF INFRASTRUCTURE



**EXHIBIT E-1**

**DEPICTION OF ACCESS TRACT A AND ACCESS TRACT B**

[following page]



## EXHIBIT F

### OUTLET CENTER RESTRICTION

This **OUTLET CENTER RESTRICTION** (this "Declaration") is made as of this \_\_\_\_ day of \_\_\_\_\_, 2015 by **Roanoke 35/114 Partners, L.P.**, a Texas limited partnership, with an office at c/o Fine Line Diversified Development, 201 Main Street, Suite 3100, Fort Worth, Texas 76102 ("Declarant").

WHEREAS, Declarant owns fee simple title to certain real estate more particularly described on **Exhibit "A"** (the "Property"); and

WHEREAS, Declarant desires to place certain restrictions upon the Property as hereinafter set forth.

NOW THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, Declarant hereby declares as follows:

1. Declarant, on behalf of itself and its successors and assigns, hereby declares that no portion of the Property shall be developed as an Outlet Center (as defined herein), and that no Outlet Store (as defined herein) shall be permitted to operate on any portion of the Property. The foregoing restriction is hereinafter referred to as the "Restriction."
2. As used herein, "Outlet Center" means any retail shopping facility in which any portion is operated by, or made available for, the operation of one or more Outlet Stores. As used herein, "Outlet Store" means any individual store or other physical facility: (1) operated by manufacturers listed in the International Council of Shopping Centers *VRN Value Retail Directory* and listed in the Index to Retailers under "Outlet Retailers" (or successor publication) for the primary purpose of selling their own branded products, directly to the public, strictly under a value retail concept, or (2) operated by other outlet chain merchants listed in the International Council of Shopping Centers' *VRN Value Retail Directory* and listed in the Index to Retailers under "Outlet Retailers" (or successor publication) for the primary purpose of selling at discount surplus, out-of-season, discontinued, irregular and/or returned merchandise received from manufacturers or full-price retailers, directly to the public, strictly under a value-retail concept; or (3) operated as a department store clearance unit and listed in the Index to Retailers under "Outlet Retailers". For the sake of clarity, the following are examples of stores that would not be included in this definition of "Outlet Store": (a) so-called dollar stores and other discount/variety stores; (b) "big-box" retailers and superstores; (c) catalog stores, consignment stores and antique stores; (d) other entities that may be listed in the International Council of Shopping Centers' *VRN Value Retail Directory* (or successor publication) and may be found in outlet centers, but are not specifically described in clauses (1) and (2) of the definition of "Outlet Store", such as restaurants and full-price or non-value-retail concept vendors; and (e) stores operated for the primary purpose of selling products at retail, but which have sale, discount or markdown racks or departments as an incidental part of their operations.

3. The Restriction is for the sole benefit of the owner, its successors and assigns, ("Owner") of any fee interest in that certain real estate more particularly described on **Exhibit "B"**. Owner shall have the exclusive right to invoke and enforce the Restriction contained herein by any and all means available at law or in equity. No part of this Declaration may be modified, waived or rescinded unless such modification, waiver or rescission is expressly approved by Owner in writing in recordable form, and such writing is then duly recorded in the Official Records of Denton County, Texas, which approval may be granted or withheld in Owner's sole and absolute discretion. The consent (or waiver thereof) given in any instance under the terms of this Declaration shall not relieve Declarant, or its successors or assigns, of any obligation to secure any consent in any other or future instance under the terms of this Declaration.
4. Nothing contained herein shall be deemed a gift or dedication of any portion of the Property described herein to the general public or for any public purpose whatsoever.
5. This Declaration contains the entire agreement by Declarant relating to the subject matter herein contained. Any purported oral representations or modifications concerning this Declaration shall be of no force or effect.
6. All notices hereunder shall be in writing and shall be sent by registered or certified mail, return receipt requested, postage prepaid, hand delivery or by a nationally recognized overnight carrier to the following addresses:

If to Declarant:

Roanoke 35/114 Partners, L.P.  
c/o Fine Lane Diversified Development  
201 Main Street, Suite 3100  
Fort Worth, TX 76102  
Attn: William V. Boecker  
Email: [bboecker@finelinemail.com](mailto:bboecker@finelinemail.com)

with a copy to:

Kelly Hart & Hallman LLP  
201 Main Street, Suite 2500  
Fort Worth, Texas 76102  
Attn: Patricia F. Meadows  
e-mail: [pati.meadows@kellyhart.com](mailto:pati.meadows@kellyhart.com)

or at such other address in the United States of America as may be designated in a written notice given in accordance with the provisions of this Section. Notices may be given by counsel for a party if sent in accordance with the provisions of this Section. Notice shall be effective on the date the same is received or refused.

7. The Restriction shall be a covenant running with the land as a burden on the Property.
8. All exhibits attached hereto are hereby incorporated herein and made a part of this Declaration.



9. In the event of any litigation between the Declarant and Owner (or their respective successors and/or assigns, as applicable), the prevailing party shall be entitled to recover its reasonable attorney's fees, attorney disbursements and court costs at all trial and appellate levels from the non-prevailing party.
10. The terms and conditions of this Declaration shall be governed by and construed in accordance with the laws of the State of Texas.
11. The invalidity of any one of the covenants, conditions, restrictions or other provisions herein contained shall in no way affect any of the other covenants, conditions, restrictions or provisions hereof, and the same shall remain in full force and effect.
12. Each individual who has executed this Declaration represents and warrants that he or she is duly authorized to execute this Declaration on behalf of Declarant; that all partnership or other action necessary for Declarant to execute and perform the terms of this Declaration have been duly taken by Declarant; and that no other signature and/or authorization is necessary for Declarant to enter into and perform the terms of this Declaration.

[Signatures on following pages]



IN WITNESS WHEREOF, the undersigned has caused this instrument to be signed and sealed as of this \_\_\_\_ day of \_\_\_\_\_, 2015.

**ROANOKE 35/114 PARTNERS, L.P.**,  
a Texas limited partnership

By: Roanoke 35/114 Genpar, LLC,  
its general partner

By: \_\_\_\_\_  
William V. Boecker, Manager

STATE OF TEXAS           §  
  §  
COUNTY OF TARRANT   §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2015, by William V. Boecker, Manager of Roanoke 35/114 Genpar, LLC, general partner of **Roanoke 35/114 Partners, L.P.**, a Texas limited partnership, on behalf of said partnership.

\_\_\_\_\_  
Notary Public, State of Texas

**Exhibit "A"**

**Description of the Restricted Property**

Tract 1:

BEING a 5.000 acre (217,799 square foot) tract of land situated in Daniel Jesse Survey, Abstract Number 349 and the Daniel Rufus Survey, Abstract Number 362, City of Fort Worth, Denton County, Texas and being a portion of a called 187.34 acre tract of land (Tract 3) described in a Special Warranty Deed with Vendor's Lien to Roanoke 35/114 Partners, L.P., recorded in Instrument Number 2007-21421, Official Public Records Denton County, Texas (O.P.R.D.C.T.); said 5.000 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2-inch iron rod with a yellow plastic cap stamped "Halff Assoc. Inc." found for the Northeast corner of Lot 2, Block 1 of Beechwood Business Park, an Addition to the City of Fort Worth, Denton County, Texas as recorded in Cabinet R, Page 152, Plat Records Denton County (P.R.D.C.T.) said corner being in the West line of said 187.34 acre tract of land and the South line of a 100-foot right-of-way dedicated by said Beechwood Business Park Addition;

THENCE, South 89 degrees 54 minutes 13 seconds East, along said South line, at a distance of 26.10 feet passing a 1/2-inch iron rod with a yellow plastic cap stamped "Halff Assoc. Inc." found for the Southeast corner at the East terminus line of said 100-foot right-of-way, continuing over and across said 187.34 acre tract of land, a total distance of 318.18 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for corner;

THENCE, South 00 degrees 05 minutes 47 seconds West, continuing over and across said 187.34 acre tract of land, a distance 706.88 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for corner in a Southerly line of said 187.34 acre tract of land and being in a Northerly line of Lot 1, Block 1 of said Beechwood Business Park Addition;

THENCE, along the common line of said 187.34 acre tract of land and said Lot 1, Block 1, the following:

North 78 degrees 07 minutes 44 seconds West, a distance of 165.78 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for corner;

South 84 degrees 06 minutes 57 seconds West, a distance of 135.00 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for corner;

South 72 degrees 54 minutes 52 seconds West, a distance of 21.37 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for the most Southerly Southwest corner of said 187.34 acre tract of land same being the Southeast corner of said Lot 2, Block 1;

THENCE, North 00 degrees 00 minutes 13 seconds West, along the common line of said 187.34 acre tract of land and said Lot 2, Block 1, a distance of 693.43 feet to the point of beginning and containing a computed area of 5.000 acres or 217,799 square feet of land.

TRACT 2:

BEING a 4.970 acre (216,502 square foot) tract of land situated in the George W. Shamblin Survey, Abstract Number 1191 and the Daniel Rufus Survey, Abstract Number 362, City of Fort Worth, Denton County, Texas and being a portion of a called 187.34 acre tract of land (Tract 3) described in a Special Warranty Deed with Vendor's Lien to Roanoke 35/114 Partners, L.P., recorded in Instrument Number 2007-21421, Official Public Records, Denton County, Texas (O.P.R.D.C.T.), said 4.970 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a 1/2-inch iron rod with a yellow plastic cap stamped "Halff Assoc. Inc." found for the Northeast corner of Lot 2, Block 1 of Beechwood Business Park, an Addition to the City of Fort Worth, Denton County, Texas as recorded in Cabinet R, Page 152, Plat Records Denton County (P.R.D.C.T.) said corner being in the West line of said 187.34 acre tract of land and the South line of a 100-foot right-of-way dedicated by said Beechwood Business Park Addition;

THENCE, South 89 degrees 54 minutes 13 seconds East, along said South line, a distance of 26.10 feet to a 1/2-

inch iron rod with a yellow plastic cap stamped "Halff Assoc. Inc." found for the point of beginning being the Southeast corner at the East terminus line of said 100-foot right-of-way;

THENCE, South 89 degrees 54 minutes 13 seconds East, along the South line of said championship Parkway, a distance of 26.10 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "Halff Assoc. Inc." found for the point of beginning, being the most easterly Southeast corner of said right-of-way;

THENCE, North 00 degrees 00 minutes 13 seconds West, along said terminus line, a distance of 100.00 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "Halff Assoc. Inc." found for the Northeast corner of said right-of-way;

THENCE, departing said right-of-way over and across said 187.34 acre tract of land the following;

South 89 degrees 54 minutes 13 seconds East, a distance of 914.59 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for the beginning of a curve to the right having a radius of 510.00 feet;

Southeasterly with said curve to the right through a central angle of 31 degrees 34 minutes 17 seconds, for an arc length of 281.02 feet, a chord bearing of South 74 degrees 07 minutes 05 seconds East and a chord distance of 277.48 feet to a 5/8 inch iron rod with a yellow plastic cap stamped "Bury" set for the point of tangency;

South 58 degrees 19 minutes 56 seconds East, a distance of 995.91 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for corner in the Southeasterly line of said 187.34 acre tract of land and being in the Northwestern right-of-way line of Interstate Highway 35-W, (a variable width public right-of-way);

THENCE, South 30 degrees 21 minutes 25 seconds West, along the Northwestern right-of-way line of said Interstate Highway 35-W, a distance of 100.03 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for corner;

THENCE, departing the Northwestern right-of-way line of said Interstate Highway 35-W, over and across said 187.34 acre tract the following;

North 58 degrees 19 minutes 56 seconds West, a distance of 998.19 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for the beginning of a curve to the left having a radius of 410.00 feet;

Northwesterly with said curve to the left through a central angle of 31 degrees 34 minutes 17 seconds, for an arc length of 225.92 feet, a chord bearing of North 74 degrees 07 minutes 05 seconds West and a chord distance of 223.07 feet to a 5/8-inch iron rod with a yellow cap stamped "Bury" set for the point of tangency;

North 89 degrees 54 minutes 13 seconds West, a distance of 914.41 feet to the POINT OF BEGINNING and Containing a computed area of 4.970 acres or 216,502 square feet of land.



**Exhibit "B"**

**Description of the Benefitted Property**

BEING a tract of land situated in the G.W. SHAMBLIN SURVEY, ABSTRACT NO. 1191, in the City of Roanoke, Denton County, Texas, being a portion of a tract of land (Tract 3) as described in deed to Roanoke 35/114 Partners, L.P. and Roanoke 35/114 O & G Partners, L.P., recorded in County Clerk's Instrument No. 2007-21421, Official Public Records, Collin County, Texas, and also being a portion of Interstate Highway 35-W, and being more particularly described as follows:

COMMENCING at a 1/2-inch iron rod with a plastic cap stamped "HALFF" found for the Southeast corner of said Tract 3, said point being in the Northwest right-of-way of Interstate Highway 35-W, a variable width right-of-way;

THENCE North 30 deg 20 min 52 sec East, departing the South line of said Tract 3 and along the Northwest right-of-way of said Interstate Highway 35-W, a distance of 952.59 feet to a 5/8-inch iron rod with plastic cap found for corner;

THENCE North 58 deg 20 min 42 sec West, a distance of 50.13 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." set for corner on the future Northwest right-of-way of said Interstate Highway 35-W, said point being the POINT OF BEGINNING of the hereon described tract of land;

THENCE departing the future Northwest right-of-way of said Interstate Highway 35-W and over and across said Tract 3, the following courses and distances:

North 58 deg 20 min 42 sec West, a distance of 946.90 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." set for corner, said point being the beginning of a curve to the left having a radius of 510.23 feet, a central angle of 28 deg 08 min 09 sec, a chord bearing of North 72 deg 28 min 44 sec West, and a chord length of 246.04 feet;

Along said curve to the left, an arc distance of 250.55 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." set for corner;

North 00 deg 00 min 46 sec West, a distance of 1,038.51 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." set for corner;

North 89 deg 59 min 13 sec East, a distance of 955.51 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." set for corner, said point being the beginning of a curve to the right having a radius of 400.00 feet, a central angle of 31 deg 52 min 52 sec, a chord bearing of South 74 deg 04 min 21 sec East and a chord length of 219.71 feet;

Along said curve to the right, an arc distance of 222.57 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." set for corner;

South 58 deg 07 min 55 sec East, a distance of 676.58 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." set for corner on the future Northwest right-of-way of said Interstate Highway 35-W;

THENCE South 30 deg 21 min 19 sec West, along the future Northwest right-of-way of said Interstate Highway 35-W, a distance of 1,382.35 feet to the POINT OF BEGINNING.

CONTAINING within these metes and bounds 44.000 acres or 1,916,647 square feet of land, more or less.

\*\*\*\* Electronically Filed Document \*\*\*\*

Denton County  
Juli Luke  
County Clerk

Document Number: 2015-42337  
Recorded As : ERX-WARRANTY DEED

Recorded On: April 23, 2015  
Recorded At: 02:32:45 pm  
Number of Pages: 12

Recording Fee: \$70.00

Parties:

Direct- CHURCHHILL AT CHAMPIONS CIRCL  
Indirect-

Receipt Number: 1279181  
Processed By: Terri Bair

\*\*\*\*\* THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\*

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.



THE STATE OF TEXAS)  
COUNTY OF DENTON)

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke

County Clerk  
Denton County, Texas

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**SPECIAL WARRANTY DEED**

**WITH RESERVATION OF NON-EXCLUSIVE ACCESS EASEMENT**

STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF DENTON

THAT, CHURCHILL AT CHAMPIONS CIRCLE COMMUNITY, L.P., a Texas limited partnership ("**Grantor**") whose address for mailing purposes is 5605 N. MacArthur Blvd., Suite 580, Irving, TX 75038, Attn. Brad Forslund, for and in consideration of the sum of Ten Dollars (\$10.00) cash and other good and valuable consideration paid by ROANOKE 35/114 PARTNERS, L.P., a Texas limited partnership ("**Grantee**"), whose address for mailing purposes is 201 Main Street, Suite 3100, Fort Worth, Texas 76102, Attn. William V. Boecker, the receipt and sufficiency of which are acknowledged, has granted, sold and conveyed, and by these presents does grant, sell and convey, unto Grantee all that certain approximately 0.841 acres of land located in Denton County, Texas described in the attached **Exhibit "A"** (the "**Land**") together with all related rights and appurtenances, including, without limitation, any interest of Grantor in adjacent streets, alleys, rights-of-way, strips, gores, access, utility and other easements benefitting the Land, and any improvements located on the Land (the Land, together with any and all of the related rights, appurtenances, easements, and improvements are collectively referred to as the "**Property**").

This conveyance is made and accepted expressly subject to any and all restrictions, assessments, easements and previously conveyed or reserved mineral and royalty interests, if any, relating to the Property, including but not limited to, those matters described in **Exhibit "B"** attached hereto but only to the extent they are still in effect and shown of record in Denton County, Texas (the "**Permitted Exceptions**").

OTHER THAN THE SPECIAL WARRANTY OF TITLE SET FORTH IN THIS DEED, GRANTOR HAS NOT AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE WHATSOEVER, WITH RESPECT TO THE PROPERTY, AND ALL SUCH WARRANTIES ARE HEREBY DISCLAIMED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING PROVISION, GRANTOR MAKES AND SHALL MAKE, NO EXPRESS OR IMPLIED WARRANTY AS TO MATTERS OF TITLE (OTHER THAN GRANTOR'S SPECIAL WARRANTY OF TITLE SET FORTH IN THIS DEED FOR THE PROPERTY), ZONING, TAX CONSEQUENCES, PHYSICAL OR ENVIRONMENTAL CONDITION (INCLUDING,

RTT GF # 1003-82464



WITHOUT LIMITATION, LAWS, RULES, REGULATIONS, ORDERS AND REQUIREMENTS PERTAINING TO THE USE, HANDLING, GENERATION, TREATMENT, STORAGE OR DISPOSAL OF ANY TOXIC OR HAZARDOUS WASTE OR TOXIC, HAZARDOUS OR REGULATED SUBSTANCE), VALUATION, GOVERNMENTAL APPROVALS, GOVERNMENTAL REGULATIONS OR ANY OTHER MATTER RELATING TO OR AFFECTING THE PROPERTY (COLLECTIVELY, THE "**DISCLAIMED MATTERS**"). GRANTEE WAS GRANTOR'S PREDECESSOR IN TITLE TO THE PROPERTY, AND GRANTEE HAS EXTENSIVE INDEPENDENT KNOWLEDGE CONCERNING THE PROPERTY. WITH RESPECT TO THE PROPERTY, GRANTEE HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF GRANTOR OTHER THAN AS EXPRESSLY SET FORTH IN THIS DEED. GRANTOR SELLS AND CONVEYS TO GRANTEE, AND GRANTEE ACCEPTS THE PROPERTY "AS IS", "WHERE IS", AND WITH ALL FAULTS, AND THERE ARE NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS, COLLATERAL TO OR AFFECTING THE PROPERTY BY GRANTOR OR ANY THIRD PARTY. WITHOUT LIMITING ANY PROVISION OF THIS PARAGRAPH, GRANTEE SPECIFICALLY WAIVES, RELEASES AND DISCHARGES ANY CLAIM AGAINST GRANTOR WITH RESPECT TO THE DISCLAIMED MATTERS.

Grantor excepts and reserves for the benefit of Grantor and its tenants, employees, contractors, licensees, invitees, agents, successors and assigns (collectively, the "**Permitted Users**"), a non-exclusive access easement appurtenant and right-of-way (the "**Retained Access Easement**") for the purpose of providing vehicular and pedestrian ingress and egress over and across the Land described in **Exhibit "A"** (sometimes hereafter called the "**Easement Tract**") providing general access and passage to and from the approximately 4.999 acres of land owned by Grantor and described on **Exhibit "C"** (the "**Benefitted Tract**") and the public roads to which the Easement Tract affords access. Grantor shall have no liability for construction, operation, maintenance or insuring the Easement Tract, but shall have non-exclusive access across any roadway improvements constructed on the Easement Tract.

Grantee and its successors and assigns shall have the right to the full use and enjoyment of the Easement Tract and all areas within, below and above the Easement Tract for all purposes, so long as the same does not unreasonably interfere with the use of the Retained Access Easement by Grantor and the Permitted Users, as authorized hereunder.

Ownership of any and all improvements and alterations constructed within the Easement Tract including, without limitation, any street or roadway, shall, immediately on the completion of installation and/or construction, be deemed Grantee's property, subject to the Retained Access Easement. At such time that the Easement Tract is dedicated to and accepted by the City of Fort Worth as a public street or road connecting the Benefitted Tract to Interstate Highway 35W or its frontage road, the Retained Access Easement shall automatically terminate and be of no further force and effect.

**TO HAVE AND TO HOLD** the Property, together with all and singular the rights and appurtenances thereto in anywise belonging unto Grantee, Grantee's successors and assigns forever; and Grantor does hereby bind itself, its successors and assigns, to warrant and forever

defend, all and singular, the Property unto Grantee, Grantee's successors and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof, by, through or under Grantor, but not otherwise; provided that this conveyance and the warranty of Grantor contained herein are subject to the Permitted Exceptions, the Retained Access Easement and for ad valorem taxes and assessments for the year of this Deed (which have been prorated) and for subsequent years, the payment of which is assumed by Grantee, and subsequent assessments for prior years due to change in land usage or ownership.

[Signatures on Following Pages]



Executed as of the 23<sup>RD</sup> day of APRIL, 2015, to be effective as of the date of recording in the Official Public Records of Denton County, Texas.

GRANTOR: **CHURCHILL AT CHAMPIONS CIRCLE COMMUNITY, L.P.**,  
a Texas limited partnership

By: LifeNet Champions Circle GP, L.L.C., a Texas limited Liability company, its general partner

By: LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, sole Member

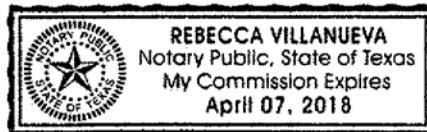
By: *Robert E. Robertson*  
Name: Robert E. Robertson  
Title: President and Chief Executive Officer

STATE OF TEXAS |

COUNTY OF DALLAS |

This instrument was acknowledged before this 23<sup>RD</sup> day of April, 2015, by Robert E. Robertson, President and Chief Executive Officer of LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, the sole Member of LifeNet Champions Circle GP, L.L.C., a Texas limited liability company, the general partner of Churchill at Champions Circle Community, L.P., a Texas limited partnership, on behalf of said limited partnership.

*Rebecca Villanueva*  
Notary Public – State of Texas



Accepted by GRANTEE:

**ROANOKE 35/114 PARTNERS, L.P.,**

a Texas limited partnership


By Roanoke 35/114 Genpar, LLC,  
a Texas limited liability company,  
its general partner

By:   
William V. Boecker, Manager

STATE OF TEXAS |

COUNTY OF TARRANT |

This instrument was acknowledged before this 23<sup>rd</sup> day of April 2015, by William V. Boecker, Manager of Roanoke 35/114 Genpar, LLC, a Texas limited liability company, the general partner of **Roanoke 35/114 Partners, L.P.**, a Texas limited partnership, on behalf of said limited partnership.

  
Notary Public - State of Texas



**EXHIBIT "A"****THE LAND**

BEING 36,626 square feet or (0.841 acres) of land in the Rufus Daniel Survey, Abstract Number 362, City of Fort Worth, Denton County, Texas; said 36,626 square feet or (0.841 acres) of land being a portion of that certain tract of land described in a Special Warranty Deed to Roanoke 35/114 Partners, L.P., a Texas limited partnership (hereinafter referred to as Roanoke 35/114 tract), as recorded in Instrument Number 2007-21421, Deed Records, Denton County, Texas (D.R.D.C.T.) and corrected in Instrument Number 2014-96174, D.R.D.C.T.; said 36,626 square feet or (0.841 acres) being more particularly described, by metes and bounds, as follows:

BEGINNING at a one-half inch iron rod with plastic cap stamped "HALFF & ASSOC." found for the Southeast corner of the existing Championship Parkway (100' right-of-way), as recorded in Cabinet R, Page 152, Plat Records, Denton County, Texas;

THENCE North 00 degrees 00 minutes 13 seconds West with the common line between the Easterly terminus of said Championship Parkway and the remainder of said Roanoke 35/114 tract, a distance of 100.00 feet to a one-half inch iron rod with plastic cap stamped "HALFF & ASSOC." found for the Easterly Northeasterly corner of said Championship Parkway;

THENCE crossing said Roanoke 35/114 tract for the following 3 courses:

1. South 89 degrees 54 minutes 13 seconds East, a distance of 366.26 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found;
2. South 00 degrees 00 minutes 13 seconds East, a distance of 100.00 feet to a feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found;
3. North 89 degrees 54 minutes 13 seconds West, a distance of 366.26 feet to the PLACE OF BEGINNING, and containing 36,626 square feet or (0.841 acres) of land.

BEING that portion of OUTLET BOULEVARD as dedicated by Plat recorded in Document No. 2015-133, Plat Records, Denton County, Texas.

**EXHIBIT "B"****PERMITTED EXCEPTIONS**

1. Restrictive covenants filed 09/16/1997, cc# 97R0064766, Real Property Records of Denton County, Texas.
2. Restrictive covenants recorded in Volume 4505, Page 778, Real Property Records of Denton County, Texas. As affected by instruments recorded in Volume 4538, Page 426, Volume 4975, Page 2203, Volume 5020, Page 824, Volume 5396, Page 321, cc# 2005-121136 and cc# 2007-33922, Real Property Records, Denton County, Texas.
3. Terms, provisions, and conditions contained in that certain Outlet Center Restriction executed by Roanoke 35/114 Partners, L.P., filed on April 15, 2015, recorded in cc# 2015-38629, Real Property Records, Denton County, Texas.
4. Terms, provisions, conditions, obligations, assessments and liens contained in instrument recorded in Volume 4505, Page 778, Real Property Records, Denton County, Texas. First Amendment filed 03/02/2000, recorded in Volume 4538, Page 426, Real Property Records, Denton County, Texas. Second Amendment filed 12/03/2001, recorded in Volume 4975, Page 2203, Real Property Records, Denton County, Texas. Amendment to Second Amendment filed 02/08/2002, recorded in Volume 5020, Page 824, Real Property Records, Denton County, Texas. Designation of Declarant and Assignment and Assumption of Rights and Obligations 08/14/2003, recorded Volume 5396, Page 321, filed 09/29/2005, recorded in cc# 2005-121136; and filed 03/22/2007, recorded in cc# 2007-33922, Real Property Records, Denton County, Texas.
5. Mineral estate and interest in coal, lignite, and other minerals together with all rights, privileges and immunities thereto described in instrument dated 09/16/1997, recorded in cc# 970064765, Real Property Records, Denton County, Texas. Amendment filed 11/26/2003, recorded in cc# 2003-193570, Real Property Records, Denton County, Texas.
6. Terms, provisions, and conditions of Easement, Release and Disclosure Agreement filed 05/15/2003, recorded in Volume 5333, Page 2066, Real Property Records, Denton County, Texas.
7. Mineral estate and interest in coal, lignite, and other minerals together with all rights, privileges and immunities thereto described in instrument filed 09/18/2001, recorded in Volume 4924, Page 293, Real Property Records, Denton County, Texas.
8. Mineral lease, together with all rights, privileges and immunities incident thereto, as evidenced by Memorandum, filed 06/18/2004, recorded in cc# 2004-80166, Real Property Records, Denton County, Texas. First Modification filed 08/05/2004, recorded in cc# 2004-103416, Real Property Records, Denton County, Texas. Second Modification filed 03/04/2005, recorded in cc# 2005-25407, Real Property Records, Denton County, Texas. Third Modification filed 03/07/2014, recorded in cc# 2014-20145, Real Property Records, Denton County, Texas. Fourth Modification filed 10/29/2014, recorded in cc# 2014-110049, Real Property Records, Denton County, Texas.



9. Easement granted by JH Rice to Denton County Electric Cooperative, Inc., filed 03/05/1954, recorded in Volume 403, Page 553, Real Property Records, Denton County, Texas.
10. Easement granted by W. W. Cowan and wife, Veda Cowan to Magnolia Petroleum Company, filed 09/20/1940, recorded in Volume 286, Page 473, Real Property Records, Denton County, Texas. Assigned by Magnolia Petroleum Company to Magnolia Pipe Line Company by instrument filed 03/26/1958, recorded in Volume 436, Page 194, Real Property Records, Denton County, Texas.
11. Easement granted by W. W. Cowan and wife, Effie Veda Cowan to Denton County Electric Cooperative, Inc., filed 09/06/1947, recorded in Volume 339, Page 218, Real Property Records of Denton County, Texas.
12. Mineral estate and interest in coal, lignite and other minerals together with all rights, privileges and immunities thereto described in instrument filed 11/25/1922, recorded in Volume 184, Page 370, Real Property Records, Denton County, Texas.
13. Easement granted by Mrs. W. M. Waterman to Magnolia Petroleum Company, filed 08/21/1940, recorded in Volume 287, Page 90, Real Property Records of Denton County, Texas. Assigned by Magnolia Petroleum Company to Magnolia Pipe Line Company by instrument filed 03/26/1958, recorded in Volume 436, Page 194, Real Property Records, Denton County, Texas. Assigned to Enbridge Pipelines (North Texas) L.P. by instrument recorded in cc# 2005-24425, Real Property Records, Denton County, Texas.
14. Easement granted by W. M. Waterman and wife, Clara Waterman to Denton County Electric Cooperative, Inc., filed 05/22/1954, recorded in Volume 404, Page 277, Real Property Records, Denton County, Texas.
15. Terms, provisions, conditions and mineral royalties and payments retained in Deed from Beechwood Business Park Joint Venture to Beechwood Business Park, L.P., filed 08/14/2003, recorded in Volume 5396, Page 302, Real Property Records, Denton County, Texas, as conveyed to ANDV 97, Inc. in Deed filed 08/14/2003, recorded in Volume 5396, Page 324, Real Property Records, Denton County, Texas. Correction filed 04/22/2004, under cc# 2004-51033, Real Property Records, Denton County, Texas.
16. Mineral estate and interest in coal, lignite and other minerals together with all rights, privileges and immunities thereto described in instrument filed 02/22/2007, recorded in cc# 2007-21421, Real Property Records, Denton County, Texas.
17. Any unrecorded easement, either public or private, which exists or may later be claimed as existing for construction, maintenance, repair, and/or replacement of the following matters crossing the Property, to the extent that said matters are not located within utility easements:

Gas lines, overhead wire, pole, guy wire, gravel road and telephone pedestal over and across central portion of the Property.

18. Permanent Drainage Facility Easement granted by Roanoke 35/114 Partners, L.P. to the City of Fort Worth, filed 04/14/2015, recorded in cc# 2015-36731, Real Property Records, Denton County, Texas.
19. Terms, provisions, and conditions of Stormwater Facility Maintenance Agreement by and between Roanoke 35/114 Partners, L.P., Beechwood Business Park Association, and the City of Fort Worth, filed 04/\_\_\_/2015, recorded in cc# \_\_\_\_\_, Real Property Records, Denton County, Texas.
20. Rights, if any, of third parties including, but not limited to, the Public to that portion of the Property lying within a Public or Private Road, as dedicated by Plat recorded in Document No. 2015-133, Plat Records, Denton County, Texas.
21. Rights of Ag Partners, Inc., a Texas corporation, under that certain unrecorded Agricultural Lease by and between Roanoke 35/114 Partners, L.P., as lessor, and Ag Partners, Inc., as lessee, dated effective November 1, 2011, as affected by that certain Partial Termination of Agricultural Lease of even date herewith.

**EXHIBIT "C"**  
**BENEFITED LAND**

BEING 4.999 acres or (217,749 square feet) of land in the Rufus Daniel Survey, Abstract Number 362 and Jesse Daniel Survey, Abstract Number 349, City of Fort Worth, Denton County, Texas; said 4.999 acres or (217,749 square feet) of land being a portion of that certain tract of land described in a Special Warranty Deed to Roanoke 35/114 Partners, L.P. (hereinafter referred to as Roanoke 35/114 tract), as recorded in Instrument Number 2007-21421, and corrected in Instrument Number 2014-96174, Deed Records, Denton County, Texas (D.R.D.C.T.); said 4.999 acres or (217,749 square feet) being more particularly described, by metes and bounds, as follows:

BEGINNING at a one-half inch iron rod with plastic cap stamped "HALFF & ASSOC." found for the Northeast corner of that certain tract of land described as Lot 2, Block 1, Beechwood Business Park (hereinafter referred to as Lot 2), an addition to the City of Fort Worth, Denton County, Texas, according to the plat recorded in Cabinet R, Slide 152, Plat Records, Denton County, Texas (P.R.D.C.T.), same being an angle point in the Westerly line of said Roanoke 35/114 tract, same also being the existing Southerly right-of-way line of Championship Parkway (100' right-of-way), as recorded in Cabinet R, Page 152, P.R.D.C.T.;

THENCE South 89 degrees 54 minutes 13 seconds East with the common line between said Roanoke 35/114 tract and the existing Southerly right-of-way line of said Championship Parkway, passing at a distance of 26.10 feet a one-half inch iron rod with plastic cap stamped "HALFF & ASSOC." found for the Southeasterly corner of said Championship Parkway and continue with said course and crossing said Roanoke 35/114 tract for a total distance of 308.18 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found;

THENCE South 44 degrees 54 minutes 13 seconds East, continue crossing said Roanoke 35/114 tract, a distance of 14.14 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found for corner;

THENCE South 00 degrees 05 minutes 47 seconds West, continue crossing said Roanoke 35/114 tract, a distance of 696.88 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found in the Northerly line of Lot 1, Block 1 of the aforesaid Beechwood Business Park (hereinafter referred to as Lot 1), an addition to the City of Fort Worth, Denton County, Texas, according to the plat recorded in Cabinet R, Slide 152, P.R.D.C.T., same being the Southerly line of said Roanoke 35/114 tract;

THENCE North 78 degrees 07 minutes 44 seconds West with the common line between said Roanoke 35/114 tract and said Lot 1, a distance of 165.78 feet to a one-half inch iron rod with plastic cap found for an angle point in the Southerly line of said Roanoke 35/114 tract, same being an angle point in the Northerly line of said Lot 1;

## Parcel A

THENCE South 84 degrees 06 minutes 57 seconds West, continue with the common line between said Roanoke 35/114 tract and said Lot 1, a distance of 135.00 feet to a one-half inch iron rod with plastic cap stamped "HALFF & ASSOC." found for an angle point in the Southerly line of said Roanoke 35/114 tract, same being an angle point in the Northerly line of said Lot 1;

THENCE South 72 degrees 54 minutes 52 seconds West, continue with the common line between said Roanoke 35/114 tract and said Lot 1, a distance of 21.37 feet to a one-half inch iron rod with plastic cap stamped "HALFF & ASSOC." found for the Southwest corner of said Roanoke 35/114, same being the Northerly line of said Lot 1, same also being the Southeast corner of the aforesaid Lot 2;

THENCE North 00 degrees 00 minutes 13 seconds West with the common line between said Roanoke 35/114 tract and said Lot 2, a distance of 693.43 feet to the PLACE OF BEGINNING, and containing 4.999 acres or (217,749 square feet) of land.



**BOARD ACTION REQUEST**  
**ASSET MANAGEMENT DIVISION**  
**JULY 30, 2015**

Presentation, Discussion, and Possible Action to Approve a Housing Tax Credit Application Amendment for Bella Vista Apartments in Alton (File No. 14283).

**RECOMMENDED ACTION**

**WHEREAS**, Bella Vista Apartments received an award of 9% Housing Tax Credits in 2014 to construct 120 new units in Alton;

**WHEREAS**, the Development Owner has requested approval to reduce the development site acreage from 15.874 acres to 15.022 acres in order to release 0.207 acres for an easement for a landlocked neighboring landowner and release 0.645 acres for dedication of a Right of Way to the Texas Department of Transportation (“TxDOT”);

**WHEREAS**, the decrease in acreage by a total of 0.852 acres results in a 5.37% increase in residential density;

**WHEREAS**, Board approval is required for a modification of the residential density of at least 5% under Texas Government Code §2306.6712 and 10 TAC §10.405(a)(4)(F), and the Owner has complied with the amendment requirements in 10 TAC §10.405(a); and

**WHEREAS**, the site acreage and the changes in residential density do not negatively affect the Development, impact the viability of the transaction, or affect the amount of tax credits awarded;

**NOW, therefore, it is hereby**

**RESOLVED**, that the approval of the amendment of the Housing Tax Credit application for Bella Vista Apartments is approved as presented to this meeting and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

## **BACKGROUND**

At the time of Application, the Development Owner, GCM Housing Alton, Ltd. (Michael Gardner), proposed to construct 120 low income units on a 15.874 acre site. The owner submitted a request to reduce the site acreage by 0.207 acres to provide an access easement for a land locked neighboring landowner. An additional 0.645 acres will be deducted to dedicate a Right of Way to TxDOT for curb cuts and additional access. The total decrease in acreage amounts to 0.852 acres.

The reduction of the development site from 15.847 acres to 15.022 acres subsequently reduced the acquisition cost. Revised application exhibits and updated debt and equity commitments were provided with the amendment request. Asset Management evaluated the changes reflected in the owner's request and concluded that the changes presented do not negatively impact the financial feasibility of this development or impact the tax credit award at this time. A copy of the addendum to the Underwriting Report is available behind this Board Action Request. Finally, the owner identified a change to the Developer structure that results in no new individual members being introduced to the developer ownership structure.

Staff recommends approval of the amendment request.



**Addendum to Underwriting Report**

TDHCA Application #: **14283** Program(s): **9% HTC**

**Bella Vista Apartments**

Address/Location: NW Quadrant of 4 Mile Road & Shary Road

City: Alton County: Hidalgo Zip: 78573

Analysis Purpose: 1st Addendum to Prior Report

APPLICATION HISTORY	
Report Date	PURPOSE
07/02/15	Application Amendment
09/26/14	Commitment Memo
07/17/14	Original Underwriting Report

**ALLOCATION**

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
LIHTC (Annual)	\$1,340,562				\$1,340,562				

**CONDITIONS STATUS**

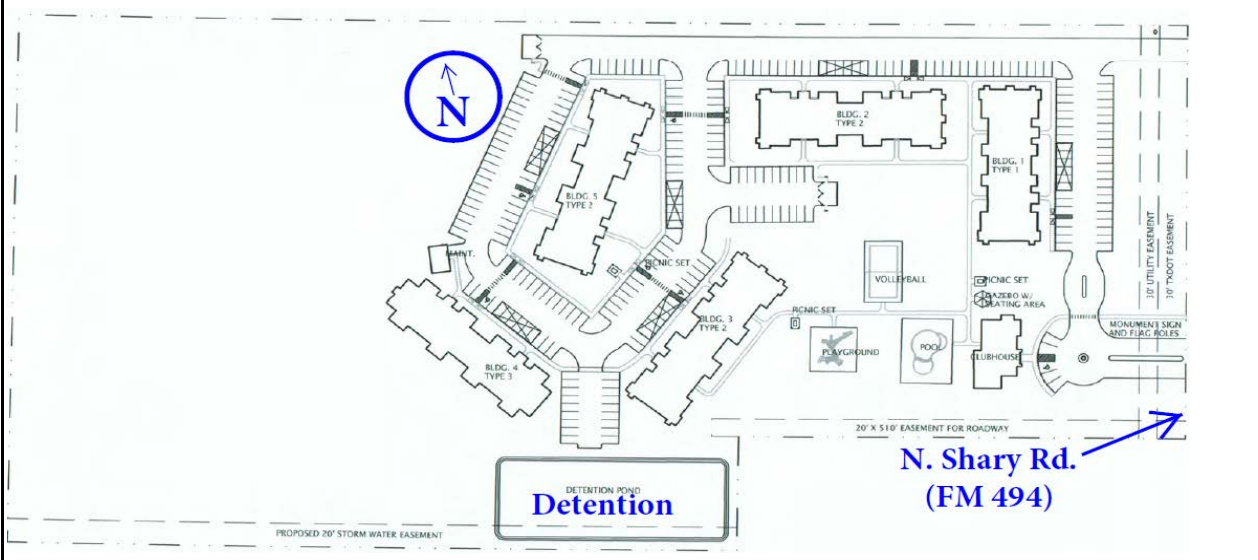
- Should any terms of the proposed capital structure change, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

**AMENDMENT SUMMARY**

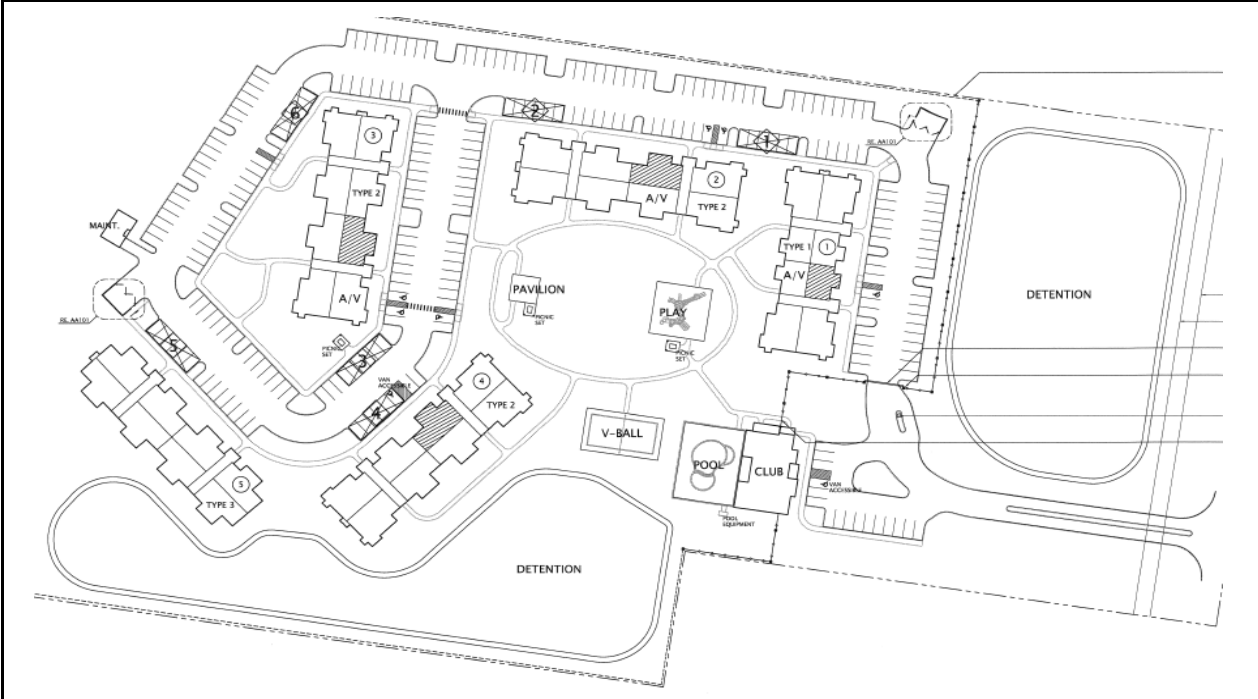
An application amendment request was submitted on May 27, 2015. The request included a reduction in the development site, a change to the organizational structure of the Developer, as well as a revised financing structure. The reduction to the development site of 0.852 acres results in an increase to the residential density of 5.35% which requires Board approval pursuant to 10 TAC §10.405(a)(4)(F). The revised financing was the result of permanent lender underwriting in preparation for interim loan closing. The Applicant provided updated an operating pro forma and total development costs for this analysis.

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ORIGINAL SITE PLAN



REVISED SITE PLAN



Comments:

The site plan originally submitted with the application was reportedly outdated. The updated site plan displayed above has been revised as required by city code to provide sufficient parking and drainage. There have been no changes to the number or design of the units, number of buildings, or amenities. The changes to the site plan are a result of the reduction to the development site acreage required by an easement for an adjacent landlocked homeowner and for Right of Ways required by Texas Department of Transportation. The revised final site plan includes additional detention ponds, revised parking, and a revised accessible route.

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## ANALYSIS

### Operating Pro Forma

The operating pro forma has been reviewed by the management company, investor, and lender. Subsequently changes were made to the pro forma based on a review of controllable expenses from comparable properties. Expenses have been reduced by 1.58% since the previous underwriting analysis. 2015 maximum program rents and updated expense figures were used. The Applicant's pro forma is within 5% of the Underwriter's; therefore the Applicant's pro forma is used to size the tax credit allocation.

### Development Cost

The revised hard cost figures are based on a direct bid from the general contractor, Realtex Construction, LLC. The soft costs were based on bids and/or proposals collected from various third-party vendors. The Applicant reports that most of the development costs are based upon hard bids obtained through the development process. Total development costs have increased by \$529,305 including hard costs increases of \$287,853; soft cost increases of \$218,559; and other costs totaling \$22,893.

### Sources of Funds

PNC was replaced by Community Bank of Texas as the construction / permanent loan provider. The permanent loan will be a conventional loan product and not a 221(d)4 loan as originally proposed. None of the proposed loan or equity terms were changed.

Community Bank of Texas will provide \$12,900,000 for interim financing with a variable rate subject to a minimum all-in-rate of 4% over a 30 month construction term. The first lien permanent loan of \$4,100,000 with a 5.25% interest rate and a 15 year term with debt service payments based on a 30 year amortization. The City of Alton Development Corporation loan and terms have not changed.

The equity commitment from RBC was revised and the credit price was reduced from \$0.94 to \$0.93 reducing equity proceeds by \$134,043. The Deferred Developer Fee decreased by \$236,652. The reduction to these sources are offset by the increased permanent debt.

### Comments / Recommendation

Conditions at Commitment have been cleared.

**No change to the tax credit allocation is recommended.**

Underwriter: Colton Sanders

Manager of Real Estate Analysis: Thomas Cavanagh

Director of Real Estate Analysis: Brent Stewart

**UNIT MIX/RENT SCHEDULE**  
*Bella Vista Apartments, Alton, 9% HTC #14283*

LOCATION DATA	
CITY:	Alton
COUNTY:	Hidalgo
PROGRAM REGION:	11
PIS Date:	On or After 2/1/2014
IREM REGION:	NA

UNIT DISTRIBUTION					
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0.0%	30%	12	10.0%
1	12	10.0%	40%	-	0.0%
2	60	50.0%	50%	24	20.0%
3	48	40.0%	60%	84	70.0%
4	-	0.0%	MR	-	0.0%
<b>TOTAL</b>	<b>120</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>120</b>	<b>100.0%</b>

Applicable Programs
9% Housing Tax Credits

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	3.42%
APP % Construction	8.04%
Average Unit Size	1,084 sf

UNIT MIX / MONTHLY RENT SCHEDULE																			
HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten	Mkt Analyst	
TC 30%	\$295	8	1	1	750	\$295	\$54	\$241	\$0	\$0.32	\$241	\$1,928	\$1,928	\$241	\$0.32	\$0	\$675	\$0.90	783
TC 50%	\$491	2	1	1	750	\$491	\$54	\$437	\$0	\$0.58	\$437	\$874	\$874	\$437	\$0.58	\$0	\$675	\$0.90	783
TC 60%	\$590	2	1	1	750	\$590	\$54	\$536	\$0	\$0.71	\$536	\$1,072	\$1,072	\$536	\$0.71	\$0	\$675	\$0.90	783
TC 30%	\$354	2	2	2	1,034	\$354	\$65	\$289	\$0	\$0.28	\$289	\$578	\$578	\$289	\$0.28	\$0	\$788	\$0.76	960
TC 50%	\$590	12	2	2	1,034	\$590	\$65	\$525	\$0	\$0.51	\$525	\$6,300	\$6,300	\$525	\$0.51	\$0	\$788	\$0.76	960
TC 60%	\$708	46	2	2	1,034	\$708	\$65	\$643	\$0	\$0.62	\$643	\$29,578	\$29,578	\$643	\$0.62	\$0	\$788	\$0.76	960
TC 30%	\$408	2	3	2	1,231	\$408	\$76	\$332	\$0	\$0.27	\$332	\$664	\$664	\$332	\$0.27	\$0	\$938	\$0.76	1250
TC 50%	\$681	10	3	2	1,231	\$681	\$76	\$605	\$0	\$0.49	\$605	\$6,050	\$6,050	\$605	\$0.49	\$0	\$938	\$0.76	1250
TC 60%	\$817	36	3	2	1,231	\$817	\$76	\$741	\$0	\$0.60	\$741	\$26,676	\$26,676	\$741	\$0.60	\$0	\$938	\$0.76	1250
<b>TOTALS/AVERAG</b>		<b>120</b>			<b>130,128</b>				<b>\$0</b>	<b>\$0.57</b>	<b>\$614</b>	<b>\$73,720</b>	<b>\$73,720</b>	<b>\$614</b>	<b>\$0.57</b>	<b>\$0</b>	<b>\$836</b>	<b>\$0.77</b>	<b>\$0.98</b>

<b>ANNUAL POTENTIAL GROSS RENT:</b>	<b>\$884,640</b>	<b>\$884,640</b>
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**STABILIZED PRO FORMA**

*Bella Vista Apartments, Alton, 9% HTC #14283*

**STABILIZED FIRST YEAR PRO FORMA**

	COMPARABLES		APPLICANT				PRIOR REPORT		TDHCA				VARIANCE		
	Database	Other	% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$	
<b>POTENTIAL GROSS RENT</b>				\$0.57	\$614	\$884,640	\$798,264	\$798,264	\$884,640	\$614	\$0.57		0.0%	\$0	
Carports and Laundry Income					\$10.00	\$14,400	14,400								
Vending, Cable and Application Fees					\$5.00	\$7,200	14,400								
					\$0.00	\$0	0								
Total Secondary Income					\$15.00		0	28,800	\$21,600	\$15.00			0.0%	\$0	
<b>POTENTIAL GROSS INCOME</b>		\$ -				\$906,240	\$827,064	\$827,064	\$906,240				0.0%	\$0	
Vacancy & Collection Loss				7.5% PGI		(67,968)	(62,030)	(62,030)	(67,968)	7.5% PGI			0.0%	-	
Non-Rental Units/Concessions						-							0.0%	-	
<b>EFFECTIVE GROSS INCOME</b>		\$ -				\$838,272	\$765,034	\$765,034	\$838,272				0.0%	\$0	
General & Administrative	\$39,641	\$330/Unit	\$30,765	3.47%	\$0.22	\$242	\$29,080	\$38,400	\$30,765	\$30,765	\$256	\$0.24	3.67%	-5.5%	(1,685)
Management	\$45,591	5.0% EGI	\$41,932	5.00%	\$0.32	\$349	\$41,914	\$38,252	\$38,252	\$41,914	\$349	\$0.32	5.00%	0.0%	0
Payroll & Payroll Tax	\$117,561	\$980/Unit	\$102,054	17.41%	\$1.12	\$1,216	\$145,944	\$140,000	\$140,000	\$145,944	\$1,216	\$1.12	17.41%	0.0%	-
Repairs & Maintenance	\$61,208	\$510/Unit	\$80,287	7.29%	\$0.47	\$509	\$61,100	\$62,900	\$66,000	\$66,000	\$550	\$0.51	7.87%	-7.4%	(4,900)
Electric/Gas	\$42,856	\$357/Unit	\$23,692	2.72%	\$0.18	\$190	\$22,800	\$24,500	\$23,692	\$23,692	\$197	\$0.18	2.83%	-3.8%	(892)
Water, Sewer, & Trash	\$65,400	\$545/Unit	\$47,343	6.38%	\$0.41	\$446	\$53,490	\$52,100	\$47,343	\$47,343	\$395	\$0.36	5.65%	13.0%	6,147
Property Insurance	\$50,963	\$0.39/sf	\$34,728	3.74%	\$0.24	\$261	\$31,325	\$39,000	\$34,728	\$34,728	\$289	\$0.27	4.14%	-9.8%	(3,403)
Property Tax 2.1704	\$69,377	\$578/Unit	\$42,778	6.21%	\$0.40	\$434	\$52,080	\$52,800	\$58,398	\$57,299	\$477	\$0.44	6.84%	-9.1%	(5,219)
Reserve for Replacements	\$37,059	\$309/Unit	\$15,163	3.58%	\$0.23	\$250	\$30,000	\$30,000	\$30,000	\$30,000	\$250	\$0.23	3.58%	0.0%	-
Cable TV				0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
Supportive Services				2.00%	\$0.13	\$140	\$16,747	\$14,400	\$14,400	\$16,747	\$140	\$0.13	2.00%	0.0%	-
TDHCA Compliance Fees				0.57%	\$0.04	\$40	\$4,800	\$4,800	\$4,800	\$4,800	\$40	\$0.04	0.57%	0.0%	-
TDHCA Bond Admin Fees				0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0.00%	0.0%	-
Security				0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0.00%	0.0%	-
<b>TOTAL EXPENSES</b>			\$ 418,742	58.37%	\$3.76	\$4,077	\$ 489,280	\$497,152	\$ 488,378	\$ 499,232	\$4,160	\$3.84	59.55%	-2.0%	\$ (9,952)
<b>NET OPERATING INCOME ("NOI")</b>				41.63%	\$2.68	\$2,908	\$348,992	\$267,882	\$276,656	\$339,040	\$2,825	\$2.61	40.45%	2.9%	\$9,952

<b>CONTROLLABLE EXPENSES</b>	\$2,722/Unit	\$2,368/Unit		\$2,603/Unit		\$2,649/Unit	\$2,565/Unit		\$2,615/Unit	
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**CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS**

*Bella Vista Apartments, Alton, 9% HTC #14283*

DEBT / GRANT SOURCES																			
APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE										Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE							
DEBT (Must Pay)	MIP	Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	Cumulative			
		UW	App													DCR	LTC		
Community Bank of Texas	0.45%	1.25	1.28	271,684.00	5.25%	30	15	\$4,100,000	\$3,200,000	\$3,200,000	\$4,100,000	15	30	5.25%	290,134	1.20	23.7%		
0		1.19	1.22	13,913.00	0.00%	0	0	\$0	\$275,000	\$275,000	\$0	0	0	0.00%		1.15	0.0%		
				<b>\$285,597</b>	<b>TOTAL DEBT / GRANT SOURCES</b>				<b>\$4,375,000</b>	<b>\$3,475,000</b>	<b>\$3,475,000</b>	<b>\$4,375,000</b>	<b>TOTAL DEBT SERVICE</b>				<b>\$304,047</b>		<b>25.3%</b>

<b>NET CASH FLOW</b>	\$53,443	\$63,395												<b>NET OPERATING INCOME</b>	\$348,992	\$44,945	<b>NET CASH FLOW</b>
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EQUITY SOURCES													
APPLICANT'S PROPOSED EQUITY STRUCTURE						Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	
RBC	LIHTC Equity	72.0%	\$1,340,562	0.93	\$12,465,980	\$12,600,023	\$12,600,023	\$12,465,980	\$0.93	\$1,340,562	72.0%	103883.1667	
GCM Housing Alton Development, LLC	Deferred Developer Fees	2.7%	(24% Deferred)		\$466,329	\$702,981	\$702,552	\$702,552	(24% Deferred)		4.1%		<b>Total Developer Fee: \$1,950,000</b>
Additional (Excess) Funds Req'd		0.0%			\$0	(\$429)	\$0	(\$236,223)			-1.4%		
<b>TOTAL EQUITY SOURCES</b>		<b>74.7%</b>			<b>\$12,932,309</b>	<b>\$13,302,575</b>	<b>\$13,302,575</b>	<b>\$12,932,309</b>			<b>74.7%</b>	<b>15-Year Cash Flow:</b>	<b>\$890,522</b>

<b>TOTAL CAPITALIZATION</b>	<b>\$17,307,309</b>	<b>\$16,777,575</b>	<b>\$16,777,575</b>	<b>\$17,307,309</b>				<b>15-Yr Cash Flow after Deferred Fee:</b>	<b>\$424,193</b>
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DEVELOPMENT COST / ITEMIZED BASIS													
APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS				COST VARIANCE		
	Eligible Basis		Total Costs		Applicant	TDHCA	Total Costs	Eligible Basis			%	\$	
	Acquisition	New Const. Rehab						New Const. Rehab	Acquisition				
Land Acquisition			\$9,167 / Unit	\$1,100,000	\$1,150,000	\$1,150,000	\$1,100,000	\$9,167 / Unit			0.0%	\$0	
Building Acquisition	\$0		\$ / Unit	\$0	\$0	\$0	\$0	\$ / Unit		\$0	0.0%	\$0	
Closing Costs - rollback taxes				\$65,000	\$0	\$0	\$65,000					\$0	
Off-Sites		\$0	\$457 / Unit	\$54,832	\$66,920	\$66,920	\$54,832	\$457 / Unit	\$0		0.0%	\$0	
Site Work		\$647,908	\$5,857 / Unit	\$702,864	\$716,020	\$716,020	\$702,864	\$5,857 / Unit	\$647,908		0.0%	\$0	
Site Amenities		\$307,800	\$2,763 / Unit	\$331,560	\$331,560	\$331,560	\$331,560	\$2,763 / Unit	\$307,800		0.0%	\$0	
Building Costs		\$8,523,767	\$65.83 /sf	\$71,388/Unit	\$8,566,601	\$8,303,128	\$7,992,221	\$66.602/Unit	\$61.42 /sf	\$7,941,223	7.2%	\$574,380	
Contingency		\$540,399	5.70%	5.60%	\$540,399	\$534,412	\$540,399	5.95%	6.07%	\$540,399	0.0%	\$0	
Contractor's Fees		\$1,327,128	13.24%	13.18%	\$1,344,142	\$1,312,593	\$1,307,781	13.97%	14.00%	\$1,321,226	0.0%	\$0	
Soft Costs	\$0	\$1,154,559	\$10,305 / Unit	\$1,236,559	\$1,018,000	\$1,018,000	\$1,236,559	\$10,305 / Unit	\$1,154,559	\$0	0.0%	\$0	
Developer's Fees	\$0	\$1,924,974	14.93%	14.918%	\$1,950,000	\$1,902,000	\$1,803,593	15.00%	15.00%	\$1,845,944	\$0	4.1%	\$76,374
Financing	\$0	\$393,180	\$8,624 / Unit	\$1,034,870	\$1,092,481	\$1,092,481	\$1,034,870	\$8,624 / Unit	\$393,180	\$0	0.0%	\$0	
Reserves			\$3,171 / Unit	\$380,482	\$350,890	\$350,890	\$380,482	\$3,171 / Unit			0.0%	\$0	
<b>UNADJUSTED BASIS / COST</b>		<b>\$0</b>	<b>\$14,819,715</b>	<b>\$144,228 / Unit</b>	<b>\$17,307,309</b>	<b>\$16,778,004</b>	<b>\$16,064,038</b>	<b>\$16,656,555</b>	<b>\$138,805 / Unit</b>	<b>\$14,152,239</b>	<b>\$0</b>	<b>3.9%</b>	<b>\$650,754</b>
Acquisition Cost	\$0			\$0	\$0								
Contingency		\$0											
Contractor's Fee		\$0											
Interim Interest		\$0											
Developer's Fee	\$0	\$0		\$0	(\$429)								
Reserves		\$0		\$0	\$0								
<b>ADJUSTED BASIS / COST</b>		<b>\$0</b>	<b>\$14,819,715</b>	<b>\$144,228/unit</b>	<b>\$17,307,309</b>	<b>\$16,777,575</b>	<b>\$16,064,038</b>	<b>\$16,656,555</b>	<b>\$138,805/unit</b>	<b>\$14,152,239</b>	<b>\$0</b>	<b>3.9%</b>	<b>\$650,754</b>

<b>TOTAL UNDERWRITTEN COSTS (Applicant's Uses are within 5% of TDHCA Estimate):</b>	<b>\$17,307,309</b>												
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**CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS**

*Bella Vista Apartments, Alton, 9% HTC #14283*

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
<b>ADJUSTED BASIS</b>	\$0	\$14,819,715	\$0	\$14,152,239
Deduction of Federal Grants	\$0	\$0	\$0	\$0
<b>TOTAL ELIGIBLE BASIS</b>	\$0	\$14,819,715	\$0	\$14,152,239
High Cost Area Adjustment		130%		130%
<b>TOTAL ADJUSTED BASIS</b>	\$0	\$19,265,630	\$0	\$18,397,911
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
<b>TOTAL QUALIFIED BASIS</b>	\$0	\$19,265,630	\$0	\$18,397,911
Applicable Percentage	3.42%	8.04%	3.42%	8.04%
<b>ANNUAL CREDIT ON BASIS</b>	\$0	\$1,548,957	\$0	\$1,479,192
<b>CREDITS ON QUALIFIED BASIS</b>	\$1,548,957		\$1,479,192	

ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		
Method	Annual Credits	Proceeds
Eligible Basis	\$1,548,957	\$14,403,856
Gap	\$1,390,710	\$12,932,309
Applicant Request	\$1,340,562	\$12,465,980

FINAL ANNUAL LIHTC ALLOCATION		
Method	Applicant Request	
Credits	Total Equity Proceeds	
	\$1,340,562	\$0
	<b>\$12,465,980</b>	\$0

	Development Cost/SF	
	Application	Underwritten
Acquisition & Hard Costs	86.57	92.72
Hard Costs	86.57	84.27
Building Costs	63.81	61.42
<b>Total Points Claimed:</b>	12	

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost:	Garden (Up to 4-story)	130,128 SF	\$62.57	8,141,951
Adjustments				
Exterior Wall Finish	2.40%		1.50	\$195,407
	0.00%		0.00	0
	0.00%		0.00	0
Roofing			(0.25)	(32,532)
Subfloor			(0.12)	(15,182)
Floor Cover			2.41	313,608
Breezeways	\$24.79	8,970	1.71	222,346
Balconies	\$25.46	5,920	1.16	150,730
Plumbing Fixtures	\$940	324	2.34	304,560
Rough-ins	\$465	240	0.86	111,600
Built-In Appliances	\$1,750	120	1.61	210,000
Exterior Stairs	\$2,125	20	0.33	42,500
Heating/Cooling			2.06	268,064
Enclosed Corridors	\$46.36	0	0.00	0
Carports	\$11.30	5,994	0.52	67,732
Garages		0	0.00	0
Comm &/or Aux Bldgs	\$91.03	3,364	2.35	306,237
Elevators		0	0.00	0
<b>Other:</b>			0.00	0
Fire Sprinklers	\$2.30	142,462	2.52	327,663
<b>SUBTOTAL</b>			<b>81.57</b>	<b>10,614,685</b>
Current Cost Multiplier	1.02		1.63	212,294
Local Multiplier	0.87		(10.60)	(1,379,909)
<b>TOTAL BUILDING COSTS</b>			<b>72.60</b>	<b>\$9,447,070</b>
Plans, specs, survey, bldg permits	3.90%		(2.83)	(\$368,436)
Contractor's OH & Profit	11.50%		(8.35)	(1,086,413)
<b>NET BUILDING COSTS</b>		\$66,602/unit	\$61.42/sf	\$7,992,221



1001 FANNIN STREET, SUITE 2450  
HOUSTON, TEXAS 77002-6707  
713-437-1800  
FAX 713-437-1810  
www.joneswalker.com

Antoinette M. "Toni" Jackson  
713-437-1888  
tjackson@joneswalker.com

May 27, 2015

**VIA FEDERAL EXPRESS**

Texas Department of Housing and  
Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, TX 78701  
Attn: Colton Sanders

Re: **Request for Amendment**  
Bella Vista Apartments  
TDHCA #14283

Dear Mr. Sanders:

This letter is written on behalf of the applicant, GCM Housing Alton, Ltd. ("Owner"). The Owner received an award for 2014 tax credits for the development of Bella Vista Apartments ("Project"). The Project is a proposed 120-unit new construction development located in Alton, Texas. We are submitting in this letter two requests: (1) a waiver of a reduction of land that exceeds 5% of the original legal description and (2) an amendment to the developer entity.

**Request # 1 – Waiver of Reduction of Land**

Upon submission of our application, we provided a legal description which reflected a total acreage of 15.874 acres. The Project experienced a small reduction of 0.207 acres of land for an easement to the neighboring owner. The neighbor is landlocked and has no access to the public road without this permanent easement from the Owner. Additionally, after beginning the platting process, the Owner was required to dedicate a Right of Way to the Texas Department of Transportation (TxDOT) for curb cuts and additional access. The TxDOT Right of Way, which is in the amount of 0.645 acres, is a reduction of over

{HD068757.2}

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JONES WALKER LLP

ALABAMA · ARIZONA · CALIFORNIA · DISTRICT OF COLUMBIA · FLORIDA · GEORGIA · LOUISIANA · MISSISSIPPI · NEW YORK · OHIO · TEXAS

one-half acre of land. Therefore, the full reduction is 0.852 or 5.35% of land which exceeds the minimum 5% requirement.

I have attached for your review a copy of the original plan and the proposed plat which shows the reduction of land. Neither of these easements impact the proposed site plan, cause a reduction of any building size or reduce any of the onsite parking. Because the TxDOT right of way was beyond the control of the Owner but necessary to meet its access requirements, we ask that a waiver be granted for the reduction of land.

**Request #2 Amendment of Developer Entity**

We would like to request an amendment to the managing member of the developer entity. After conferring with counsel and tax advisors, the sole member determined that it was better to structure a simple sole member entity to serve as the managing member. Additionally, Gardner Capital is developing properties in several states. The primary development entity is Gardner Capital Development, Inc. (a Missouri corporation). Gardner Capital Development Texas, LLC was formed to create a limited purpose development entity that operates in Texas exclusively while maintaining a name and structure similar to other "Gardner Capital Development" affiliates operating other States. I have attached for your review a copy of the organizational chart as submitted with the application along with the current organizational chart and organizational documents as finalized by the developer.

For the reasons stated above, we ask that you favorably consider and approve our requests for the waiver of the reduction of land and the amendment to the developer entity. You will find enclosed the amendment fee in the amount of \$2500 along with the Multifamily Document and Payment Receipt.

Please note that there have also been changes to the financing partners and we are requesting your approval of these changes. A copy of our financing package is also enclosed for your review and approval.

We are currently scheduled to close this transaction on or before June 10, 2015. Therefore, your immediate attention to this matter is greatly appreciated. If you have questions, please feel free to contact me at 713-437-1888.

Thanks for your consideration in this matter.

Very truly yours,

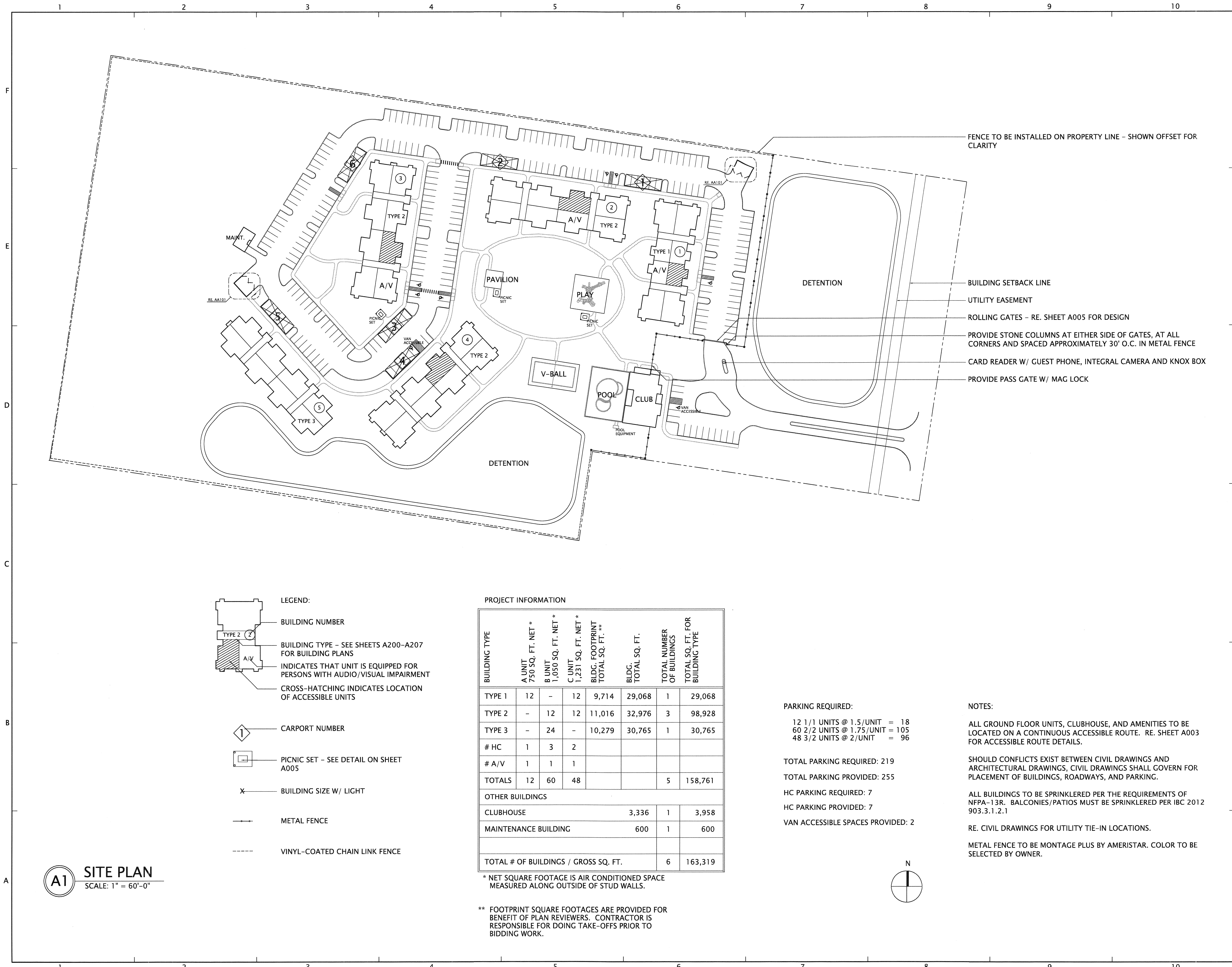


Antoinette M. Jackson  
Counsel for Owner

AMJ/

Enclosures

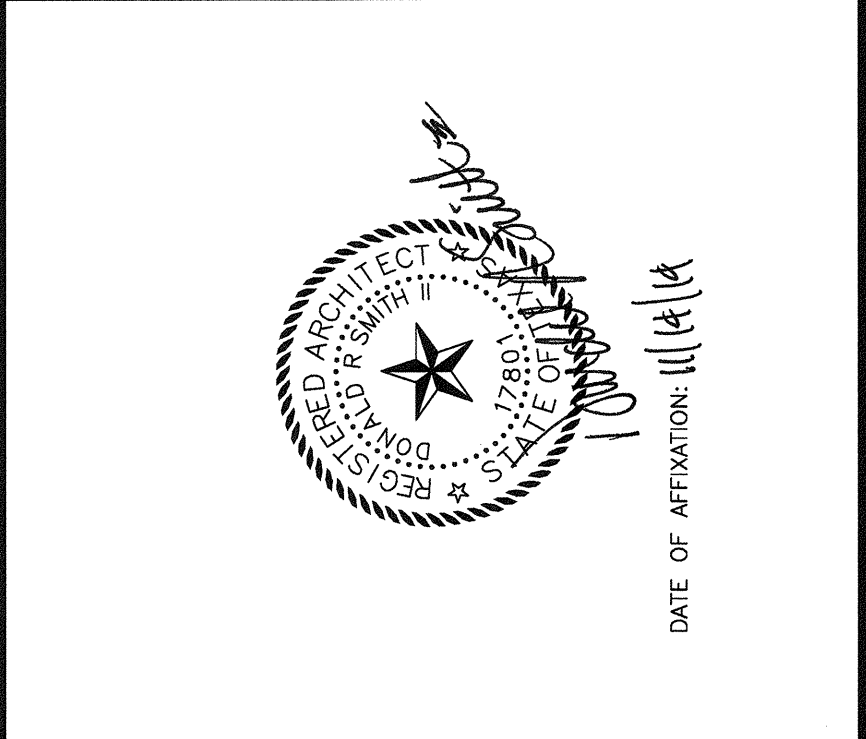




**northfield design associates, Inc.**  
 2109 EAST 22ND STREET AUSTIN, TX 78722  
 512/302-1458 v dsmith@nda-austin.com

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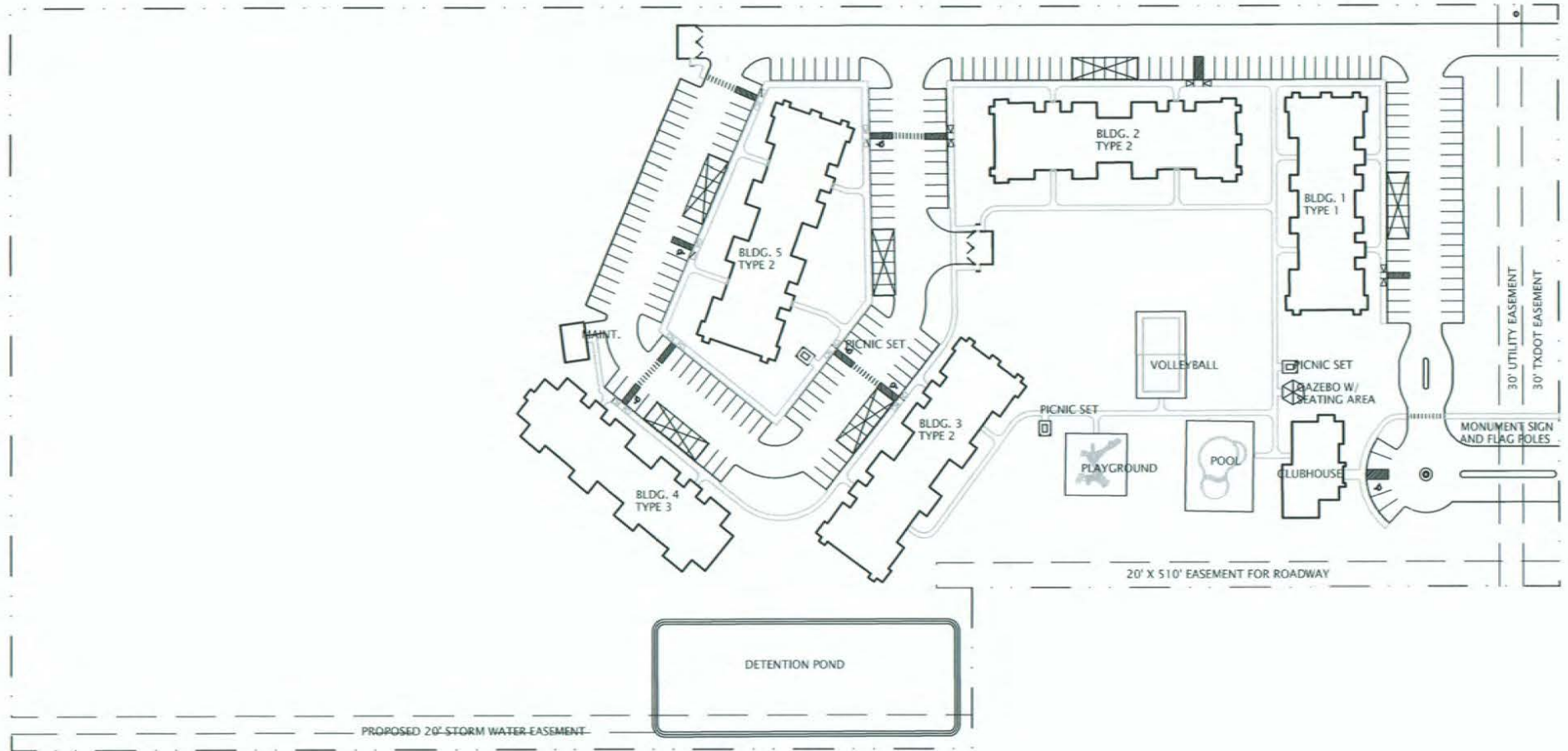
Issue	Date	Description
2	11/14/14	ISSUE FOR PERMIT



**BELLA VISTA APARTMENTS**  
 ALTON, TEXAS  
 GCM HOUSING ALTON, LTD.  
 NDA PROJECT # 2014-04  
**A002 ARCHITECTURAL SITE PLAN**

**A1 SITE PLAN**  
 SCALE: 1" = 60'-0"





**BUILDING MATRIX:**  
 TYPE 1 - 12 1/1 AND 12 3/2 UNITS  
 TYPE 2 - 12 2/2 AND 12 3/2 UNITS  
 TYPE 3 - 24 2/2 UNITS

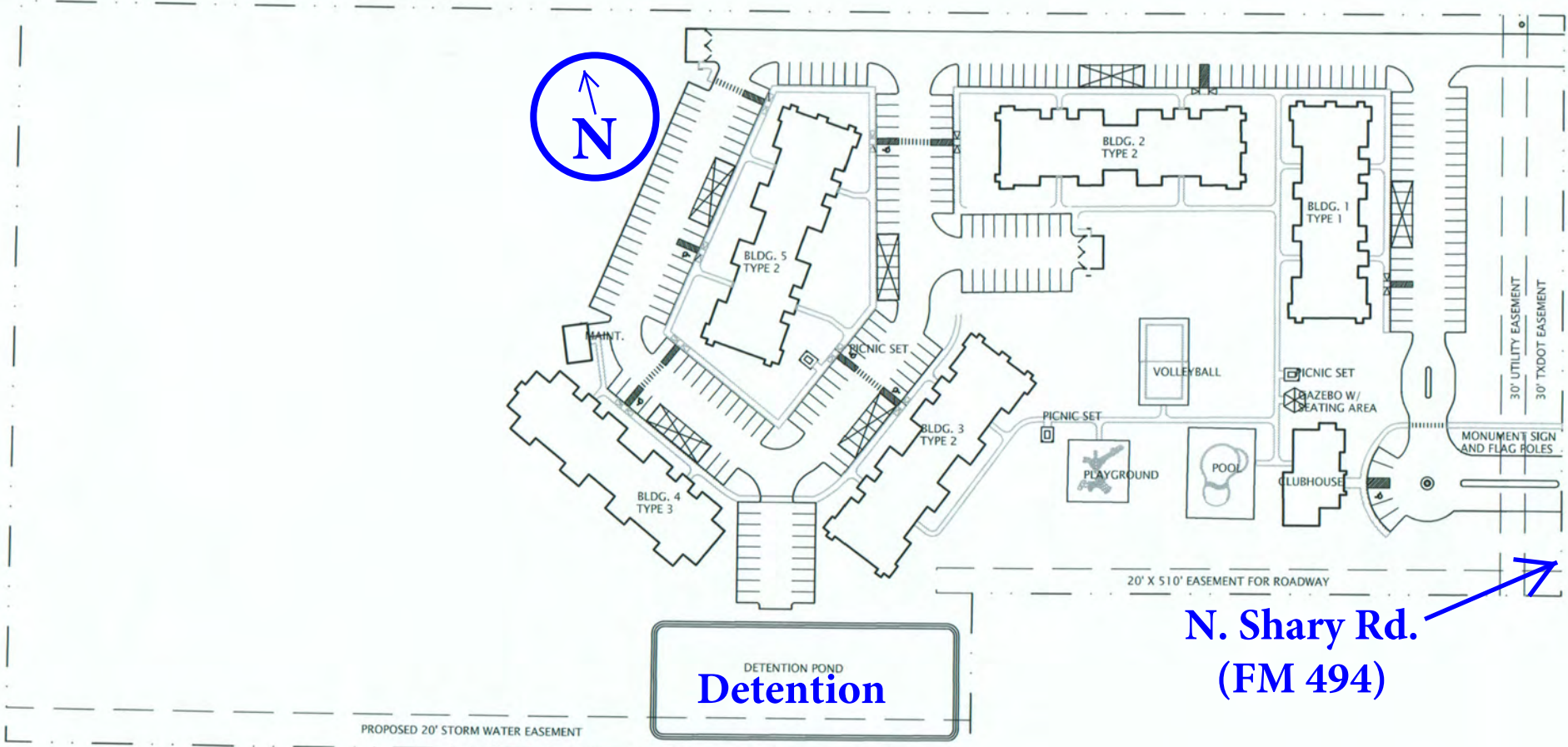
**PARKING REQUIREMENTS:**  
 12 1/1 UNITS X 1.5 = 18  
 60 2/2 UNITS X 1.75 = 105  
 48 3/2 UNITS X 2 = 96

**UNIT MIX:**  
 12 1/1 UNITS @ 750 SQ. FT.  
 60 2/2 UNITS @ 1,034 SQ. FT.  
 48 3/2 UNITS @ 1,231 SQ. FT.

**TOTAL REQUIRED = 219**  
**TOTAL PROVIDED = 219**  
 OPEN/FREE = 183  
 CARPORT/RENTAL = 36



<b>NDA</b>	<b>BELLA VISTA APARTMENTS</b>	<b>02/14</b>
	<b>E1</b>	<b>SITE PLAN +/- 15.874 ACRES</b>



DETENTION POND  
**Detention**

**N. Shary Rd.  
(FM 494)**

PROPOSED 20' STORM WATER EASEMENT

20' X 510' EASEMENT FOR ROADWAY

**BUILDING MATRIX:**  
 TYPE 1 - 12 1/1 AND 12 3/2 UNITS  
 TYPE 2 - 12 2/2 AND 12 3/2 UNITS  
 TYPE 3 - 24 2/2 UNITS

**PARKING REQUIREMENTS:**  
 12 1/1 UNITS X 1.5 = 18  
 60 2/2 UNITS X 1.75 = 105  
 48 3/2 UNITS X 2 = 96

**UNIT MIX:**  
 12 1/1 UNITS @ 750 SQ. FT.  
 60 2/2 UNITS @ 1,034 SQ. FT.  
 48 3/2 UNITS @ 1,231 SQ. FT.

**TOTAL REQUIRED = 219**  
**TOTAL PROVIDED = 255**  
**OPEN/FREE = 219**  
**CARPORT/RENTAL = 36**



**NDA**

BELLA VISTA APARTMENTS

06/14

**E1**

SITE PLAN +/- 15.874 ACRES

SCALE: 1" = 120'

### BELLA VISTA APARTMENTS SUBDIVISION A RESUBDIVISION OF 15.876 ACRES OUT OF LOT 384 IN THE JOHN H. SHARY SUBDIVISION CITY OF ALTON HIDALGO COUNTY, TEXAS

RICARDO FUENTES SEPANA AND  
ISABEL CORTEZ DE FUENTES  
CALLED 11.28 ACRES  
DOC #019887

**LEGEND**

- RF = IRON ROD FOUND
- RS = IRON ROD SET
- PP = POWER POLE
- OE = OVERHEAD ELECTRIC
- PI = FIRE INSULANT
- EM = ELECTRIC METER
- WM = WATER METER
- WM = WATER METER
- CO = CLEAN OUT
- PL = PROPERTY LINE
- WF = WOOD FENCE LINE
- CL = CHAIN LINK FENCE LINE
- UL = UNDERGROUND UTILITY
- UL = UNDERGROUND TELEPHONE
- UL = FIBER OPTIC CABLE
- UL = UNDERGROUND GAS LINE
- UL = UNDERGROUND ELECTRIC



- NOTES AFFECTING PROPERTY:**
1. THIS PROPERTY APPEARS TO BE HELD IN FARMER & PARLEN, LLC, BY WRITIE OF A DEED DATED DECEMBER 15, 2011, RECORDED IN DOCUMENT #2284762, OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS.
  2. BEARINGS AND COORDINATES REFER TO MAD 83 TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH ZONE (4255) AS OBTAINED BY GPS OBSERVATIONS AND CAN BE CONVERTED FROM SURFACE COORDINATES TO GRID COORDINATES BY APPLYING THE FOLLOWING CORRECTION SCALE FACTOR: (0.999971502)
  3. ALL OF THIS PROPERTY FALLS WITHIN ZONE C OF THE 100 YEAR FLOODPLAIN (AREAS OF MENUAL FLOODING) AS SHOWN, ACCORDING TO THE F04A FIRM MAP FOR HIDALGO COUNTY, TEXAS UNINCORPORATED AREAS, COMMUNITY MAP NO. 480224, PANEL NO. 0400C, MAP NO. 48024400C, REVISED EFFECTIVE DATE OF NOVEMBER 16, 1982.
  4. THIS PROPERTY LIES WITHIN THE CITY OF ALTON, TEXAS.
  5. THIS PROPERTY IS SUBJECT TO A 25 FOOT FRONT SETBACK, 7.5 FOOT SIDE SETBACK, AND 15 FOOT REAR SETBACK FOR FUTURE DEVELOPMENT TO COOPERATE WITH THE CITY OF ALTON ZONING ORDINANCE, EFFECTIVE AUGUST 7, 2001.
  6. THIS TRACT IS SUBJECT TO A GRANT OF EASEMENT DATED APRIL 11, 1991, RECORDED IN VOLUME 389, PAGE 782, OFFICIAL RECORDS, HIDALGO COUNTY, TX, AS SHOWN HEREON.
  7. THIS TRACT IS SUBJECT TO THE RIGHTS OF PARTIES IN AND TO PORTIONS OF THE PROPERTY LINED WITHIN NORTH SHARY ROAD (F.M. 494).
  8. SITE BENCHMARK IS A RAILROAD SPIKE LOCATED IN A POWER POLE APPROXIMATELY 204 FEET NORTHWEST OF THE SOUTHWEST CORNER OF SUBJECT TRACT LOCATED IN THE WEST MARGIN OF N. SHARY ROAD.
  9. MINIMUM FINISHED FLOOR MUST BE 1' ABOVE CENTER OF NORTH SHARY ROAD. (F.M. 494)

**STATE OF TEXAS**  
COUNTY OF HIDALGO

I, THE UNDERSIGNED, OWNER OF THE LAND SHOWN ON THIS PLAN AND INDICATED HEREON AS BELLA VISTA APARTMENTS SUBDIVISION, DO HEREBY CERTIFY THAT THE BEARING AND DISTANCE DATA AND THE DIMENSIONS OF THE LAND SHOWN ON THIS PLAN ARE TRUE AND CORRECT AS SHOWN ON THIS PLAN AND THAT THE DIMENSIONS OF THE LAND SHOWN ON THIS PLAN ARE TRUE AND CORRECT AS SHOWN ON THIS PLAN AND THAT THE DIMENSIONS OF THE LAND SHOWN ON THIS PLAN ARE TRUE AND CORRECT AS SHOWN ON THIS PLAN AND THAT THE DIMENSIONS OF THE LAND SHOWN ON THIS PLAN ARE TRUE AND CORRECT AS SHOWN ON THIS PLAN.

**PREPARED BY:** HERRERA ENGINEERING, INC. A PROFESSIONAL ENGINEERING FIRM INCORPORATED UNDER THE LAWS OF TEXAS, 400 WEST 11TH STREET, SUITE 200, ARLINGTON, TEXAS 76010.  
DATE: \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_.

**APPROVED BY:** \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_.

**NOTARY PUBLIC FOR THE STATE OF TEXAS:** \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_.

HIDALGO COUNTY, TEXAS  
I, \_\_\_\_\_, COUNTY CLERK OF HIDALGO COUNTY, TEXAS, DO HEREBY CERTIFY THAT THE BEARING AND DISTANCE DATA AND THE DIMENSIONS OF THE LAND SHOWN ON THIS PLAN ARE TRUE AND CORRECT AS SHOWN ON THIS PLAN AND THAT THE DIMENSIONS OF THE LAND SHOWN ON THIS PLAN ARE TRUE AND CORRECT AS SHOWN ON THIS PLAN AND THAT THE DIMENSIONS OF THE LAND SHOWN ON THIS PLAN ARE TRUE AND CORRECT AS SHOWN ON THIS PLAN.

**FILE FOR RECORD IN:** HIDALGO COUNTY, TEXAS  
RECORDS OF THE COUNTY CLERK OF HIDALGO COUNTY, TEXAS.

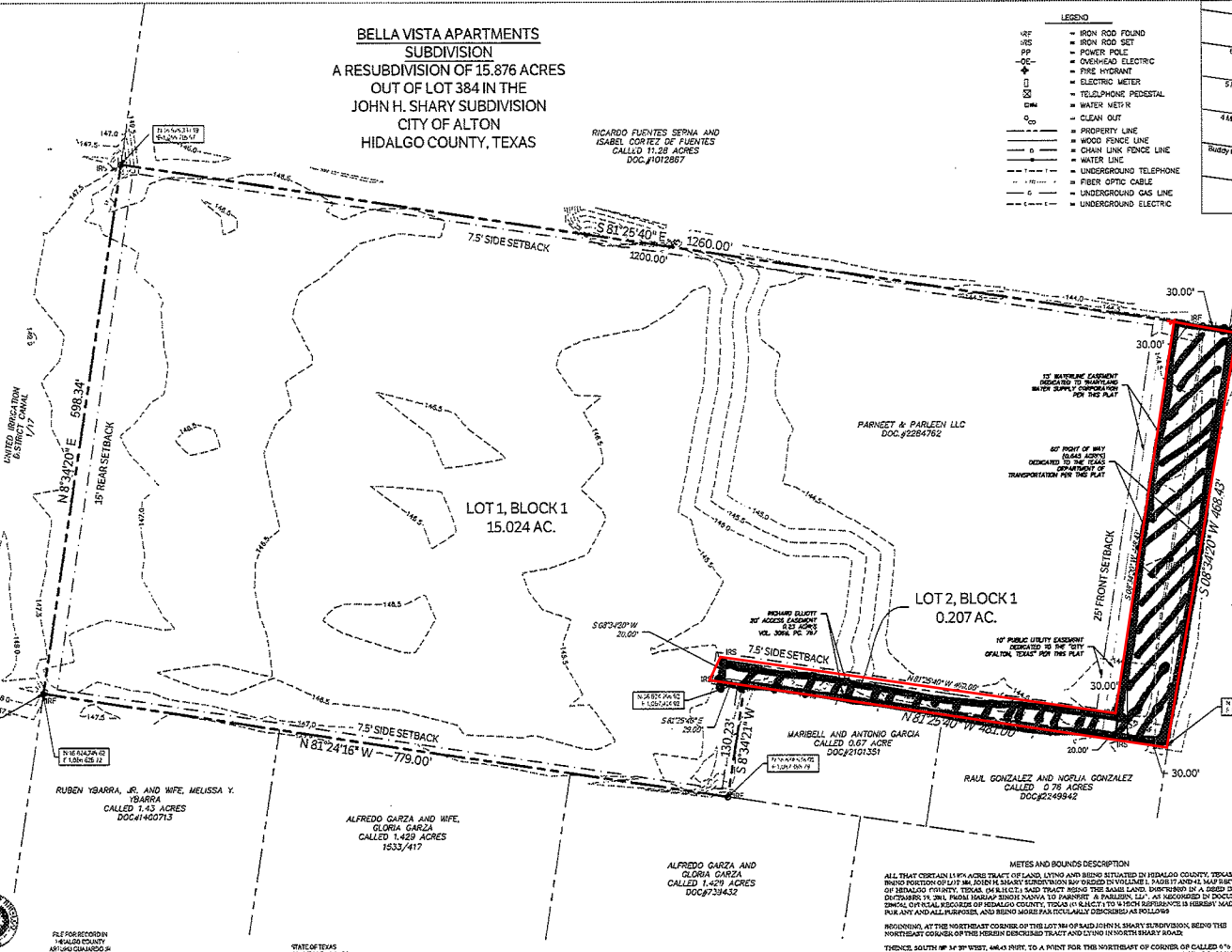
**APPROVED FOR PREPARATION OF FINAL PLAT SUBJECT TO ANY CONDITIONS PRESCRIBED IN THE PLAT HEADINGS AND TO THE COMPLETION OF THE DEDICATION:** \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_.

**APPROVED FOR PREPARATION OF FINAL PLAT SUBJECT TO ANY CONDITIONS PRESCRIBED IN THE PLAT HEADINGS AND TO THE COMPLETION OF THE DEDICATION:** \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_.

**APPROVED FOR PREPARATION OF FINAL PLAT SUBJECT TO ANY CONDITIONS PRESCRIBED IN THE PLAT HEADINGS AND TO THE COMPLETION OF THE DEDICATION:** \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_.

**NOTARY PUBLIC FOR THE STATE OF TEXAS:** \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_.

**CITY SECRETARY:** \_\_\_\_\_ DATE: \_\_\_\_\_



**RUBEN YARRA, JR. AND WIFE, MELISSA Y. YARRA**  
CALLED 1.43 ACRES  
DOC#4400713

**ALFREDO GARZA AND WIFE, GLORIA GARZA**  
CALLED 1.429 ACRES  
1533/417

**ALFREDO GARZA AND GLORIA GARZA**  
CALLED 1.429 ACRES  
DOC#733432

**MARIBELL AND ANTONIO GARCIA**  
CALLED 0.67 ACRES  
DOC#2101351

**RAUL GONZALEZ AND NOROLA GONZALEZ**  
CALLED 0.78 ACRES  
DOC#2499442

**PARNEY & PARLEN LLC**  
DOC#2284762

**RICARDO FUENTES SEPANA AND ISABEL CORTEZ DE FUENTES**  
CALLED 11.28 ACRES  
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**LEGEND**

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- UL = UNDERGROUND UTILITY
- UL = UNDERGROUND TELEPHONE
- UL = FIBER OPTIC CABLE
- UL = UNDERGROUND GAS LINE
- UL = UNDERGROUND ELECTRIC

**METS AND BOUNDS DESCRIPTION**

ALL THAT CONTAIN 11.876 ACRES TRACT OF LAND, LYING AND BEING SITUATED IN HIDALGO COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED BY REFERENCE TO VOLUMES 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

**GESSNER ENGINEERING**

**DESIGN INQUIRY**

**PROJECT INFORMATION:**  
PROJECT NAME: BELLA VISTA APARTMENTS SUBDIVISION  
PROJECT NO: 14-0553  
DATE: 02-12-15

**DESIGNER:** MK  
**CHECKED BY:** GH  
**PROJECT NUMBER:** 14-0553



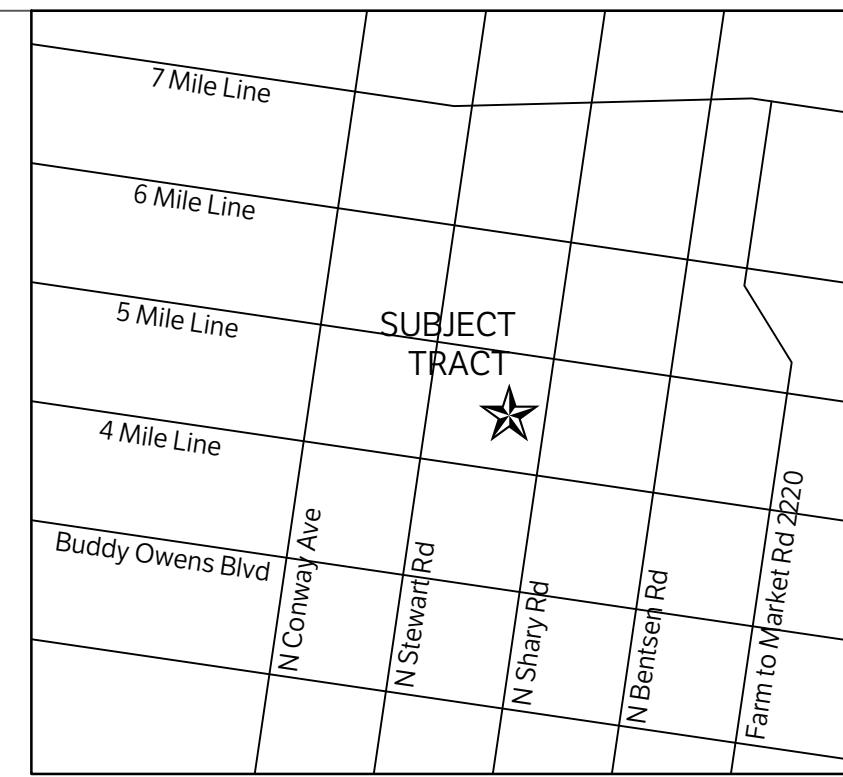


**BELLA VISTA APARTMENTS  
SUBDIVISION**  
A RESUBDIVISION OF 15.876 ACRES  
OUT OF LOT 384 IN THE  
JOHN H. SHARY SUBDIVISION  
CITY OF ALTON  
HIDALGO COUNTY, TEXAS

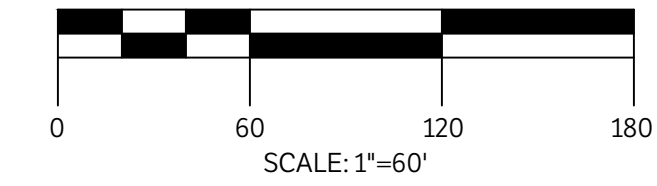
RICARDO FUENTES SERNA AND  
ISABEL CORTEZ DE FUENTES  
CALLED 11.28 ACRES  
DOC.#1012867

**LEGEND**

IRF	= IRON ROD FOUND
IRS	= IRON ROD SET
PP	= POWER POLE
-OE-	= OVERHEAD ELECTRIC
+	= FIRE HYDRANT
⊠	= ELECTRIC METER
⊞	= TELEPHONE PEDESTAL
◻	= WATER METER
○	= CLEAN OUT
---	= PROPERTY LINE
o	= WOOD FENCE LINE
o	= CHAIN LINK FENCE LINE
---	= WATER LINE
T - T	= UNDERGROUND TELEPHONE
FO	= FIBER OPTIC CABLE
G	= UNDERGROUND GAS LINE
E - E	= UNDERGROUND ELECTRIC



VICINITY MAP  
NOT TO SCALE



- NOTES AFFECTING PROPERTY:**
- THIS PROPERTY APPEARS TO BE VESTED IN PARNEET & PARLEEN, LLC, BY VIRTUE OF A DEED DATED DECEMBER 19, 2011, RECORDED IN DOCUMENT #2284762, OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS.
  - BEARINGS AND COORDINATES REFER TO NAD 83 TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH ZONE (4205) AS OBTAINED BY GPS OBSERVATIONS AND CAN BE CONVERTED FROM SURFACE COORDINATES TO GRID COORDINATES BY APPLYING THE FOLLOWING COMBINED SCALE FACTOR. (0.999971506)
  - ALL OF THIS PROPERTY FALLS WITHIN ZONE C OF THE 100 YEAR FLOODPLAIN (AREAS OF MINIMAL FLOODING) AS SHOWN, ACCORDING TO THE FEMA FIRM MAP FOR HIDALGO COUNTY, TEXAS UNINCORPORATED AREAS, COMMUNITY MAP NO. 480334, PANEL NO. 0400C, MAP NO. 4803340400C, REVISED EFFECTIVE DATE OF NOVEMBER 16, 1982.
  - EXISTING PROPERTY LIES INSIDE THE CITY OF ALTON, TEXAS.
  - THE PROPERTY IS SUBJECT TO A 25 FOOT FRONT SETBACK, 7.5 FOOT SIDE SETBACK, AND 15 FOOT REAR SETBACK FOR FUTURE DEVELOPMENT TO COOPERATE WITH THE CITY OF ALTON ZONING ORDINANCE, EFFECTIVE AUGUST 7, 2007.
  - THIS TRACT IS SUBJECT TO A GRANT OF EASEMENT DATED APRIL 11, 1991, RECORDED IN VOLUME 3069, PAGE 767, OFFICIAL RECORDS, HIDALGO COUNTY, TX, AS SHOWN HEREIN.
  - THIS TRACT IS SUBJECT TO THE RIGHTS OF PARTIES IN AND TO PORTIONS OF THE PROPERTY LYING WITHIN NORTH SHARY ROAD (F.M. 494).
  - SITE BENCHMARK IS A RAILROAD SPIKE LOCATED IN A POWER POLE APPROXIMATELY 204 FEET NORTHEAST OF THE SOUTHEAST CORNER OF SUBJECT TRACT LOCATED IN THE WEST MARGIN OF NORTH SHARY ROAD.
  - MINIMUM FINISHED FLOOR MUST BE 18" ABOVE CENTER OF NORTH SHARY ROAD. (F.M. 494)

STATE OF TEXAS  
COUNTY OF HIDALGO:

I, THE UNDERSIGNED OWNER OF THE LAND SHOWN ON THIS PLAT AND DESIGNATED HEREIN AS **BELLA VISTA APARTMENTS SUBDIVISION**, TO THE CITY OF ALTON, TEXAS AND WHOSE NAME IS SUBSCRIBED HERETO, HEREBY DEDICATE TO THE USE OF THE PUBLIC ALL STREETS, ALLEYS, PARKS, WATER COURSES, DRAINS, EASEMENTS, WATER LINES, SEWER LINES, STORM SEWERS, FIRE HYDRANTS AND PUBLIC PLACES WHICH ARE INSTALLED OR WHICH WILL CAUSE TO BE INSTALLED THEREON SHOWN OR NOT SHOWN AND REQUIRED OTHERWISE TO BE INSTALLED OR DEDICATED UNDER THE SUBDIVISION APPROVAL PROCESS OF THE CITY OF ALTON ALL THE SAME FOR THE PURPOSES THEREIN EXPRESSED, EITHER ON THE PLAT HEREON OR ON THE OFFICIAL MINUTES OF THE APPLICABLE AUTHORITIES OF THE CITY OF ALTON.

HARIJAP SINGH NANVA, MEMBER  
PARNEET & PARLEEN, LLC, A TEXAS LIMITED LIABILITY COMPANY  
4220 N. TAYLOR RD  
MCALLEN, TX 79504

STATE OF TEXAS  
COUNTY OF HIDALGO:

BEFORE ME, THE UNDERSIGNED AUTHORITIES, ON THIS DAY PERSONALLY APPEARED \_\_\_\_\_ KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME FOR THE PURPOSES AND IN THE CAPACITY THEREIN GIVEN UNDER MY HAND AND SEAL OF OFFICE.

THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_

NOTARY PUBLIC, FOR THE STATE OF TEXAS  
MY COMMISSION EXPIRES: \_\_\_\_\_

HIDALGO COUNTY  
CERTIFICATE OF PLAT APPROVAL  
HIDALGO COUNTY DRAINAGE DISTRICT NO. 1

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 HEREBY CERTIFIES THAT THE DRAINAGE PLANS FOR THIS SUBDIVISION COMPLY WITH THE MINIMUM STANDARDS OF THE DISTRICT ADOPTED UNDER TEX. WATER CODE 49.211 (c). THE DISTRICT HAS NOT REVIEWED AND DOES NOT CERTIFY THAT THE DRAINAGE STRUCTURES DESCRIBED ARE APPROPRIATE FOR THE SPECIFIC SUBDIVISION, BASED ON GENERALLY ACCEPTED ENGINEERING CRITERIA. IT IS THE RESPONSIBILITY OF THE DEVELOPER OF THE SUBDIVISION AND ITS ENGINEER TO MAKE THESE DETERMINATIONS.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1

STATE OF TEXAS  
COUNTY OF HIDALGO

THIS PLAT IS HEREBY APPROVED BY THE UNITED IRRIGATION DISTRICT.

ON THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_

NO IMPROVEMENTS OF ANY KIND (INCLUDING WITHOUT LIMITATION TREES, FENCES, AND BUILDINGS) SHALL BE PLACED UPON UNITED IRRIGATION DISTRICT RIGHT OF WAYS OR EASEMENTS. APPROVAL OF THIS PLAT DOES NOT RELEASE ANY RIGHTS THAT THE DISTRICT MAY HAVE WHETHER SHOWN OR NOT.

PRESIDENT \_\_\_\_\_ SECRETARY \_\_\_\_\_



FILE FOR RECORD IN  
HIDALGO COUNTY  
ARTURO GUJARDO JR.  
HIDALGO COUNTY CLERK

APPROVED FOR PREPARATION OF FINAL PLAT SUBJECT TO ANY CONDITIONS ENUMERATED IN THE ALTON PLANNING AND ZONING COMMISSION MINUTES OF THIS DATE. THIS PRELIMINARY PLAT APPROVAL EXPIRES ONE YEAR FROM THE DATE OF APPROVAL SIGNATURE. IF A FINAL PLAT HAS NOT BEEN SUBMITTED APPROVED AND RECORDED WITHIN THE ONE YEAR PERIOD, THIS PRELIMINARY PLAT APPROVAL IS NULL VOID.

CHAIRMAN, ALTON PLANNING & ZONING COMMISSION \_\_\_\_\_ DATE \_\_\_\_\_

APPROVED FOR PREPARATION OF FINAL PLAT SUBJECT TO ANY CONDITIONS ENUMERATED IN THE CITY COMMISSION MINUTES OF THIS DATE. THIS PRELIMINARY PLAT APPROVAL EXPIRES ONE YEAR FROM THE DATE OF APPROVAL SIGNATURE. IF A FINAL PLAT HAS NOT BEEN SUBMITTED APPROVED AND RECORDED WITHIN THE ONE YEAR PERIOD, THIS PRELIMINARY PLAT APPROVAL IS NULL VOID.

MAYOR \_\_\_\_\_ DATE \_\_\_\_\_

ATTEST: \_\_\_\_\_

CITY SECRETARY \_\_\_\_\_ DATE \_\_\_\_\_

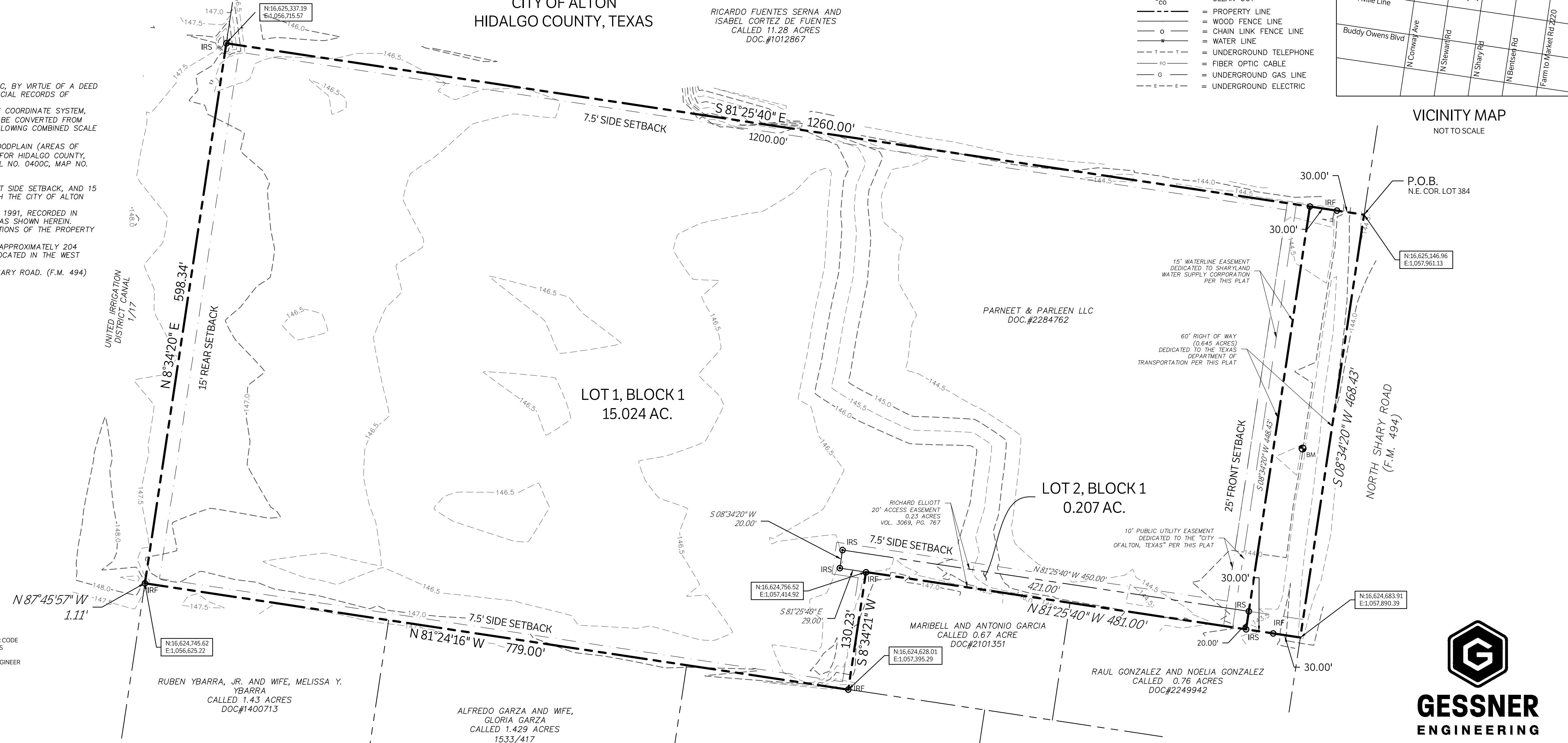
PROFESSIONAL LAND SURVEYOR FOR THE STATE OF TEXAS

STATE OF TEXAS  
COUNTY OF HIDALGO

I, THE UNDERSIGNED, \_\_\_\_\_ A LICENSED PROFESSIONAL ENGINEER IN THE STATE OF TEXAS, HEREBY CERTIFY THAT PROPER ENGINEERING CONSIDERATION HAS BEEN GIVEN TO THIS PLAT.

DATED THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_

PROFESSIONAL ENGINEER FOR THE STATE OF TEXAS



**METES AND BOUNDS DESCRIPTION**

ALL THAT CERTAIN 15.876 ACRE TRACT OF LAND, LYING AND BEING SITUATED IN HIDALGO COUNTY, TEXAS, AND BEING PORTION OF LOT 384, JOHN H. SHARY SUBDIVISION RECORDED IN VOLUME 1, PAGE 17 AND 42, MAP RECORDS OF HIDALGO COUNTY, TEXAS, (M.R.H.C.T.) SAID TRACT BEING THE SAME LAND, DESCRIBED IN A DEED DATED DECEMBER 19, 2011, FROM HARIJAP SINGH NANVA TO PARNEET & PARLEEN, L.L.C., AS RECORDED IN DOCUMENT 2284762, OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS (O.R.H.C.T.) TO WHICH REFERENCE IS HEREBY MADE TO, FOR ANY AND ALL PURPOSES, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

- BEGINNING AT THE NORTHEAST CORNER OF THE LOT 384 OF SAID JOHN H. SHARY SUBDIVISION, BEING THE NORTHEAST CORNER OF THE HEREIN DESCRIBED TRACT AND LYING IN NORTH SHARY ROAD;
- THENCE, SOUTH 08° 34' 20" WEST, 468.43 FEET, TO A POINT FOR THE NORTHEAST OF CORNER OF CALLED 0.76 ACRE TRACT OF LAND, DESCRIBED IN A DEED TO RAUL GONZALEZ AND NOELIA GONZALEZ, RECORDED IN DOCUMENT # 224942, SAME BEING THE MOST EASTERLY SOUTHEAST CORNER OF THE HEREIN DESCRIBED TRACT AND LYING IN NORTH SHARY ROAD;
- THENCE, NORTH 81° 25' 40" WEST, WITH NORTH LINE OF SAID 0.76 ACRE TRACT, PASSING AT 30 FEET, A 1/2-INCH IRON ROD FOUND IN THE WEST MARGIN OF NORTH SHARY ROAD, CONTINUING ALONG SAID NORTH LINE FOR A TOTAL DISTANCE OF 481.00 FEET, TO A 5/8-INCH IRON ROD FOUND FOR THE NORTH CORNER OF A CALLED 0.67 ACRE TRACT OF LAND DESCRIBED IN A DEED TO MARIBELL AND ANTONIO GARCIA, RECORDED IN DOCUMENT # 2101351, SAME BEING AN INTERIOR ELL CORNER OF THE HEREIN DESCRIBED TRACT;
- THENCE, SOUTH 08° 34' 21" WEST 130.23 FEET, WITH THE WEST LINE OF SAID 0.67 ACRE TRACT, TO A 5/8-INCH IRON ROD FOUND, IN THE NORTH LINE OF A CALLED 1.429 ACRE TRACT OF LAND DESCRIBED IN A DEED TO ALFREDO AND GLORIA GARZA, RECORDED IN DOCUMENT # 73943, SAME BEING AN EXTERIOR ELL CORNER OF THE HEREIN DESCRIBED TRACT;
- THENCE, NORTH 81° 24' 16" WEST 779.00 FEET, TO A POINT FOR CORNER IN THE WEST LINE OF SAID LOT 384, JOHN H. SHARY SUBDIVISION AND THE EAST LINE OF THE UNITED IRRIGATION DISTRICT CANAL, RECORDED IN VOLUME 1, PAGE 17, (M.R.H.C.T.) FOR THE MOST NORTHERLY CORNER OF A CALLED 1.43 ACRE TRACT OF LAND DESCRIBED IN A DEED TO RUBEN YBARRA, JR. AND WIFE, MELISSA Y. YBARRA, RECORDED IN DOCUMENT # 1400713, AND THE SOUTHWEST CORNER OF THE HEREIN DESCRIBED TRACT. A 5/8-INCH IRON ROD FOUND BEARS NORTH 87° 45' 57" WEST 1.11 FEET;
- THENCE, NORTH 08° 34' 20" EAST 598.34 FEET, WITH THE WEST LINE OF SAID LOT 384, TO A 1/2-INCH CAPPED IRON ROD SET STAMPED "GESSNER", FOR THE NORTHWEST CORNER SAID LOT 384 AND THE SOUTHWEST CORNER OF A CALLED 11.28 ACRE TRACT DESCRIBED IN A TRACT TO RICARDO FUENTES SERNA AND ISABEL CORTEZ DE FUENTES, RECORDED IN DOCUMENT # 1012867, SAME BEING THE NORTHWEST CORNER OF THE HEREIN DESCRIBED TRACT; AND
- THENCE, SOUTH 81° 25' 40" EAST WITH SOUTH LINE OF SAID 11.28 ACRE TRACT AND THE NORTH LINE OF SAID LOT 384, PASSING AT 1260.00 FEET, A 1/2-INCH IRON ROD FOUND IN THE WEST MARGIN OF NORTH SHARY ROAD, FOR A TOTAL DISTANCE OF 1260.00 FEET, TO THE POINT OF BEGINNING, AND CONTAINING 15.876 ACRES OF LAND, MORE OR LESS.



**GESSNER  
ENGINEERING**

**GESSNER ENGINEERING**  
Corporate Office  
2501 Ashford Drive  
Suite 102  
College Station, Texas 77840  
www.gessnerengineering.com

**FIRM REGISTRATION NUMBER:**  
TBPE F-7451, TBPLS F-10193910

**COLLEGE STATION** 979.680.8840  
**BREHM** 979.836.6855  
**FORT WORTH** 817.405.0774  
**SAN ANTONIO** 210.556.4124

**SURVEY PLAT**

**Issue Date:** 02-12-15  
**Drawn By:** MK  
**Checked By:** GH  
**Project Number:** 14-0553



Briefly describe the complete financing plan for the Development, including the sources and uses of funds, matching funds (if applicable), and any other financing. The information must be consistent with all other documentation in this section.

The project will be financed utilizing multiple layers of financing. The capital structure includes conventional financing, equity from the sale of housing tax credits, a loan from a local political subdivision and deferred developer fee. The project has received a firm commitment of a unit of local government loan from the City of Alton Development Corporation. The equity will come from a subsidiary of PNC Real Estate, pursuant to the Equity Commitment Letter. The construction and permanent debt will also come from Dougherty Mortgage, LLC. PNC Real Estate will also provide a bridge loan to the project up to \$3,963,451 for 18 months, with the right to extend. Upon an allocation of tax credits, the partnership agreement will be executed whereupon PNC Real Estate will be the 99.99% Limited Partner and GCM Housing Alton GP, LLC will be the .01% General Partner. In addition to financing provided by PNC Real Estate and Dougherty Mortgage, LLC, the City of Alton Development Corporation will also provide a loan totaling at least \$275,000 to the project to satisfy the QAP requirements for the Commitment of Funding by a Local Political Subdivision and a deferred developer fee loan of \$702,981 to fill the gap. PNC's total anticipated equity based on current project projections totals \$12,600,023. Dougherty Mortgage, LLC will make an interest only construction loan on the project up to \$3,200,000 for 12 months which will convert to a permanent loan on the project of \$3,200,000 with a term of 40 years. The City of Alton Development Corporation will make a loan during the construction/permanent period up to \$275,000 that will have a 15 year term, 30 year amortization with an interest rate no higher than three percent. Reserves will be required on the project for operating and rent up, and are estimated to be \$350,890 total. These amounts could change upon the receipt of Dougherty Mortgage's third party appraisal. As mentioned above, the project developer will also provide a source of funds through a developer note from deferred developer fee as required to balance the project's sources and uses.



## Rent Schedule (Continued)

		% of LI	% of Total		
<b>HOUSING TAX CREDITS</b>	TC30%	10%	10%	12	
	TC40%			0	
	TC50%	20%	20%	24	
	TC60%	70%	70%	84	
	<b>HTC LI Total</b>			120	
	EO			0	
	MR			0	
	<b>MR Total</b>			0	
	<b>Total Units</b>				120
	<b>MORTGAGE REVENUE BOND</b>	MRB30%			0
MRB40%				0	
MRB50%				0	
MRB60%				0	
<b>MRB LI Total</b>			0		
MRBMR				0	
<b>MRBMR Total</b>			0		
<b>MRB Total</b>				0	

		% of LI	% of Total		
<b>HOUSING TRUST FUND</b>	HTF30%			0	
	HTF40%			0	
	HTF50%			0	
	HTF60%			0	
	HTF80%			0	
	<b>HTF LI Total</b>			0	
	MR			0	
	<b>MR Total</b>			0	
	<b>HTF Total</b>				0
	<b>HOME</b>	30%			0
LH/50%				0	
HH/60%				0	
HH/80%				0	
<b>HOME LI Total</b>			0		
EO				0	
MR				0	
<b>MR Total</b>			0		
<b>HOME Total</b>				0	
<b>OTHER</b>	<b>Total OT Units</b>			0	

<b>BEDROOMS</b>	0			0
	1			12
	2			60
	3			48
	4			0
	5			0

<b>ACQUISITION + HARD</b>			
Cost Per Sq Ft	\$ 88.68		
<b>HARD</b>			
Cost Per Sq Ft	\$ 88.68		
<b>BUILDING</b>			
Cost Per Sq Ft	\$ 65.83		
<b>Total Points claimed:</b>			12

Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.

## Utility Allowances

**Applicant must attach to this form documentation from the source of the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application Packet. This exhibit must clearly indicate which utility costs are included in the estimate.**

*Note: If more than one entity (Sec. 8 administrator, public housing authority) is responsible for setting the utility allowance(s) in the area of the development location, then the selected utility allowance must be the one which most closely reflects the actual expenses.*

*If an independent utility cost evaluation is conducted it must include confirming documentation from all the relevant utility providers.*

*If other reductions to the tenant rent is required such as the cost of flood insurance for the tenant's contents, documentation for these reductions to gross rent should also be attached.*

Utility	Who Pays	Energy Source	0BR	1BR	2BR	3BR	4BR	Source of Utility Allowance & Effective Date
Heating	Tenant	Electric		\$ 2	\$ 3	\$ 4		Diamond Property Con. - 12/2/14
Cooking	Tenant	Electric		\$ 4	\$ 5	\$ 5		Diamond Property Con. - 12/2/14
Other Electric	Tenant			\$ 16	\$ 19	\$ 22		Diamond Property Con. - 12/2/14
Air Conditioning	Tenant	Electric		\$ 13	\$ 16	\$ 18		Diamond Property Con. - 12/2/14
Water Heater	Tenant	Electric		\$ 10	\$ 13	\$ 18		Diamond Property Con. - 12/2/14
Water	Landlord			\$ 14	\$ 17	\$ 20		Hidalgo County PHA - 02/01/2014
Sewer	Landlord			\$ 13	\$ 16	\$ 18		Hidalgo County PHA - 02/01/2014
Trash	Landlord			\$ 18	\$ 18	\$ 18		Diamond Property Con. - 12/2/14
flat fee	Tenant			\$ 9	\$ 9	\$ 9		Diamond Property Con. - 12/2/14
other								
<b>Total Paid by tenant</b>			\$ -	\$ 54	\$ 65	\$ 76	\$ -	

Other (Describe)




## ANNUAL OPERATING EXPENSES

<b>General &amp; Administrative Expenses</b>			
Accounting	\$	11,500.00	
Advertising	\$	2,200.00	
Legal fees	\$	1,200.00	
Leased equipment	\$		
Postage & office supplies	\$	4,900.00	
Telephone	\$	6,500.00	
Other	\$	2,000.00	
Other	\$	780.00	
Total General & Administrative Expenses:			\$ 29,080.00
Management Fee:	Percent of Effective Gross Income:	5.00%	\$ 41,914.00
<b>Payroll, Payroll Tax &amp; Employee Benefits</b>			
Management	\$	62,960.00	
Maintenance	\$	47,840.00	
Other	\$	35,144.00	
Other	\$		
Total Payroll, Payroll Tax & Employee Benefits:			\$ 145,944.00
<b>Repairs &amp; Maintenance</b>			
Elevator	\$		
Exterminating	\$	2,000.00	
Grounds	\$	18,000.00	
Make-ready	\$	12,500.00	
Repairs	\$	12,500.00	
Pool	\$	3,600.00	
Other	\$	12,500.00	
Other	\$		
Total Repairs & Maintenance:			\$ 61,100.00
<b>Utilities (Enter Development Owner expense)</b>			
Electric	\$	22,800.00	
Natural gas	\$		
Trash	\$	20,490.00	
Water & sewer	\$	33,000.00	
Other	\$		
Other	\$		
Total Utilities:			\$ 76,290.00
Annual Property Insurance:	Rate per net rentable square foot:	\$ 0.24	\$ 31,325.00
<b>Property Taxes:</b>			
Published Capitalization Rate:	10.00%	Source:	Hidalgo County Appraisal
Annual Property Taxes:	\$	52,080.00	
Payments in Lieu of Taxes:	\$		
Other Taxes	\$		
Other Taxes	\$		
Total Property Taxes:			\$ 52,080.00
Reserve for Replacements:	Annual reserves per unit:	\$ 250.00	\$ 30,000.00
<b>Other Expenses</b>			
Cable TV	\$		
Supportive service contract fees	\$	16,747.00	
TDHCA Compliance fees	\$	4,800.00	
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)	\$		
Security	\$		
Other	\$		
Other	\$		
Total Other Expenses:			\$ 21,547.00
<b>TOTAL ANNUAL EXPENSES</b>			
	Expense per unit:	\$ 4077.33	\$ 489,280.00
	Expense to Income Ratio:	58.37%	
<b>NET OPERATING INCOME (before debt service)</b>			\$ 348,992.00
<b>Annual Debt Service</b>			
Community Bank of Texas	\$	271,684.00	
CADC	\$	13,913.00	
Describe Source	\$		
Describe Source	\$		
<b>TOTAL ANNUAL DEBT SERVICE</b>			\$ 285,597.00
	Debt Coverage Ratio:	1.22	
<b>NET CASH FLOW</b>			\$ 63,395.00

# Development Cost Schedule

Self Score Total: 132

*This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All Applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the Eligible Basis columns and the Requested Credit calculation below:*

	TOTAL DEVELOPMENT SUMMARY			Scratch Paper/Notes
	Total Cost	Eligible Basis (If Applicable)		
		Acquisition	New/Rehab.	
<b>ACQUISITION</b>				
Site acquisition cost	1,100,000			Parneet and Parleen, LLC - TBD
Existing building acquisition cost				
Closing costs & acq. legal fees				
Closing costs - rollback taxes	65,000			Hidalgo County Appraisal District - TBD
Other (specify) - see footnote 1				
<b>Subtotal Acquisition Cost</b>	\$1,165,000	\$0	\$0	
<b>OFF-SITES<sup>2</sup></b>				
Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities	54,832			Realtex Construction, LLC - 20-2443949
Sewer lateral(s)				
Off-site paving				
Off-site electrical				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
<b>Subtotal Off-Sites Cost</b>	\$54,832	\$0	\$0	
<b>SITE WORK<sup>3</sup></b>				
Demolition				
Rough grading	131,328		85,363	Realtex Construction, LLC - 20-2443949
Fine grading	59,940		50,949	Realtex Construction, LLC - 20-2443949
On-site concrete	47,304		47,304	Realtex Construction, LLC - 20-2443949
On-site electrical	97,200		97,200	Realtex Construction, LLC - 20-2443949
On-site paving	194,400		194,400	Realtex Construction, LLC - 20-2443949
On-site utilities	124,740		124,740	Realtex Construction, LLC - 20-2443949
Decorative masonry	23,760		23,760	Realtex Construction, LLC - 20-2443949
Bumper stops, striping & signs	24,192		24,192	Realtex Construction, LLC - 20-2443949
Other (specify) - see footnote 1				
<b>Subtotal Site Work Cost</b>	\$702,864	\$0	\$647,908	
<b>SITE AMENITIES</b>				
Landscaping	118,800		95,040	Realtex Construction, LLC - 20-2443949
Pool and decking	97,200		97,200	Realtex Construction, LLC - 20-2443949
Athletic court(s), playground(s)	39,960		39,960	Realtex Construction, LLC - 20-2443949
Fencing	32,400		32,400	Realtex Construction, LLC - 20-2443949
Entry Gates and Gazebo	43,200		43,200	Realtex Construction, LLC - 20-2443949
<b>Subtotal Site Amenities Cost</b>	\$331,560	\$0	\$307,800	
<b>BUILDING COSTS*:</b>				
Concrete	786,414		786,414	Realtex Construction, LLC - 20-2443949
Masonry	287,838		287,838	Realtex Construction, LLC - 20-2443949
Metals	53,113		53,113	Realtex Construction, LLC - 20-2443949
Woods and Plastics	1,798,986		1,798,986	Realtex Construction, LLC - 20-2443949
Thermal and Moisture Protection	161,909		161,909	Realtex Construction, LLC - 20-2443949
Roof Covering	208,168		208,168	Realtex Construction, LLC - 20-2443949
Doors and Windows	344,377		344,377	Realtex Construction, LLC - 20-2443949





**FINANCING:**

**CONSTRUCTION LOAN(S)<sup>3</sup>**

Interest	583,000		291,500
Loan origination fees	128,896		
Title & recording fees	127,102		101,680
Closing costs & legal fees			
Inspection fees	20,000		
Credit Report			
Discount Points			
Third Party Reports	16,500		
Lender's Att. & Syndicator	56,500		

Community Bank of Texas - TBD
Independence Title Company - TBD
To Be Determined
Community Bank of Texas - TBD
Community Bank of Texas - TBD

**PERMANENT LOAN(S)**

Loan origination fees	41,000		
Title & recording fees	2,500		
Closing costs & legal	5,000		
Bond premium			
Credit report			
Discount points			
Credit enhancement fees			
Prepaid MIP			
Other (specify) - see footnote 1			
Other (specify) - see footnote 1			

Community Bank of Texas - TBD
Community Bank of Texas - TBD
Independence Title Company - TBD

**BRIDGE LOAN(S)**

Interest			
Loan origination fees			
Title & recording fees			
Closing costs & legal fees			
Other (specify) - see footnote 1			
Other (specify) - see footnote 1			


**OTHER FINANCING COSTS<sup>3</sup>**

Tax credit fees	54,372		
Tax and/or bond counsel			
Payment bonds			
Performance bonds			
Credit enhancement fees			
Mortgage insurance premiums			
Cost of underwriting & issuance			
Syndication organizational cost			
Tax opinion			
Contractor Guarantee Fee			
Developer Guarantee Fee			
Other (specify) - see footnote 1			
Other (specify) - see footnote 1			
<b>Subtotal Financing Cost</b>	\$1,034,870	\$0	\$393,180

TDHCA
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**DEVELOPER FEES<sup>3</sup>**

Housing consultant fees <sup>4</sup>			
General & administrative	780,000		769,990
Profit or fee	1,170,000		1,154,984
<b>Subtotal Developer Fees</b>	\$1,950,000	\$0	\$1,924,974

GCM Housing Alton Development, LLC - T
GCM Housing Alton Development, LLC - T

**RESERVES**

Rent-up			
Operating	380,482		
Replacement			
Escrows			
<b>Subtotal Reserves</b>	\$380,482	\$0	\$0

Community Bank of Texas - TBD
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**TOTAL HOUSING DEVELOPMENT COSTS<sup>5</sup>**

\$17,307,309	\$0	\$14,819,715
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The following calculations are for HTC Applications only.

**Deduct From Basis:**

Federal grants used to finance costs in Eligible Basis  
 Non-qualified non-recourse financing  
 Non-qualified portion of higher quality units §42(d)(5)  
 Historic Credits (residential portion only)

**Total Eligible Basis**

**\*\*High Cost Area Adjustment (100% or 130%)**

**Total Adjusted Basis**

Applicable Fraction

**Total Qualified Basis**

Applicable Percentage<sup>6</sup>

**Credits Supported by Eligible Basis**

(May be greater than actual request)

	\$0		\$14,819,715
			130%
	\$0		\$19,265,630
			100%
\$19,265,630		\$0	\$19,265,630
			8.04%
\$1,548,957		\$0	\$1,548,957


Name of contact for Cost Estimate: Henry Flores

Phone Number for Contact: (512) 914-0953

Footnotes:

- <sup>1</sup> An itemized description of all "other" costs must be included at the end of this exhibit.
- <sup>2</sup> All Off-Site costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Offsite Cost Breakdown form.
- <sup>3</sup> (HTC Only) Site Work expenses, indirect construction costs, developer fees, construction loan financing and other financing costs may or may not be included in Eligible Basis. Site Work costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Site Work Cost Breakdown form.
- <sup>4</sup> (HTC Only) Only fees paid to a consultant for duties which are not ordinarily the responsibility of the developer, can be included in Eligible Basis. Otherwise, consulting fees are included in the calculation of maximum developer fees.
- <sup>5</sup> (HTC Only) Provide all costs & Eligible Basis associated with the Development.
- <sup>6</sup> (HTC Only) Use the appropriate Applicable Percentages as defined in §10.3 of the Uniform Multifamily Rules.

**15 Year Rental Housing Operating Proforma**

All Programs Must Complete the following:

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and principal and interest debt service. The Department currently considers an annual growth rate of 2% for income and 3% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	\$ 884,640	\$ 902,333	\$ 920,379	\$ 938,787	\$ 957,563	\$ 1,057,227	\$ 1,167,264
Secondary Income	\$ 21,600.00	\$ 22,032.00	\$ 22,472.64	\$ 22,922.09	\$ 23,380.53	\$ 25,814.00	\$ 28,500.74
POTENTIAL GROSS ANNUAL INCOME	\$ 906,240	\$ 924,365	\$ 942,852	\$ 961,709	\$ 980,943	\$ 1,083,041	\$ 1,195,764
Provision for Vacancy & Collection Loss	\$ 67,968.00	\$ 69,327.36	\$ 70,713.91	\$ 72,128.19	\$ 73,570.75	\$ 81,228.05	\$ 89,682.33
Rental Concessions	\$ -						
EFFECTIVE GROSS ANNUAL INCOME	\$ 838,272	\$ 855,037	\$ 872,138	\$ 889,581	\$ 907,373	\$ 1,001,813	\$ 1,106,082
<b>EXPENSES</b>							
General & Administrative Expenses	\$ 29,080.00	\$ 29,952	\$ 30,851	\$ 31,777	\$ 32,730	\$ 37,943	\$ 43,986
Management Fee	\$ 41,914.00	\$ 43,171.42	\$ 44,466.56	\$ 45,800.56	\$ 47,174.58	\$ 54,688.26	\$ 63,398.69
Payroll, Payroll Tax & Employee Benefits	\$ 145,944.00	\$ 150,322.32	\$ 154,831.99	\$ 159,476.95	\$ 164,261.26	\$ 190,423.82	\$ 220,753.39
Repairs & Maintenance	\$ 61,100.00	\$ 62,933.00	\$ 64,820.99	\$ 66,765.62	\$ 68,768.59	\$ 79,721.64	\$ 92,419.23
Electric & Gas Utilities	\$ 22,800.00	\$ 23,484.00	\$ 24,188.52	\$ 24,914.18	\$ 25,661.60	\$ 29,748.83	\$ 34,487.05
Water, Sewer & Trash Utilities	\$ 53,490.00	\$ 55,094.70	\$ 56,747.54	\$ 58,449.97	\$ 60,203.47	\$ 69,792.32	\$ 80,908.42
Annual Property Insurance Premiums	\$ 31,325.00	\$ 32,264.75	\$ 33,232.69	\$ 34,229.67	\$ 35,256.56	\$ 40,872.02	\$ 47,381.87
Property Tax	\$ 52,080.00	\$ 53,642.40	\$ 55,251.67	\$ 56,909.22	\$ 58,616.50	\$ 67,952.59	\$ 78,775.67
Reserve for Replacements	\$ 30,000.00	\$ 30,900.00	\$ 31,827.00	\$ 32,781.81	\$ 33,765.26	\$ 39,143.20	\$ 45,377.69
Other Expenses:	\$ 21,547.00	\$ 22,193.41	\$ 22,859.21	\$ 23,544.99	\$ 24,251.34	\$ 28,113.95	\$ 32,591.77
TOTAL ANNUAL EXPENSES	\$ 489,280	\$ 503,958	\$ 519,077	\$ 534,649	\$ 550,689	\$ 638,399	\$ 740,080
NET OPERATING INCOME	\$ 348,992	\$ 351,079	\$ 353,061	\$ 354,931	\$ 356,684	\$ 363,413	\$ 366,002
<b>DEBT SERVICE</b>							
First Deed of Trust Annual Loan Payment	\$ 271,684	\$ 271,684	\$ 271,684	\$ 271,684	\$ 271,684	\$ 271,684	\$ 271,684
Second Deed of Trust Annual Loan Payment	13,913	13,913	13,913	13,913	13,913	13,913	13,913
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment:							
Other Annual Required Payment:							
NET CASH FLOW	\$ 63,395	\$ 65,482	\$ 67,464	\$ 69,334	\$ 71,087	\$ 77,816	\$ 80,405
Debt Coverage Ratio	1.22	1.23	1.24	1.24	1.25	1.27	1.28
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, rent schedule and operating expense schedule have been reviewed and generally meet current lender underwriting parameters for the loan terms indicated in the term sheet. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Phone:

Email:

(713) 358-5754

Srose@communitybankoftx.com

6/29/2015

Date



Signature/Authorized Representative, Construction or  
Permanent Lender

STEPHEN W. ROSE

Printed Name

## 15 Year Rental Housing Operating Proforma

**All Programs Must Complete the following:**

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and principal and interest debt service. The Department currently considers an annual growth rate of 2% for income and 3% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

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Rental Concessions	\$ -						
EFFECTIVE GROSS ANNUAL INCOME	\$838,272	\$855,037	\$872,138	\$889,581	\$907,373	\$1,001,813	\$1,106,082
EXPENSES							
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Other Expenses:	\$ 21,547.00	\$ 22,193.41	\$ 22,859.21	\$ 23,544.99	\$ 24,251.34	\$ 28,113.95	\$ 32,591.77
TOTAL ANNUAL EXPENSES	\$489,280	\$503,958	\$519,077	\$534,649	\$550,689	\$638,399	\$740,080
NET OPERATING INCOME	\$348,992	\$351,079	\$353,061	\$354,931	\$356,684	\$363,413	\$366,002
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	\$271,684	\$271,684	\$271,684	\$271,684	\$271,684	\$271,684	\$271,684
Second Deed of Trust Annual Loan Payment	13,913	13,913	13,913	13,913	13,913	13,913	13,913
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment:							
Other Annual Required Payment:							
NET CASH FLOW	\$63,395	\$65,482	\$67,464	\$69,334	\$71,087	\$77,816	\$80,405
Debt Coverage Ratio	1.22	1.23	1.24	1.24	1.25	1.27	1.28
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, rent schedule and operating expense schedule have been reviewed and generally meet current lender underwriting parameters for the loan terms indicated in the term sheet. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

\_\_\_\_\_  
Signature, Authorized Representative, Construction or Permanent Lender

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

**UPDATED DEBT AND EQUITY  
COMMITMENT LETTERS**



January 16, 2015

Michael Gardner  
8000 Maryland Ave., Ste. 910  
Clayton, Missouri 63105

*Re: Bella Vista Apartments  
Alton, TX*

Dear Mr. Gardner:

Thank you for providing us the opportunity to submit a proposal on Bella Vista Apartments (the "Project"). This letter serves as our mutual understanding of the business terms regarding the acquisition of an ownership interest in GCM Housing Alton, Ltd. (the "Partnership"). RBC Tax Credit Equity, LLC, its successors and assigns ("RBC") will acquire a 99.99% interest, and RBC Tax Credit Manager II, Inc. ("RBC Manager") will acquire a .001% interest (collectively, the "Interest") in the Partnership.

1. **Project and Parties Involved.**

- (a) The Project, located in Alton, Hidalgo County, Texas, will consist of 5 new buildings having 120 apartment units for rent to families. All units within the Project will be occupied in compliance with the low-income housing tax credit ("LIHTC") requirements of Section 42 of the Internal Revenue Code.
- (b) The parties involved with the Project are as follows:
  - (i) **General Partner.** The General Partner is GCM Housing Alton GP, LLC, a single-purpose, taxable entity, owned 60% by Bella Vista Apartments GCI GP, LLC and 40% by Madhouse Development Services, Inc.
  - (ii) **Developer.** The Developer is GCM Housing Alton Development, LLC, which is owned 60% by Bella Vista Apartments GCI GP, LLC and 40% by Madhouse Development Services, Inc.
  - (iii) **Guarantors.** Subject to RBC's review and approval of financial statements, the Guarantors are the General Partner, Gardner Capital Development, Inc. and Mark Gardner, on a joint and several basis.

2. **Purchase Price.** The Interest in the Partnership will be acquired for a total capital contribution of \$12,465,980. This capital contribution is based on the Project receiving the tax credits described in Paragraph 3 and represents a price per tax credit dollar of \$0.93. This pricing assumes both the Developer and the General Partner uses cash basis accounting for tax purposes. Further, the pricing assumes depreciable basis of \$14,303,308 consisting of 100% of residential depreciation of \$12,192,904 being taken over 27.5 years, 100% of depreciation on site improvements of \$1,001,284 being taken over 15 years, and 100% of depreciation on personal property of \$504,000 being taken over 5 years with the Project being placed in service between November 2015 and February 2016. The capital contribution, subject to adjustments set forth in Paragraph 5 below, will be payable to the Partnership in installments as set forth on **Exhibit A**.

3. **LIHTC.** The Project has received a reservation of 2014 LIHTC in the amount of \$1,340,562 annually. The total LIHTC anticipated to be delivered to the Partnership is \$13,405,620. The LIHTC will be available to the Partnership beginning in November, 2015. It is expected that RBC will be allocated a total LIHTC amount of \$13,404,280 (the "Projected LIHTC") during the credit period in the following amounts: \$33,511 in 2015, \$1,027,663 in 2016, \$1,340,428 annually in each of the years 2017 through 2024, \$1,306,917 in 2025, and \$312,765 in 2026. Any decision to delay the commencement date of the LIHTC period beyond 2016 is subject to RBC's consent.

4. **Funding Sources.** The purchase price is based upon the assumption that the Project will receive funding on the terms and conditions listed on **Exhibit B**. Any change in those funding sources or their terms and conditions are subject to RBC's consent.

5. **Adjustments.**

- (a) **Downward Capital Adjustment.** The amount of LIHTC to be allocated to RBC during the credit period ("Certified LIHTC") will be determined promptly following receipt of cost certification from the accountant and Form 8609. If the Certified LIHTC is less than Projected LIHTC, RBC's capital contributions will be reduced by an amount (the "Downward Capital Adjustment") equal to the product of (i) \$0.93 multiplied by (ii) the difference between Projected LIHTC and Certified LIHTC.
- (b) **Upward Capital Adjustment.** If the Certified LIHTC is more than the Projected LIHTC, RBC will pay an additional capital contribution (the "Upward Capital Adjustment") equal to the product of (i) \$0.93 multiplied by (ii) the difference between the Certified LIHTC and the Projected LIHTC. This additional capital contribution will be paid by RBC at the time of its final capital contribution. The Upward Capital Adjustment and Early Delivery Adjustment, in aggregate, will not exceed 5% of the total capital contribution, or 7.5% with investor consent.
- (c) **Late Delivery Adjustment.** The amount of LIHTC allocated to RBC for 2015 and 2016 will be determined at the time the Project is fully leased. If the amount of the LIHTC allocated to RBC for calendar years 2015 and 2016 is less than the amounts shown in Paragraph 3, RBC's capital contribution shall be reduced by an amount (the "Late Delivery Adjustment") equal to the difference between the amount shown in Paragraph 3 (adjusted for any Downward Capital Adjustment) and the amount of the LIHTC allocated to RBC for calendar years 2015 and 2016 multiplied by \$0.60.
- (d) **Early Delivery Adjustment.** The amount of LIHTC allocated to RBC for 2015 and 2016 will be determined at the time the Project is fully leased. If the amount of the LIHTC allocated to RBC for calendar years 2015 and 2016 are more than the amounts shown in Paragraph 3, RBC's capital contribution shall be increased by an amount (the "Early Delivery Adjustment") equal to the difference between the amount shown in Paragraph 3 (adjusted for any Downward Capital Adjustment) and the amount of the LIHTC allocated to RBC for calendar years 2015 and 2016, multiplied by \$0.50. This additional capital contribution will be paid by RBC at the time of its final capital contribution and will be used first to pay project costs, second to repay any deferred developer fee, and any remaining amounts will be released to Net Cash Flow. The Early Delivery Adjustment and the Upward Capital Adjustment, in aggregate, will not exceed 5% of the total capital contribution.



- (e) Payment by General Partner. If the Downward Capital Adjustment and the Late Delivery Adjustment exceed the total of all unfunded capital contributions, then the General Partner will make a payment to the Partnership equal to the amount of such excess, and the Partnership will immediately distribute such amount to RBC as a return of its capital contribution. Except to the extent otherwise stated herein, this payment will not give rise to any right as a loan or capital contribution or result in any increase in the General Partner's capital account.

6. **General Partner and Guarantor Obligations.** In addition to Paragraph 5(c) above, the General Partner is responsible for items 6(a) through 6(f) below. Any amounts advanced by the General Partner will not be considered as loans or capital contributions reimbursable or repayable by the Partnership unless otherwise stated herein.

- (a) Construction Completion. The General Partner will guarantee construction completion in accordance with approved plans and specifications and will pay for any construction costs, costs to achieve permanent loan closing, repayment of all construction financing and costs necessary to fund reserves required to be funded at or before permanent loan closing.
- (b) Operating Deficits.
  - (i) Pre-Stabilization. The General Partner will guarantee funding of operating deficits until the date (the "Stabilization Date\*") which is the first day of the month following a 3-month period (such 3-month period to commence after the permanent loan closing) in which the Project has maintained an average 1.15 debt service coverage; and
  - (ii) Post-Stabilization. Commencing with the Stabilization Date and continuing until the Release Date (defined below), the General Partner will guarantee funding of operating deficits of up to \$372,313. Any funds paid by the General Partner under this Paragraph 6(b)(ii) shall be treated as an unsecured loan to the Partnership with interest at the rate of 8% per annum, to be repaid out of cash flow, refinancing, sale and liquidation proceeds as provided in Paragraph 9 hereof.

The "Release Date" is the later of:

- (A) the fifth anniversary of the Stabilization Date,
- (B) the date the Project has achieved an average debt service coverage of 1.15 for the 12-month period immediately prior to the Release Date, and
- (C) the date the Project has achieved a 1.15 debt service coverage for each of the 3 months immediately prior to the Release Date.

Notwithstanding the foregoing, if, as of the Release Date, the balance of the Operating Reserve described in Section 7(a) is less than \$186,156, this guaranty shall continue until the balance in the Operating Reserve is equal to or greater than \$186,156.

\*Stabilization Date will be measured using actual operating expenses.

- (c) LIHTC Shortfall or Recapture Event. To the extent not already addressed by the Downward Capital Adjustment or the Late Delivery Adjustment, if the actual amount of LIHTC for any year is less than Projected LIHTC, the General Partner will guarantee payment to RBC of an amount equal to the shortfall or recapture amount, plus related costs and expenses incurred by RBC.
- (d) Repurchase. The General Partner will repurchase RBC's interest upon the occurrence of certain events described in the Project Entity Agreement.

- (e) Environmental Indemnity. The General Partner will indemnify RBC against any losses due to environmental condition at the Project.
- (f) Developer Fee. The General Partner will guarantee payment of any developer fee remaining unpaid at the end of the LIHTC compliance period.
- (g) Guarantors. The Guarantors will guarantee all of the General Partner's obligations. Prior to the Stabilization Date, the Guarantors will maintain a net worth of \$5,000,000 and liquidity of \$1,000,000 will be liquid.

7. Reserves.

- (a) Operating Reserves. An operating reserve in the amount of \$372,313 will be established and maintained by the General Partner concurrent with RBC's second capital contribution. Withdrawals from the operating reserve will be subject to RBC's consent. Prior to the Release Date, the balance of the Operating Reserve shall not be reduced to less than \$186,156. Expenditures from operating reserves will be replenished from available cash flow as described in Paragraph 9(b) below.
- (b) Replacement Reserves. The Partnership will maintain a replacement reserve, and make contributions on an annual basis equal to the greater of (i) \$250 per unit and (ii) the amount required by the permanent lender. The amount of the contribution will increase annually by 3%. Annual contributions will commence with receipt of Final Certificates of Occupancy.

8. Fees and Compensation. The following fees will be paid by the Partnership for services rendered in organizing, developing and managing the Partnership and the Project.

- (a) Developer Fee. The Developer will earn a developer fee of \$1,888,926 projected to be paid as follows:
  - (i) \$309,000 (23.9% of paid fee) concurrent with RBC's first capital contribution.
  - (ii) \$309,000 (23.9% of paid fee) concurrent with RBC's second capital contribution;
  - (iii) \$335,545 (26.1% of paid fee) concurrent with RBC's fourth capital contribution; and
  - (iv) \$335,000 (26.1% of paid fee) concurrent with RBC's final capital contribution.
  - (v) \$600,381 is deferred and paid from net cash flow.

The deferred portion of the developer fee shall accrue interest at 8% commencing as of the date of RBC's final capital contribution. If the deferred portion of the developer fee as of the closing is higher than currently projected, the scheduled payments of developer fee at RBC's fourth and final capital contribution will, in the aggregate, not be less than \$670,545. Payment of the deferred fee will be subordinate to all other Partnership debt as well as operating expense and reserve requirements.

- (b) Incentive Management Fee. An incentive management fee will be payable to the General Partner on an annual basis in an amount equal to 90% of net cash flow as set forth on Paragraph 9(b) below.
- (c) Property Management Fee. The property management fee has been underwritten at 5% of gross rental revenues. The management agent and the terms of the property management agreement are subject to the prior approval of RBC.

- (d) Asset Management Fee. The Partnership will pay RBC Manager an annual asset management fee of \$5,000 which will increase by 3% annually. The asset management fee will be paid quarterly in advance commencing with the first anniversary of the closing date.

9. **Tax Benefits and Distributions.**

- (a) Tax Benefits. Tax profits, tax losses, and tax credits will be allocated 99.99% to RBC, .001% to RBC Manager and .009% to the General Partner.
- (b) Net Cash Flow Distributions. Distributions of net cash flow (cash receipts less cash expenditures, payment of debt service, property management fee and asset management fee), will be made as follows:
  - (i) to RBC in satisfaction of any unpaid amounts due under Paragraphs 5 and 6 above and for any other amounts due and owing to RBC;
  - (ii) to RBC Manager for any unpaid asset management fees;
  - (iii) to the operating reserve to maintain the balance of \$372,313 required in Paragraph 7(a);
  - (iv) to the payment of any unpaid developer fee;
  - (v) to the payment of the EDC Funds/City of Alton Development Corp. loan;
  - (vi) to the payment of any debts owed to the General Partner or its affiliates;
  - (vii) 90% of the remaining cash flow to the General Partner as an incentive management fee; and
  - (viii) the balance to the General Partner, RBC and RBC Manager in accordance with their percentage interests described in Paragraph 9(a).
- (c) Distributions upon Sale, Liquidation or Refinance. Net proceeds resulting from any sale, liquidation or refinance will be distributed as follows:
  - (i) to payment in full of any Partnership debts except those due to RBC, RBC Manager or the General Partner and/or their affiliates;
  - (ii) to the setting up of any required reserves for contingent liabilities or obligations of the Partnership;
  - (iii) to RBC, in satisfaction of any unpaid amounts due under Paragraphs 5 and 6 above and for any other amounts due and owing to RBC;
  - (iv) to RBC Manager for any unpaid asset management fees;
  - (v) to RBC for any excess or additional capital contributions made by it;
  - (vi) to the payment of any debts owed to the General Partner or its affiliates including any unpaid developer fee;

- (vii) to RBC in an amount equal to any projected federal income tax incurred as a result of the transaction giving rise to such proceeds; and
- (viii) the balance, 90% to the General Partner, 9% to RBC and 1% to RBC Manager.

10. **Construction.** The General Partner will arrange for a fixed or guaranteed maximum price construction contract in the anticipated amount of \$10,877,572. The Contractor's obligations will be secured by a letter of credit in an amount not less than 15% of the amount of the construction contract or a payment and performance bonds in an amount not less than the amount of the construction contract. The Project will establish an owner construction contingency, outside of the General Contract, in an amount not less than \$543,879 (5% of the construction costs), or such greater amount as RBC may reasonably require following its review of construction documents. RBC, may, in its sole discretion, engage a construction consultant (i) to review plans and specifications and (ii) evaluate the construction progress by providing monthly reports to the Partnership. The cost of the construction consultant will be paid by the Partnership.

11. **Due Diligence, Opinions and Projections.**

- (a) **Due Diligence:** The General Partner will provide RBC with all due diligence items set forth on its due diligence checklist, including but not limited to, financial statements for the Guarantors, schedule of real estate owned and contingent liabilities, plans and specifications, a current appraisal, a current (less than 6 months old) market study, a current (less than 6 months old) Phase I environmental report, rent and expense data from comparable properties, site/market visit and title and survey. The General Partner agrees to reasonably cooperate with RBC (including signing such consents as may be necessary) in obtaining background reports on the Developer, Guarantors and other Project entities as determined by RBC.
- (b) **Legal Opinions.** The General Partner's counsel will deliver to RBC a local law opinion satisfactory to RBC. RBC's counsel will prepare a tax opinion and the General Partner agrees to cooperate to provide all necessary documentation requested by RBC's counsel.
- (c) **Diligence Reimbursement.** The Partnership will reimburse RBC \$25,000 toward the costs incurred by RBC in conducting its due diligence review and for the costs and expenses of RBC's counsel in connection with the preparation of the tax opinion. RBC may deduct this amount from its first capital contribution.
- (d) **Projections.** The projections to be attached to the Project Entity Agreement and that support the Tax Opinion will be prepared by RBC based on projections provided by the General Partner. RBC's projections will include development sources and uses, calculation of eligible basis, operating and construction period cash flow analysis, 15-year operating projection, 30-year debt analysis and 15-year capital account analysis.

12. **Closing Contingencies.** RBC's obligation to close on the purchase of the Interest will be contingent upon RBC's receipt, review and approval of all due diligence including the items set forth on its due diligence checklist as well as the following:

- (a) **Project Entity Documents.** Preparation and execution of RBC's standard Project Entity Agreement and other fee agreements containing representations and warranties, covenants, consent rights, and indemnities, each on terms and conditions satisfactory to RBC.
- (b) **Information, Market Conditions and Laws.** No adverse change in the information you have provided to us, no adverse change in current investor market conditions and no adverse change in existing law.

- (c) Anticipated Closing Date. The closing occurring on or before March 30, 2015.

13. **Termination and Confidentiality.**

- (a) Termination Date. Once executed by both the General Partner and the Guarantors and countersigned by RBC, this letter shall be a binding agreement and will remain in effect until the 120<sup>th</sup> day (the "Termination Date") after the date it is signed by the General Partner. In recognition of the time which will be expended and the expenses which will be incurred by RBC in connection with the transaction contemplated hereby, the General Partner agrees that, until the Termination Date, neither it nor any of its officers, employees, agents, or affiliates will solicit, entertain or negotiate with respect to any inquiries or proposals relating to the acquisition of an interest in the Partnership or the equity syndication of the Partnership or the Project without the prior written approval of RBC. In the event the General Partner enters into an arrangement with a party other than RBC prior to the Termination Date, RBC will be entitled to pursue all remedies available to it. If RBC elects not to acquire the Interest based on the failure of any of the closing contingencies, the General Partner and RBC will be mutually released from the terms and conditions contained in this letter.
- (b) Confidentiality. The General Partner agrees to keep the terms and conditions contained in this letter confidential and not to disclose the terms to any third party (other than attorneys and accountants of the Partnership) without the express prior written approval of RBC.

14. **Withdrawal of Letter of Intent.** Unless executed by the General Partner and Guarantors prior to January 14, 2015 ("Withdrawal Date"), this Letter of Intent shall be considered withdrawn by RBC and void. Each party shall be responsible for their own costs and expenses incurred to that date. RBC may extend the Withdrawal Date in writing delivered to the General Partner.

15. **Additional Items.**

- (a) Reporting Obligations. The General Partner will cause to be furnished to RBC on a prompt basis customary monthly, quarterly and annual financial statements and rent rolls for the Partnership, together with audited financial statements and tax returns and monthly construction reports.
- (b) Sale of Property. At the end of the LIHTC compliance period, RBC Manager may request that the Partnership sell the Project subject to the extended use agreement or request that the state agency arrange for the sale of the Project after a receipt of a qualified contract as described in Section 42(h)(6) of the Code.
- (c) Countersigning Requirements. Before this letter will be countersigned, the items set forth in **Exhibit C** must be delivered to RBC.

(Remainder of page intentionally left blank)

If the foregoing is in accordance with your understanding of the terms and conditions, please indicate your acceptance on the enclosed copy and return it to the undersigned. This Letter of Intent will not be binding on RBC until countersigned by an authorized signatory on behalf of RBC following your execution of this letter.


Very truly yours,

By: 

Brian Flanagan  
Regional Director

The undersigned approves and accepts the terms of this Letter of Intent.

**GENERAL PARTNER:**

By: 

Its: MANAGER

Date: 1-16-11

**GUARANTORS:**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A  
CAPITAL CONTRIBUTIONS**

<u>Conditions</u>	<u>Amount</u>	<u>Anticipated Funding Date</u>
i) 15.00% upon the later of: (a) the execution of the Partnership Agreement, (b) closing of the construction financing described in Exhibit B, and (c) receipt and approval of all due diligence items on RBC's due diligence checklist.	\$1,869,897	March 1, 2015
ii) 30.31% upon the later of: (a) receipt of final Certificates of Occupancy for all of the units, (b) receipt of an architect's certificate of substantial completion, (c) receipt of a preliminary cost certification accompanied by a General Partner certification, and (d) April 1, 2016.	\$3,778,773	April 1, 2016
iii) 22.00% upon the later of: (a) full funding of Capital Contribution #2, and (b) July 1, 2016	\$2,742,516	July 1, 2016
iv) 30.00% upon the later of: (a) achievement of 100% qualified occupancy (b) receipt of a final cost certification from an independent certified public accountant, (c) 90 consecutive days of: i) 1.15 DSC on all hard debt, and ii) 90% physical occupancy. (d) Permanent loan conversion for all debt, and (e) January 1, 2017	\$3,739,794	January 1, 2017
v) 2.69% upon the later of: (a) receipt of the IRS Form 8609s, (b) Stabilization, and (c) April 1, 2017	\$335,000	April 1, 2017
<b>Total:</b>	<b>\$12,465,980</b>	

**EXHIBIT B  
SOURCES**

<b>CONSTRUCTION LOAN</b>	
Lender:	Community Bank of Texas
Source:	Conventional
Amount:	\$12,675,000 approximately
Interest Rate:	Currently underwritten at 4.00%
Payments:	Interest only payments due monthly, balance due at maturity
Maturity Date:	24 months
Collateral:	1 <sup>st</sup> Mortgage on Project during construction
Other loan terms:	To-be-determined

<b>PERMANENT LOAN</b>	
Lender:	Community Bank of Texas
Source:	Conventional
Amount:	\$3,350,000
Interest Rate:	5.0%
Amortization:	30 years
Payments anticipated to commence:	January 2017
Hard Payment Amount:	\$221,988 annually
Maturity Date:	15 years from conversion
Non-recourse to:	All Partners
Requirements for Converting:	(a) achievement of 100% qualified occupancy (b) receipt of a final cost certification from an independent certified public accountant, (c) 90 consecutive days of: i) 1.15 DSC on all hard debt, and ii) 90% physical occupancy.
Collateral:	1 <sup>st</sup> Mortgage on Project upon conversion
Other loan terms:	To-be-determined

<b>PERMANENT LOAN</b>	
Lender:	EDC Funds (or another lender suitable to RBC)
Source:	City of Alton Development Corp.
Amount:	\$275,000
Interest Rate:	3%
Amortization:	30 years
Payments:	\$13,913
Payments anticipated to commence:	January 2017
Maturity Date:	15 years from conversion
Non-recourse to:	All Partners
Requirements for Converting:	TBD
Collateral:	2nd Mortgage on Project upon conversion
Other loan terms:	To-be-determined



**EXHIBIT C  
COUNTERSIGNING REQUIREMENTS**

<b>1.0 GENERAL PARTNER, DEVELOPER AND GUARANTORS</b>
1.1 Audited Financial Statements (3 full years plus current year interim)
1.2 Federal Tax Returns (2 years)
1.3 Schedule of Real Estate Owned
1.4 Schedule of Contingent Liabilities
1.5 Background Questionnaire for Developer (unless already on file)
1.6 FEIN for entities; NCO credit release form for individuals
<b>2.0 DEVELOPMENT DOCUMENTS</b>
2.1 Market Study (w/in 6 months)
2.2 Operating Expense Comparables (3x)
<b>3.0 TAX CREDIT DOCUMENTATION</b>
3.1 Tax Credit Application



May 22, 2015

GCM Housing Alton, Ltd.  
Attn: Michael Gardner  
8000 Maryland Ave., Suite 910  
Clayton, Missouri 63105

Re: Bella Vista Apartments

Dear Mr. Gardner,

CommunityBank of Texas (the "Bank") is pleased to provide the following term sheet for construction and permanent financing to GCM Housing Alton, Ltd. (the "Borrower") for the development of Bella Vista Apartments, a 120-unit LIHTC project to be built in Alton, Texas. The proposed terms and conditions are as follows:

**Summary of Terms**

- Borrower:** GCM Housing Alton, Ltd.
- Guaranty:** Construction loan guarantees to be determined. The permanent loan will be non-recourse except as to "bad-boy" carve outs. It is expected that either a payment and performance bond or an acceptable completion guaranty will be provided to support the GC Construction contract.
- Project:** Bella Vista Apartments
- Credit Facilities:** A) Construction loan of up to \$12,900,000
- Priced at a variable rate of Prime Floating subject to a minimum all-in rate of 4.00% (floor of 4.00%).
  - 30-month construction loan term.
  - one 6-month extension subject to 1) completion of project, 2) project sources and uses being balanced, 3) receipt of required tax credit equity payments, 4) No event of default has occurred or potential for default to occur, 5) 85% occupancy and 6) No material adverse change in the financial condition of the Project, Borrower and Guarantor(s).
  - Interest only due monthly during construction period
  - Total construction loan period including extension is 36-months

B) 1<sup>st</sup> lien Permanent loan of \$4,100,000 at an assumed underwriting rate of interest of 5.25%:

- Permanent loan rate will be locked at no later than construction loan closing of 30-month construction loan. The permanent loan rate would be 5.25% locked today. The rate will be good assuming closing by 6/30/2015.
- 15-year term upon conversion to permanent status based on 90% occupancy for 90 days and a 1.15:1 debt service coverage on all hard debt service including the second lien financing noted below. Please note that permanent loan conversion will be based on annualized actual trailing revenues and expenses appropriately adjusted for taxes, insurance, reserves and any one time items.
- Zero pre-payment penalty – you may pay off the construction or permanent loan at any time without penalty subject to the pre-payments language on the 2<sup>nd</sup> lien noted below.
- Principal and interest due monthly during permanent period based on a 30-year amortization; balloon payment due at maturity.
- Replacement reserves to be \$250 per unit per year with 3% increases annually.
- Operating deficit and other reserve requirements subject to Bank review and approval. It is expected that these reserve requirements will mirror the equity LOI. It is expected that any release provisions of operating reserve funds (aside from normal usage) will be subject to review and approval by Bank.

C) \$275,000 Second lien Construction and Permanent Loan

- It is expected that the Alton Economic Development Corporation (“AEDC”) or its affiliates will make the borrower a second lien construction and permanent loan in the amount of \$275,000. The loan will close simultaneously with the Bank’s 1<sup>st</sup> lien construction loan. It is also expected that AEDC will assign its collateral lien position along with all related documents to the Bank in return for the Bank providing a match funded loan to AEDC that will be loaned to the borrower.
- The term of this loan will be 30 months (plus extension) for construction plus 15 years to match the first lien loan term, but in no event will the term of this loan exceed the term of the first lien loan term for the construction and permanent loan periods.
- Monthly payments of interest during the Construction loan term and monthly payments Principal and Interest during the Permanent loan.
- The loan will be priced at 3.00% fixed for the entire construction and permanent loan periods with the balance due at maturity.
- This loan will be in a second lien position to the Bank’s first lien construction and permanent loans.
- Please note the additional specific conditions to this loan:
  - 1) The second lien loan may be paid off at any time without penalty.
  - 2) In the event the first lien loan is fully paid off or materially reduced more than the normal authorization schedule, this loan shall also be repaid pro rata in the same percentage amount as the advance on the first lien loan at that time.
  - 3) Both first and second lien loans will be cross-defaulted.

Note: Construction draws will be processed through the Bank, Title Company, and with approval of a 3<sup>rd</sup> party construction engineering firm hired by or acceptable to the Bank.

**Loan-to-value:** 1) Actual combined loan amount will be based on LTV not to exceed 80% during construction period, based on rent-restricted value plus value of the tax credits; 2) LTV not to exceed 80% during permanent period, based on the decontrol value taking into account both lien amounts. Please note that the decontrol value determines the value of the property on a market rate basis (non-restricted) but adjusting the valuation for the mandated 3-year decontrol period if the property is taken back through foreclosure. The 3-year decontrol period is mandated by Section 42 requirements that tenants be given a maximum 3-year period to transition out of the property if it is converting to market rate due to the LURA being removed by Bank foreclosure. Appraisal report will be in form and substance acceptable to the Bank.

**Collateral:**

- 1<sup>st</sup> lien and 2<sup>nd</sup> lien deed of trust and assignment of leases and rents on the subject property – 2<sup>nd</sup> lien documentation will be handled through assignment from Alton Economic Development Corporation of its documents which will be subject to review and approval by Bank.
- UCC filing on furniture, fixtures, and equipment
- Assignment of Tax Credits
- Operating and replacement reserve funds – All reserves must be held at the Bank
- Assignment and subordination of deferred developer fee and other management fees collected by general partner or a related entity.
- Assignment and subordination of management, construction, architectural contracts, etc.

**Fees:** Total 1<sup>st</sup> lien construction loan origination fee - \$129,000 which represents 1% of the \$12,900,000 1<sup>st</sup> lien construction loan amount.

Total 1<sup>st</sup> lien permanent loan fee of \$41,000 which represents 1% of the permanent loan amount.

Total 2<sup>nd</sup> lien construction/permanent loan fee of \$2,750.

Construction and permanent loan fees are payable at construction loan closing. Extension fee of 0.25% for the 6-month extension (payable upon exercise).

Borrower will also pay for all reasonable costs incurred by the Bank in connection with the loans including, but not limited to, legal fees and expenses, appraisal/survey fees, title insurance premiums and search fees, UCC searches, environmental assessment fees, and inspecting architect fees, whether or not the facilities contemplated herein are funded. This obligation will survive whether or not the loans are approved.

The following are estimates for the Bank's costs aside from origination fees noted above:

- 1) Legal - \$30,000 - \$35,000 estimate
- 2) Appraisal – up to \$6,000
- 3) Plan and Cost Review - \$3,500
- 4) Appraisal, Environmental and Insurance Review - \$2,000

**Reporting Requirements:** Include but are not limited to:

- Annual audited financial statements of Borrower
- Annual financial statements of Guarantors
- Annual evidence of tax credit compliance

- Monthly operating statements on the property once construction is complete
- Quarterly operating statements on the property during the permanent loan period

**Summary of Conditions**

This proposal is subject to all of the following conditions being met prior to construction closing:

**Tax Credit Allocation:** Receipt of an annual allocation of Low-Income Housing Tax Credits from the Texas Department of Housing & Community Affairs (TDHCA) in a minimum amount of \$1,340,562.

**Tax Credit Equity:** Tax credit investor and equity terms (including price and pay-in schedule) subject to Bank approval.

**Developer Fee:** Timing of payment of developer profit to be mutually agreed upon between Bank and Borrower. It is expected that the developer fee payment will mirror the developer fee payment schedule negotiated in the equity LOI

**Project Budget:** The Bank's current understanding of the project budget is based on the budget and pro forma numbers provided by Borrower. The Bank acknowledges that this project budget is subject to change.

However, significant changes to the budget that materially affect the project may result in changes to the terms and conditions proposed herein.

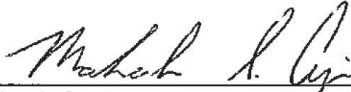
**Other Conditions:** Receipt and approval of those items listed in the Due Diligence Checklist.

This discussion letter does not represent a commitment by the Bank for the proposed financing, nor does it define all the terms and conditions of loan documents, but is a framework upon which a loan request may be submitted and considered. Issuance of a commitment by the Bank is subject to the approval of the loan request under the Bank's internal approval process, which includes, but is not limited to, a review of the Borrower's then current financial condition and review and approval of all third party reports, in addition to completion of loan documents in form and substance acceptable to the Bank.

If you should have any questions concerning these terms and conditions, please feel free to call me at (713) 308-5778. Mr. Gardner, thank you for giving us the opportunity to consider financing for this project.

Sincerely,

CommunityBank of Texas, N.A.

By:   
 Mahesh S. Aiyer, Executive Vice President

Agreed to:

By:   
 Borrower

**AIA G702 AND 703  
HARD COST BUDGET**

**APPLICATION AND CERTIFICATE FOR PAYMENT**

TO (OWNER):  
**GCM Housing Alton, Ltd.**  
 1414 E. Primrose Street Suite 100  
 Springfield, MO 65804

PROJECT:  
**Bella Vista Apartments**  
 Alton, TX

APPLICATION NO 0  
 PERIOD TO: 8-May-15

Distribution to:  
 \_\_\_ OWNER  
 \_\_\_ ARCHITECT  
 \_\_\_ CONTRACTOR

FROM (CONTRACTOR):  
**Realtex Construction, LLC**  
 1101 S Capital of Texas Hwy Suite F200  
 Austin, TX 78746

VIA (ARCHITECT): **Don Smith**  
**Northfield Design Associates, Inc.**  
 2109 E 22nd St  
 Austin, TX 78722

ARCHITECT'S PROJECT NO: 2014-04  
 CONTRACT DATE 8-May-15

**CONTRACTOR'S APPLICATION FOR PAYMENT**

CHANGE ORDER SUMMARY

Change Orders approved in previous months by Owner		ADDITIONS	DEDUCTIONS
TOTAL		0.00	0.00
Approved This Month			
Number	Date Approved		
TOTALS		0.00	0.00
Net change by Change Orders		0.00	

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: **REALTEX CONSTRUCTION, LLC**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
**Harald Heer, Vice President of Construction**

Application is made for Payment, as shown below, in connection with the Contract. Continuation Sheet, AIA Document G703, is attached.

1. ORIGINAL CONTRACT SUM		<u>10,807,018.00</u>
2. Net change by Change Orders		<u>0.00</u>
3. CONTRACT SUM TO DATE		<u>10,807,018.00</u>
4. TOTAL COMPLETED & STORED TO DATE		<u>0.00</u>
(Column G on G703)	<u>0%</u>	
5. RETAINAGE:		
a. 10 % of first 50% of contract	<u>\$0.00</u>	
5% of balance of work completed	<u>\$0.00</u>	
b. 10% of Materials Stored		
(Column F on G703)		
Total Retainage (Line 5a + 5b or Total in Column I of G703)	\$	<u>0.00</u>
6. TOTAL EARNED LESS RETAINAGE	\$	<u>0.00</u>
(Line 4 less Line 5 Total)		
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT	\$	<u>0.00</u>
(Line 6 from prior Certificate)		
8. CURRENT PAYMENT DUE	\$	<u>0.00</u>
9. BALANCE TO FINISH, PLUS RETAINAGE	\$	<u>10,807,018.00</u>

State of: **Texas** County of: **Travis**

Subscribed and sworn to before me

Notary Public:

My Commission expires:

**ARCHITECT'S CERTIFICATE FOR PAYMENT**

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$ \_\_\_\_\_  
 (Attach explanation if amount certified differs from the amount applied for.)  
 ARCHITECT:

By: \_\_\_\_\_ Date: \_\_\_\_\_

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

AIA DOCUMENT G 702, APPLICATION AND CERTIFICATE FOR PAYMENT

APPLICATION NUMBER: 0

CONTRACTOR'S SIGNED CERTIFICATION IS ATTACHED.

APPLICATION DATE: 5/8/2015

IN TABULATIONS BELOW, AMOUNTS ARE STATED TO THE NEAREST DOLLAR.

PERIOD TO: 5/8/2015

USE COLUMN I ON CONTRACTS WHERE VARIABLE RETAINAGE FOR LINE ITEMS MAY APPLY.

ARCHITECT'S PROJECT NUMBER: 2014-04

A ITEM NO.	B DESCRIPTION OF WORK	C SCHEDULED VALUE	D WORK COMPLETED		F MATERIALS PRESENTLY STORED (NOT IN D OR E)	G TOTAL COMPLETED AND STORED TO DATE (D+E+F)	H % (G / C)	I BALANCE TO FINISH (C-G)	J RETAINAGE
			FROM PREVIOUS APPLICATION (D+E)	THIS PERIOD					
01-060	Mobilization	100,000.00	\$ -	\$ -	\$ -	\$ -	0%	100,000.00	0.00
01-070	Insurance	38,212.16	\$ -	\$ -	\$ -	\$ -	0%	38,212.16	0.00
01-100	General Conditions	440,735.20	\$ -	\$ -	\$ -	\$ -	0%	440,735.20	0.00
02-050	Soils Testing/Materials Testing	91,573.68	\$ -	\$ -	\$ -	\$ -	0%	91,573.68	0.00
02-110	Site Clearing & Grubbing	100,000.00	\$ -	\$ -	\$ -	\$ -	0%	100,000.00	0.00
02-207	Layout & Surveying	100,000.00	\$ -	\$ -	\$ -	\$ -	0%	100,000.00	0.00
02-210	Site Grading, Cut & Fill	750,000.00	\$ -	\$ -	\$ -	\$ -	0%	750,000.00	0.00
02-270	Erosion Control/Bulkheads	45,000.00	\$ -	\$ -	\$ -	\$ -	0%	45,000.00	0.00
02-343	Storm Sewer /DrainageDownspout Drains	110,500.00	\$ -	\$ -	\$ -	\$ -	0%	110,500.00	0.00
02-370	Water Lines	289,013.29	\$ -	\$ -	\$ -	\$ -	0%	289,013.29	0.00
02-372	Sanitary Sewer	162,000.00	\$ -	\$ -	\$ -	\$ -	0%	162,000.00	0.00
02-443	Landscaping (Allowance)	132,000.00	\$ -	\$ -	\$ -	\$ -	0%	132,000.00	0.00
02-445	Vinyl Coated Chain Link Fencing	32,130.00	\$ -	\$ -	\$ -	\$ -	0%	32,130.00	0.00
02-447	Iron Fencing/Gates/Pool/Playground	43,360.00	\$ -	\$ -	\$ -	\$ -	0%	43,360.00	0.00
02-453	Site Signage (Allowance)	25,000.00	\$ -	\$ -	\$ -	\$ -	0%	25,000.00	0.00
02-507	Fine Grading	65,799.00	\$ -	\$ -	\$ -	\$ -	0%	65,799.00	0.00
02-513	Paving Striping	6,500.00	\$ -	\$ -	\$ -	\$ -	0%	6,500.00	0.00
03-001	Termite Treatment	24,553.00	\$ -	\$ -	\$ -	\$ -	0%	24,553.00	0.00
03-010	Concrete Foundations	500,520.00	\$ -	\$ -	\$ -	\$ -	0%	500,520.00	0.00
03-515	Concrete Paving L & M	523,100.00	\$ -	\$ -	\$ -	\$ -	0%	523,100.00	0.00
03-632	Lt. Weight Concrete	227,925.00	\$ -	\$ -	\$ -	\$ -	0%	227,925.00	0.00
03-634	Sidewalks-Flatwork-A/C Pads/Footers-Misc	92,660.00	\$ -	\$ -	\$ -	\$ -	0%	92,660.00	0.00
04-220	CMU Block	28,300.00	\$ -	\$ -	\$ -	\$ -	0%	28,300.00	0.00
04-215	Stone Walls	571,000.00	\$ -	\$ -	\$ -	\$ -	0%	571,000.00	0.00
04-325	Ceramic Tile/Misc. Masonry	100,000.00	\$ -	\$ -	\$ -	\$ -	0%	100,000.00	0.00
04-713	Masonry Monument Base	7,800.00	\$ -	\$ -	\$ -	\$ -	0%	7,800.00	0.00
05-510	Stairs, Rails, and Treads	110,676.00	\$ -	\$ -	\$ -	\$ -	0%	110,676.00	0.00
05-532	Carports	25,880.00	\$ -	\$ -	\$ -	\$ -	0%	25,880.00	0.00
06-050	Framing Hardware/Louvers/ Shutters	35,000.00	\$ -	\$ -	\$ -	\$ -	0%	35,000.00	0.00
06-110	Framing Materials	585,000.00	\$ -	\$ -	\$ -	\$ -	0%	585,000.00	0.00
06-113	Framing Labor	545,000.00	\$ -	\$ -	\$ -	\$ -	0%	545,000.00	0.00
06-190	Roof/Floor Trusses	360,300.00	\$ -	\$ -	\$ -	\$ -	0%	360,300.00	0.00
	<b>SUBTOTALS</b>	6,269,537.33	\$ -	\$ -	\$ -	\$ -	0.00	6,269,537.33	0.00



AIA DOCUMENT G 702, APPLICATION AND CERTIFICATE FOR PAYMENT

APPLICATION NUMBER: 0

CONTRACTOR'S SIGNED CERTIFICATION IS ATTACHED.

APPLICATION DATE: 5/8/2015

IN TABULATIONS BELOW, AMOUNTS ARE STATED TO THE NEAREST DOLLAR.

PERIOD TO: 5/8/2015

USE COLUMN I ON CONTRACTS WHERE VARIABLE RETAINAGE FOR LINE ITEMS MAY APPLY.

ARCHITECT'S PROJECT NUMBER 2014-04

Bella Vista

\$ -

A	B	C	D		E	F	G	H	I
			WORK COMPLETED						
ITEM NO.	DESCRIPTION OF WORK	SCHEDULED VALUE	FROM PREVIOUS APPLICATION (D+E)	THIS PERIOD	MATERIALS PRESENTLY STORED (NOT IN D OR E)	TOTAL COMPLETED AND STORED TO DATE (D+E+F)	% (G / C)	BALANCE TO FINISH (C-G)	RETAINAGE
06-220	Millwork/Casework	145,000.00	\$ -	\$ -	\$ -	\$ -	0%	145,000.00	0.00
06-410	Cabinets and Tops	185,000.00	\$ -	\$ -	\$ -	\$ -	0%	185,000.00	0.00
06-525	Trim Labor	53,764.92	\$ -	\$ -	\$ -	\$ -	0%	53,764.92	0.00
07-210	Insulation	67,000.00	\$ -	\$ -	\$ -	\$ -	0%	67,000.00	0.00
07-310	Roofing	140,485.00	\$ -	\$ -	\$ -	\$ -	0%	140,485.00	0.00
07-631	Gutters & Downspouts	17,636.00	\$ -	\$ -	\$ -	\$ -	0%	17,636.00	0.00
08-111	Doors	148,600.39	\$ -	\$ -	\$ -	\$ -	0%	148,600.39	0.00
08-520	Windows	47,681.00	\$ -	\$ -	\$ -	\$ -	0%	47,681.00	0.00
09-250	Drywall	500,000.00	\$ -	\$ -	\$ -	\$ -	0%	500,000.00	0.00
09-900	Painting & Caulking	135,000.00	\$ -	\$ -	\$ -	\$ -	0%	135,000.00	0.00
10-090	Finish Hardware & Mirrors	3,000.00	\$ -	\$ -	\$ -	\$ -	0%	3,000.00	0.00
10-350	Flag and Flag Poles	3,500.00	\$ -	\$ -	\$ -	\$ -	0%	3,500.00	0.00
11-451	Appliances	275,000.00	\$ -	\$ -	\$ -	\$ -	0%	275,000.00	0.00
12-069	Unit Flooring (Carpet)	74,400.00	\$ -	\$ -	\$ -	\$ -	0%	74,400.00	0.00
12-120	Unit Flooring (Resilient)	135,625.00	\$ -	\$ -	\$ -	\$ -	0%	135,625.00	0.00
12-140	Club Flooring (Allowance)	42,500.00	\$ -	\$ -	\$ -	\$ -	0%	42,500.00	0.00
12-510	Blinds-Wire Shelving	35,009.23	\$ -	\$ -	\$ -	\$ -	0%	35,009.23	0.00
13-151	Pool & Pool Deck (Allowance)	90,308.00	\$ -	\$ -	\$ -	\$ -	0%	90,308.00	0.00
13-510	Playground (Allowance)	30,826.00	\$ -	\$ -	\$ -	\$ -	0%	30,826.00	0.00
13-771	Gazebo (Allowance)	13,280.00	\$ -	\$ -	\$ -	\$ -	0%	13,280.00	0.00
15-400	Building Plumbing	537,500.00	\$ -	\$ -	\$ -	\$ -	0%	537,500.00	0.00
15-500	Fire Sprinkler System	118,440.00	\$ -	\$ -	\$ -	\$ -	0%	118,440.00	0.00
15-801	HVAC	278,000.00	\$ -	\$ -	\$ -	\$ -	0%	278,000.00	0.00
<b>TOTALS</b>		9,347,092.87	\$ -	\$ -	\$ -	\$ -	0.00%	9,347,092.87	0.00

CONTRACTOR'S SIGNED CERTIFICATION IS ATTACHED.

IN TABULATIONS BELOW, AMOUNTS ARE STATED TO THE NEAREST DOLLAR.

USE COLUMN I ON CONTRACTS WHERE VARIABLE RETAINAGE FOR LINE ITEMS MAY APPLY.

Bella Vista

APPLICATION NUMBER: 0

APPLICATION DATE: 5/8/2015

PERIOD TO: 5/8/2015

ARCHITECT'S PROJECT NUMBER 2014-04

0 \$ -

A ITEM NO.	B DESCRIPTION OF WORK	C SCHEDULED VALUE	D WORK COMPLETED		F MATERIALS PRESENTLY STORED (NOT IN D OR E)	G TOTAL COMPLETED AND STORED TO DATE (D+E+F)	% (G / C)	H BALANCE TO FINISH (C-G)	I RETAINAGE
			FROM PREVIOUS APPLICATION (D+E)	THIS PERIOD					
16-200	On-Site Electric/Sleeves	74,946.77	\$ -	\$ -	\$ -	\$ -	0%	74,946.77	0.00
16-300	Electrical System & Fixtures	584,284.00	\$ -	\$ -	\$ -	\$ -	0%	584,284.00	0.00
16-300	Low Voltage-TV/Tele/Data	39,600.00	\$ -	\$ -	\$ -	\$ -	0%	39,600.00	0.00
16-500	Light Fixtures	100,000.00	\$ -	\$ -	\$ -	\$ -	0%	100,000.00	0.00
16-760	Access Security System	36,000.00	\$ -	\$ -	\$ -	\$ -	0%	36,000.00	0.00
16-800	Sub Metering (Water)	11,088.00	\$ -	\$ -	\$ -	\$ -	0%	11,088.00	0.00
16-810	Fire Alarm System/Intrusion Alarm	35,059.00	\$ -	\$ -	\$ -	\$ -	0%	35,059.00	0.00
17-010	Overhead & Profit	578,947.36	\$ -	\$ -	\$ -	\$ -	0%	578,947.36	0.00
17-100	Construction Management	-	\$ -	\$ -	\$ -	\$ -	0%	0.00	0.00
19-000	Contingency	-	\$ -	\$ -	\$ -	\$ -	0%	0.00	0.00
<b>TOTALS</b>		10,807,018.00	\$ -	\$ -	\$ -	\$ -	0.00%	10,807,018.00	0.00

**PERMANENT POLICY  
INSURANCE QUOTE**



May 4, 2015

Melissa Stav  
Gardner Capital Development, Inc.  
1414 E Primrose, Ste 100  
Springfield MO 65804

RE: Subject: GCM Housing Alton Ltd

Dear Melissa:

The estimated annual premiums for permanent coverage, based on current rates, for GCM Housing Alton Ltd location in Alton, TX are as follows:

- \$ 24,484 Property – Based on total insured values of \$11,655,796
- \$ 4,890 General Liability – Based on 120 units
- \$ 1,951 Umbrella
- \$ 31,325 Estimated total annual premiums.

Please advise if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Diana Durden".

Diana Durden  
Account Manager

# **UTILITY ALLOWANCE REPORT**



**DIAMOND**  
Property Consultants, Inc.

**2014 UTILITY ALLOWANCE REPORT**

**for**

**BELLA VISTA APARTMENTS**

**DECEMBER 2014**

SUBMITTED TO:  
GCM Housing Alton, Ltd.  
4801 Woodway Dr.  
Houston, Texas 77056

SUBMITTED BY:  
Diamond Property Consultants, Inc.  
2113 Kings Pass  
Heath, Texas 75032  
Phone: (972) 475-9977

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Authorized Signature: James Beats - President

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SECTION III	SUPPORTING DOCUMENTATION ..... - 26 CFR 1.42-10 - Texas Administrative Code, Title 10, Part 1, Chapter 10, Subchapter F, Rule 60.109, Utility Allowances - IRS 8823 Guide, rev. 01/2011, Chapter 18 regarding Utility Allowances	Page 6
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## **SECTION I                    METHODOLOGY USED TO CALCULATE UTILITY ALLOWANCES**

### **I.A        BACKGROUND**

In accordance with regulations promulgated by the Department of the Treasury, through the Internal Revenue Service, owners of Low Income Housing Tax Credit ("LIHTC") financed properties are obligated to offer both (1) prescribed below market rents and (2) allowances for utilities to qualifying residents who reside on their properties. The IRS has issued specific guidelines and rules for the calculation of the below market rents and utility allowances, which are administered on the local level by the state housing credit agencies. Failure to comply with these regulations can result in serious penalties to the LIHTC owners. Copies of key regulations included in Section III of this report are:

- 26 CFR 1.42-10
- Texas Administrative Code, Title 10, Part 1, Chapter 10, Subchapter F, Rule 60.109, Utility Allowances
- IRS 8823 Guide, rev. 01/2011, Chapter 18 regarding Utility Allowances

In particular, Section 42.10 of the Income Tax Regulations (26 CFR 1.42-10) specially addresses Utility Allowances as they relate to affordable housing. Individual states have further adopted local guidelines for the administration of the basic IRS rules. Under the regulations owners are given the opportunity to select among several alternative methodologies for use in the calculation of the actual utility allowances that will be used on their specific properties. There are also restrictions on properties that are financed using certain types of government programs that limit the utility allowance calculation to a single method. For instance, Rural Housing Assistance and Department of Housing and Urban Development regulated properties may only use the utility allowance schedules issued by the proximate applicable Public Housing Authorities. For other properties, however, under the current regulations there are five methodologies approved in 26 CFR 1.42-10 which an owner may use for calculating the utility allowances:

1. The applicable Public Housing Authority (PHA) utility allowance established for the Section 8 Existing Housing Program.
2. Utility Company Estimate
3. Agency Estimate (also referred to by TDHCA as the actual use methodology)
4. The HUD Utility Model Schedule
5. The Energy Consumption Model.

### **I.B        METHODOLOGY USED FOR THIS PROPERTY**

Diamond Property Consultants, Inc. (DPC) has been engaged by GCM Housing Alton, Ltd. (GCMHA) to assist in delivering updated utility allowance schedules for the property known as Bella Vista Apartments to-be-built in Alton, TX. The methodology used for this property is the Utility Company Estimate Methodology as approved in 26 CFR 1.42-10 and in the Texas Administrative Code, Title 10, Part 1, Chapter 10, Subchapter F, Rule 60.109, Utility Allowances, referred to as the Written Estimate From a Local Provider Methodology. The utility company estimate is provided on letterhead from Reliant Energy, a utility company providing service where the property is located. The letter is included in Section II of this report.

The utility company estimate letter was provided by a certain local utility provider, who is either actually serving the subject property or who has the capability and legal right to do so. In this case, the specific local provider responsible for issuing the utility company estimate letter is Reliant Energy ("Provider") as indicated by the enclosed letter. DPC requested the utility company estimate letter for the subject property using the policies and procedures as established by the Provider.



**SECTION II                      PROPERTY SPECIFIC ALLOWANCES / UTILITY PROVIDER LETTER**

The following chart provides a breakdown of the utility allowances for Bella Vista Apartments, based on the enclosed utility company estimate letter \*\*:

Electric Numbers per Reliant Energy Letter dated 12/02/14

**Bella Vista Apartments**

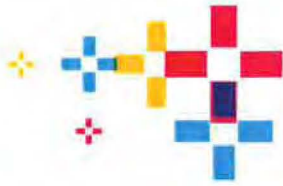
<b>ELECTRIC ONLY - Utility Allowances</b>			
	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>
Heating, Electric	\$ 2	\$ 3	\$ 4
Cooking, Electric	\$ 4	\$ 5	\$ 5
Other Electric	\$ 16	\$ 19	\$ 22
Air Conditioning	\$ 13	\$ 16	\$ 18
Water Heating, Electric	\$ 10	\$ 13	\$ 18
Customer Charge, incl. TDSP, Electric	\$ 9	\$ 9	\$ 9
<b>TOTAL</b>	<b>\$ 54</b>	<b>\$ 65</b>	<b>\$ 76</b>

NOTES:

1. Water, Sewer and Trash are property paid and therefore not included in the resident paid allowances above.

\*\* Utility company estimate letter is included on the following page:

- Reliant Energy



Bella Vista Apartments  
Lot 384- John H. Shary Subdivision, Shary Road  
Alton, TX 78573

December 2, 2014

**RE: Utility Allowance Estimate**

To Whom It May Concern:

In our opinion, as of this date, the monthly electricity charge estimates listed below would apply for the above noted property to-be-built within the service area of Reliant Energy:

<b>ELECTRIC ONLY - Utility Allowances</b>			
	1 BR	2 BR	3 BR
<b>TOTAL</b>	<b>\$ 54.00</b>	<b>\$ 65.00</b>	<b>\$ 76.00</b>

NOTES:

1. The subject property is to be built subject to the 2000 International Energy Conservation Code (IECC).
2. Once built and ready for occupancy, the utility allowance estimates will be reviewed and revised using the Reliant Energy rates in effect at the time.
3. The above utility allowances are only an estimate.
4. The estimated cost of electricity is for a unit of similar size and construction for the geographic area in which the building containing the unit is located.
5. The above utility allowances, by bedroom type, apply to all building configurations on this property.
6. Estimates based on an "Energy Conservative Household" and other criteria as defined by the U.S. Department of Housing and Urban Development (HUD).
7. Estimates are for electric charges only and include costs for: heating; cooking; other electric (lighting, etc.); air conditioning; water heating; monthly customer charge; applicable component deregulated charges, the Transmission and Distribution Service Provider (TDSP) charges.

Sincerely yours,

  
Joe Kaye, CAS  
Director, Builder/Multi-Family Division

**BOARD ACTION REQUEST**  
**ASSET MANAGEMENT DIVISION**  
**JULY 30, 2015**

Presentation, Discussion, and Possible Action regarding a Housing Tax Credit Application Amendment for The Lodge at Huffmeister (#14272)

**RECOMMENDED ACTION**

**WHEREAS**, The Lodge at Huffmeister received an award of 9% Housing Tax Credits in 2014 to construct 170 multifamily units in Cypress;

**WHEREAS**, Municipal Utility Districts in the area have not agreed to provide water and wastewater utilities to the development site, and the Development Owner is requesting approval to construct water and wastewater facilities sized to serve the development's utility needs;

**WHEREAS**, the water and wastewater facilities will be constructed on 0.25 acres of the original site which will ultimately be sold to Aqua Texas, Inc., a private utility owner and operator, and Aqua Texas, Inc. will provide water and wastewater under an agreement with the Development;

**WHEREAS**, the Development Owner is also requesting approval to reduce the size of the detention pond and modify the floor plans resulting in a loss of net rentable square footage of 3,602 square feet;

**WHEREAS**, the changes requested in this amendment are intended to provide these necessary services to the Development, do not impact the viability of the transaction, and do not affect the amount of tax credits awarded; and

**WHEREAS**, Board approval is required for a material alteration to the Development under Texas Government Code §2306.6712 and 10 TAC §10.405(a)(4), and the Owner has complied with the amendment requirements in 10 TAC §10.405(a)(1);

**NOW, therefore, it is hereby**

**RESOLVED**, that the amendment of the Housing Tax Credit application for The Lodge at Huffmeister is approved as presented to this meeting and the Executive Director and his designees are each authorized, empowered and directed to take all necessary action to effectuate the foregoing.

**BACKGROUND**

The Lodge at Huffmeister received a 2014 HTC award to construct 170 multifamily units in Cypress, Harris County. The Development Owner, EBH-NH Huffmeister LP (Education Based Housing, Inc./Chris Richardson) is submitting this amendment request because of a lack of available public utilities for the site. The owner approached three Municipal Utility Districts (“MUDs”) in the area, none of which agreed to provide the capacity to serve the development. The owner then started working with a private utility company to develop and operate the required utility infrastructure.

Development of the utilities will require several amendments to the development plan. First, because none of the neighboring MUDs have agreed to provide water and wastewater utilities to the development site, the owner requests approval to build a water and wastewater treatment plant sized to serve the development’s utility needs. Their civil/utility engineer estimates the cost of constructing these private utility components at roughly \$2.66 million, summarized below:

Water Plant	\$1,748,400
Wastewater Treatment Plant	\$910,000
Total	\$2,658,850

The construction of the water and wastewater facilities is to be completed by a qualified contractor with experience building utility infrastructure. Prior to commencement of the construction, the plans and specifications of the utility components will be reviewed and approved by all requisite governmental bodies, including Harris County and the Texas Commission on Environmental Quality.

Additional increases to the total development budget were identified which, according to the owner, were the result of labor and commodity price inflation across a number of contract line items. To cover the cost increases, the owner has been able to secure better tax credit equity pricing than at the time of application. Updated debt and equity term sheets were provided along with amended financial exhibits of the application which have been evaluated by staff.

As for the utility plant, Severn Trent Services will serve as the initial operator of the utility infrastructure. However, the owner is negotiating an agreement with Aqua Texas, a separate private utility owner and operator, for a reimbursement of \$425,000 (\$2,500 per unit) in exchange for conveying the utility plan site (0.25 acres) and the water and wastewater plant infrastructure.

Payment of this reimbursement would occur at conversion to permanent loan at which point Aqua Texas would become the long term owner and operator of the utility infrastructure. Concurrently, the owner and Aqua Texas would also enter into a long-term utility service, operating, maintenance and easement agreements. Aqua Texas would then own the plant and charge typical water and sewer fees to operate the plant.

The second change requested is to the development site. Originally, the entire Development Site consisted of a total of 11.02 acres of which 2.2 acres were allocated for use as a detention pond. As a result of the utility infrastructure build-out, 0.25 acres will need to be re-allocated to the utility plant site. This reduces the site to 10.77 acres. The reduced volume of the pond is sufficient to address the detention requirements for the planned development.

Lastly, as a result of the reduction in developable land, there is a total net rental square footage loss of 3,602 square feet or 2.3%. The total number of units and the bedroom mix of the units will remain the same; however, minor changes have been made to the floorplans to accommodate the reduction in land.

The Asset Management Division reviewed the changes and evaluated the revised financing and application information provided and concluded that the changes do not negatively impact the financial viability of the development or change the previously recommended tax credit award at this time.

Staff recommends approval of the amendment request.

**EBH-NH Huffmeister LP**  
9219 Katy Fwy., Suite 200  
Houston, TX 77024

May 22, 2015

Texas Department of Housing & Community Affairs  
c/o: Lucy Trevino, Asset Manager  
P.O. Box 13941  
Austin, TX 78711-3941

Re: TDHCA #14272, Amendment Request

Dear Ms. Trevino:

Please accept this letter as official request for approval of an amendment to TDHCA application #14272, The Lodge at Huffmeister. The reason for this amendment is a lack of available public utilities; we approached three (3) Municipal Utility Districts (“MUDs”) in the area, none of which agreed to provide the capacity to serve our tract (Exhibit A1-A3). Therefore, we are working with a private utility company to develop and operate the required utility infrastructure.

While the requested changes will not affect the score of our application, building out private utilities will require several amendments to the development plan outlined within the application. Those amendments are as follows:

(1) First, none of the neighboring MUDs were willing to provide water and wastewater utilities to the development site. Therefore, we will be designing and building a water plant and wastewater treatment plant sized to serve the property’s ‘wet’ utility needs. Our civil/utility engineer estimates the cost of constructing these private utility components at roughly \$2.66 million. A detailed breakdown of the construction cost estimate for both the water plant (Exhibit B) and wastewater treatment plant (Exhibit C) are included, but are summarized in the following table.

Water Plant	\$1,748,400
<u>Wastewater Treatment Plant</u>	<u>\$910,450</u>
Total	\$2,658,850

The construction of the water and wastewater facilities will be completed by a qualified contractor with experience building utility infrastructure. Prior to commencement of construction, the plans and specifications of the utility components will have been reviewed and approved by all requisite governmental bodies, including Harris County and the Texas Commission on Environmental Quality.

In addition to the utility infrastructure cost, we’ve had an increase in construction costs of roughly \$930,000. These increases bring our construction costs in line with the Building Costs underwritten by Real Estate Analysis last summer. The increases have mostly been a result of labor and commodity price inflation across a number of contract line items. Contractor Fees,

Financing Costs and Developer Fees also increased in proportion to the overall cost increase.

	<b>Amended Cost (4/15)</b>	<b>Application Cost (6/14)</b>	<b>Amend vs. App Difference</b>	<b>TDHCA Underwritten Cost (6/14)</b>	<b>Amend vs. UW Difference</b>
Acquisition Cost	1,920,125	1,920,125	0	1,920,125	0
Off-Sites Cost	2,658,850	0	2,658,850	0	2,658,850
Site Work Cost	2,294,100	2,294,100	0	2,294,100	0
Site Amenities Cost	512,500	512,500	0	512,500	0
Building Costs	10,610,459	9,725,000	885,459	10,632,225	(21,766)
Contingency	670,853	626,580	44,273	626,580	44,273
Contractor Fees	2,250,627	1,754,424	496,203	1,754,424	496,203
Construction Contract	18,997,389	14,912,604	4,084,785	15,819,829	3,177,560
Soft Costs	808,750	803,850	4,900	803,850	4,900
Financing Cost	971,923	722,975	248,948	722,975	248,948
Developer's Fees	2,968,000	2,312,830	655,170	2,312,830	655,170
Reserves	312,432	356,500	(44,068)	356,500	(44,068)
<b>Total Cost</b>	<b>25,978,619</b>	<b>21,028,884</b>	<b>4,949,735</b>	<b>21,936,109</b>	<b>4,042,510</b>

To cover the cost increases, we've been able to secure better tax credit equity pricing than shown in our application (\$1.03 vs. \$0.96 per credit); a \$1.6MM no-pay, forgivable loan; and increased construction and permanent loans. Updated debt and equity term sheets are attached reflecting these terms (Exhibit D, E & F). We have also amended all financial worksheets from our application to reflect all of the changes discussed in this amendment request (Exhibit G1-1 through G-7).

(2) Next, Severn Trent Services ("STS") will serve as the initial operator of the utility infrastructure, with an affiliate of the Applicant owning the utility infrastructure. STS is a highly experienced, global company with 30 years of experience operating water and wastewater plants in the U.S. STS currently operates over 400 water and wastewater treatment facilities in 20 states. This includes serving nearly 4 million water and wastewater customers and managing nearly 6,000 miles of collection and distribution lines.

It's important to note, however, that we are also negotiating an agreement with Aqua Texas, a separate private utility owner & operator, for a reimbursement of \$425,000 (\$2,500 per unit) in exchange for conveying the utility plant site (0.25 acres), the water plant infrastructure and the wastewater plant infrastructure. Payment of this reimbursement would occur at conversion to permanent loan at which point Aqua Texas would become the long term owner and operator of the utility infrastructure.

Concurrently with the execution of the conveyance agreement, the development owner and Aqua Texas would also enter into a long-term utility service commitment as well as maintenance and

EBH-NH Huffmeister LP  
# 14272 Amendment Request  
May 2015

operating agreements, easements, etc. This will ensure that the development has the required utilities for the life of its operation.

Aqua Texas is a subsidiary of Aqua America, Inc., a U.S.-based publicly-traded water and wastewater utility, serving approximately 3 million people in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Indiana, and Virginia. Aqua America is listed on the New York Stock Exchange under the ticker symbol WTR.

(3) Further, we originally allocated 2.2 acres of the development site for use as a detention pond (Exhibit H-1). As a result of the utility infrastructure build-out, we need to carve out one-quarter (0.25) acre for the utility plant site. This has reduced the overall footprint of the detention pond to roughly 2.0 acres (Exhibit H-2). That said the volume of the pond is sufficient to address the detention requirements of the planned development.

(4) Lastly, while we are maintaining 170 total units - 142 rent restricted and 28 market rate – and there has been no change to the bedroom mix of the units, there have been some minor alterations in the floorplans to accommodate for the reduction in developable land as stated above. As a result, there is a total net rental square footage loss of 3,602 square feet; a decrease of 2.31%. Please find amended Specifications and Building/Unit Type Configuration worksheet (Exhibit I) included which helps to illustrate where these changes are occurring. We have also included a revised architectural package as a separate attachment. Please note that the development name listed on the drawings has been changed from the originally proposed moniker.

We recognize that one or more of the requested amendments to this application #14272 may qualify as a Material Alteration under §10.405(4) of the 2014 Uniform Multifamily Rules; however, it is our opinion that the proposed modifications were not reasonably foreseeable or preventable due to the circumstances, will not alter the Development in a negative manner and none of the requested changes would result in a change of score. Therefore, we ask for your consideration and thank you for your time.

Sincerely,



Jessica Bailey  
Education Based Housing, Inc.  
Executive Director



Matt Fuqua  
Nantucket Housing, LLC  
Vice President



## **Exhibits**

- A1-3** MUD Letters
- B** Water Plant Construction Cost Estimate
- C** Wastewater Treatment Plant Construction Cost Estimate
- D** Equity Term Sheet
- E** Construction/ Perm Loan Term Sheet
- F** \$1.6MM Private Loan Term Sheet
- G-1** Rent Schedule
- G-2** Utility Allowance
- G-3** Annual Operating Expense
- G-4** Pro forma
- G-5** Development Cost Schedule
- G-6** Sources & Uses
- G-7** Financing Scoring
- H-1** Original Site Plan
- H-2** Amended Site Plan
- I** Specifications and Building/Unit Type Configuration
- J** Architectural Drawings



EXHIBIT A-1

February 17, 2015

Ronald S. Koehn, P.E.  
Koehn & Associates Engineers, Inc  
2500 Central Pkwy. Ste Z  
Houston , TX 77092-7713

Re: Harris County MUD No. 196 Wastewater Treatment Plant  
TPDES Wastewater Treatment Plant Application Requirement for Blazer Building, Inc.

Dear Mr. Ronald Koehn:

Brown & Gay Engineers, Inc. (BGE) is submitting a TPDES application on behalf of Blazer Buildings, Inc. for the construction of a wastewater treatment plant (WWTP) to serve an average flow of 0.055 million gallons per day for the planned residential development The Lodge at Huffmeister. The application requires all applicants to correspond with all WWTPs and sanitary sewer collection systems within a three-mile radius of the wastewater service area to determine if one or more have the necessary collection system and plant capacity to accept the proposed increase in flow.

As part of this application, I am requesting a response from the plant representative stating whether or not your facility has unused capacity to provide the proposed Lodge at Huffmeister with wastewater treatment service (in lieu of the proposed WWTP). The wastewater service area is located approximately 1,200 feet southwest of the intersection of Huffmeister Rd. and Shaft Drive property at 12321 Huffmeister Rd.

Your response to this request on or before Friday, March 6, 2015 would be greatly appreciated. Responses can be sent by email to [koneill@browngay.com](mailto:koneill@browngay.com) or by regular mail, at my attention, to 10777 Westheimer Blvd., Suite 400. If you have any questions regarding this matter, contact Kristin O'Neill, E.I.T. or me at (281) 558-8700. Thank you for your attention to this important matter.

Sincerely,

James W. Johnson, P.E.  
Senior Project Manager

YES, there is capacity available to serve the proposed plant.

NO, there is not enough capacity available to serve the proposed plant.

\_\_\_\_\_  
Signature

02/24/2015  
Date





EXHIBIT A-2

February 17, 2015

Jack P. Miller, P.E.  
R.G. Miller Engineers, Inc  
16340 Park Ten Pl. Ste 500  
Houston, Tx 77084-5147

Re: West Harris County MUD No. 15 Wastewater Treatment Plant  
TPDES Wastewater Treatment Plant Application Requirement for Blazer Building, Inc.

Dear Mr. Jack Miller:

Brown & Gay Engineers, Inc. (BGE) is submitting a TPDES application on behalf of Blazer Buildings, Inc. for the construction of a wastewater treatment plant (WWTP) to serve an average flow of 0.055 million gallons per day for the planned residential development The Lodge at Huffmeister. The application requires all applicants to correspond with all WWTPs and sanitary sewer collection systems within a three-mile radius of the wastewater service area to determine if one or more have the necessary collection system and plant capacity to accept the proposed increase in flow.

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Sincerely,

James W. Johnson, P.E.  
Senior Project Manager

YES, there is capacity available to serve the proposed plant.

NO, there is not enough capacity available to serve the proposed plant.

  
Signature

2/23/15  
Date





**EXHIBIT A-3**

RECEIVED FEB 20 2015

February 17, 2015

Gerald L. Gehman, P.E.  
A & S Engineers, Inc.  
10377 Stella Link Rd.  
Houston, TX 77025-5445

Re: Timberlake Improvement District Wastewater Treatment Plant  
TPDES Wastewater Treatment Plant Application Requirement for Blazer Building, Inc.

Dear Mr. Gerald Gehman:

Brown & Gay Engineers, Inc. (BGE) is submitting a TPDES application on behalf of Blazer Buildings, Inc. for the construction of a wastewater treatment plant (WWTP) to serve an average flow of 0.055 million gallons per day for the planned residential development The Lodge at Huffmeister. The application requires all applicants to correspond with all WWTPs and sanitary sewer collection systems within a three-mile radius of the wastewater service area to determine if one or more have the necessary collection system and plant capacity to accept the proposed increase in flow.

As part of this application, I am requesting a response from the plant representative stating whether or not your facility has unused capacity to provide the proposed Lodge at Huffmeister with wastewater treatment service (in lieu of the proposed WWTP). The wastewater service area is located approximately 1,200 feet southwest of the intersection of Huffmeister Rd. and Shaft Drive property at 12321 Huffmeister Rd.

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Sincerely,

James W. Johnson, P.E.  
Senior Project Manager

YES, there is capacity available to serve the proposed plant.

NO, there is not enough capacity available to serve the proposed plant.

Signature

2/23/2015  
Date





**The Lodge at Huffmeister  
Water Plant  
Initial Opinion of Probable Construction Costs**

	Description	Unit	Quantity	Unit Price	Total Cost
1.	Mobilization	LS	1	\$45,000	\$45,000
2.	215 GPM Water Well, Complete in Place	LS	1	\$350,000	\$350,000
3.	127,000 Gallon Ground Storage Tank, Including Foundation, Complete in Place (1500 gpm fire x 120 min = 180,000 gal)	EA	2	\$158,750	\$317,500
4.	7,500 Gallon Hydropneumatic Tank, Complete in Place	EA	1	\$37,500	\$37,500
5.	Booster Pump Station, Complete in Place				
	400 GPM, 165' TDH, 10 HP Booster Pump	EA	2	\$15,000	\$30,000
	1100 gpm fire pump	EA	1	\$20,000	\$20,000
	Reinforced Concrete Pad, 22' x 38' x 8"	CY	21	\$400	\$8,400
	Pump Can and Foundation	LS	1	\$20,000	\$20,000
	Paint	LS	1	\$6,000	\$6,000
				Total	\$84,400
6.	Emergency Power Generator, Including Sound Attenuating Enclosure, Complete in Place	LS	1	\$180,000	\$180,000
				Total	\$180,000
7.	Site Work / Electrical				
	General Site Work	LS	1	\$75,000	\$75,000
	Yard Piping				
	Ductile Iron Pipe & Fittings	LS	1	\$120,000	\$120,000
	Other Piping & Fittings	LS	1	\$20,000	\$20,000
	GST	LS	2	\$15,000	\$30,000
	Valves	LS	1	\$20,000	\$20,000
				Total	\$265,000
8.	Miscellaneous Electrical				
	Motor Control Center (MCC)	EA	1	\$75,000	\$75,000
	Transformer	EA	1	\$20,000	\$20,000
				Total	\$95,000
9.	Control Building (Electrical & Chlorine Rooms) - CMU Block Building (14'-8" x 34') with A/C & Htr., Complete in Place	LS	1	\$65,000	\$65,000
10.	Hypochlorite Feed System	LS	1	\$50,000	\$50,000
				Subtotal	\$1,489,400
				Contingencies @ 10.0%	\$149,000
				Engineering per Proposal Dated Aug 4 2014	\$110,000
				Site Topo	\$5,000
				<b>Subtotal Water Plant</b>	<b>\$1,748,400</b>

**The Lodge at Huffmeister  
Wastewater Treatment Plant (0.0275 MGD)  
Opinion of Probable Construction Costs**

	<b>Description</b>	<b>Unit</b>	<b>Unit Quantity</b>	<b>Unit Price</b>	<b>Total Cost</b>
1.	Site Contractor Mobilization	LS	1	\$10,000	\$10,000
2.	Plant Contractor Mobilization	LS	1	\$10,000	\$10,000
3.	On-Site Lift Station	LS	1	\$150,000	\$150,000
4.	On-Site Road/Drive Way	SY	550	\$25	\$13,750
5.	0.0275 WWTP - Equipment Purchase and Install	LS	1	\$225,000	\$225,000
6.	0.0275 WWTP - Site Work, Elec,Piping	LS	1	\$100,000	\$100,000
7.	Effluent Discharge Line to road-side ditch	LF	1,000	\$20	\$20,000
8.	Fencing	LS	1	\$20,000	\$20,000
9.	GenSet				\$0
	Slab - 1'-0" x 15' x 10'	CY	7	\$300	\$2,100
	125 KW Genset w/ ATS	EA	1	\$90,000	\$90,000
				<b>Subtotal</b>	<b>\$640,850</b>
				<b>Contingency @ 10%</b>	<b>\$64,100</b>
				<b>Total Construction</b>	<b>\$704,950</b>
				<b>Engineering per Aug 4, 2014 Proposal</b>	<b>\$70,000</b>
				<b>Site Topo</b>	<b>\$5,000</b>
				<b>Easement</b>	<b>\$95,500</b>
				<b>TCEQ Permitting Included in Aug 4 2014 Proposal</b>	<b>\$35,000</b>
				<b>TOTAL:</b>	<b>\$910,450</b>

**Bank of America**   
**Merrill Lynch**

Community Development Banking  
700 Louisiana St  
Houston, TX 77002-2700  
TX4-213-04-08

Cassandra Silvernail  
Senior Vice President  
P 713-247-6645  
cassandra.silvernail@baml.com

May 14, 2015

EBH-NH Huffmeister LP  
Attn: H. Chris Richardson  
18729 FM 1887  
Hempstead, TX 77445

Re: The Lodge at Huffmeister Apartments  
Cypress, Texas

Dear Jessica and Chris:

This letter expresses the interest of Bank of America, N.A., and, or, its affiliates (“Investor”) in making an equity investment in a partnership for purposes of developing and owning a low-income family/senior housing project (the “Project”). This letter is intended to describe the terms and conditions of Investor’s proposed equity investment.

**1. Project.**

The Project will consist of the new construction of 170 unit mixed-income development affordable for low-income families contained in 12 residential buildings and the underlying land located in Cypress, TX.

**2. Tax Credits.**

The Project has received a reservation in 2014 of federal low-income housing tax credits (the “Projected Federal Credits”) totaling \$1,500,000 per annum from the Texas Department of Housing and Community Affairs (the “Credit Agency”).

**3. Partnership.**

The Project will be owned and operated by EBH-NH Huffmeister, LP, a Texas limited partnership (the 'Partnership'), with EBH-NH Huffmeister GP, LLC, a Texas limited liability company, as General Partner and Investor as Investor Limited Partner and an

affiliate of Investor as Special Limited Partner. General Partner, Investor, and Special Limited Partner will enter into a Partnership Agreement (the 'Partnership Agreement'). General Partner will own a 0.01% interest in the Partnership; Investor will own a 99.98% interest in the Partnership as Investor Limited Partner; and Special Limited Partner will own a 0.01% interest (the "Percentage Interests").

**4. Project Financing.**

General Partner contemplates that the Partnership will obtain the loans set forth below (the "Loans"):

- A. Construction Loan. A construction loan in an estimated amount of \$17,635,000 and with a term of 24 month(s) (the "Construction Loan") will be provided by Bank of America Merrill Lynch on terms to be approved by Investor.
- B. Permanent Loans. The following permanent loans (the "Permanent Loans") are expected to be made to the Partnership:

Loan type	Lender	Loan Amount	Interest rate	Loan Term	Amortization Term
<u>First Mortgage Loan</u>	BANA	\$7,465,000	5.55%	30 years	30 years
DOJ Soft, subordinate	BANA	\$1,600,000	0%	55 years	55 years

The terms and conditions of each of the Loans and any other loan to the Partnership will be subject to Investor's approval. Such loans will (i) expressly permit the admission of Investor into the Partnership and the potential transfers of the partnership interests by Investor and Special Limited Partner without consent of the maker of the loan provided that such transfers are permitted under the Partnership Agreement, and (ii) will provide Investor with notices of default and cure rights acceptable to Investor. All Permanent Loans will be non-recourse.

**5. Other Parties.**

- A. Developer. Nantucket Housing, LLC and Education Based Housing, Inc. (501c3).
- B. Guarantor. H. Chris Richardson and Blazer-Nantucket Holdings, LLC. Completion Guaranty from Blazer Building Texas, LLC.
- C. Property Manager. Blazer Real Estate Services, LLC. The Property Manager is affiliated with Developer, Guarantor, General Contractor, or General Partner.
- D. General Contractor. Education Based Housing, Inc. and Master Sub-Contractor is Blazer Building Texas, LLC. The General Contractor is affiliated with General Partner and Developer. Master Sub-Contractor is affiliated with Developer and



certain Guarantors. The General Contractor will provide a Guaranteed Maximum Price Contract.

The qualifications and financial condition of each of the foregoing parties must be acceptable to Investor.

**6. Capital Contributions.**

Investor will make a total Capital Contribution equal to \$1.03 for each \$1.00 of Federal Tax Credits to which it will be entitled as a limited partner. Based on the Projected Credits for the Partnership this would amount to a total Capital Contribution of \$15,448,455 (the “Total Capital Contribution”). The Total Capital Contribution will be paid as follows:

Milestone	Conditions to be satisfied prior to payment	% Equity	\$ Equity
<u>Initial Capital Contribution</u>	(i) closing of the Partnership (ii) closing and initial funding of all construction financing for the Project (iii) receipt of commitments for all permanent financing on the Project with the interest rate fixed for at least 15 years (iv) evidence of either acquisition of, or a long-term leasehold interest in, the land and building for the Project (v) evidence the Partnership has received an allocation from the Credit Agency of 9% credits in an amount equal to the Projected Federal Credits (vi) receipt by the Investor of a tax opinion prepared by special tax counsel for the Partnership in a form which is acceptable to the Investor (vii) satisfactory completion of Investor’s due diligence	25%	\$3,862,113
<u>Conversion and Stabilization Capital Contribution</u>	(i) the Project then has achieved at least three consecutive calendar months of a minimum of 1.15 to 1 debt service coverage on the Permanent Loans (which period must include the last day of the most recent calendar month) (ii) the Project is then at least 90% occupied (iii) all tax credit units have been leased to qualified tenants at least one time (iv) all Permanent Loans have closed and funded, or will close and fund concurrent with this Stabilization Capital Contribution (v) permanent certificates of occupancy have been issued for each building (vi) all reserves have funded or will fund concurrent with this payment This contribution will occur no earlier than 08/01/2017.	70%	\$10,813,918

<p><u>Final Capital Contribution</u> (The balance of the unpaid Total Capital Contribution)</p>	<p>(i) the Credit Agency has issued a Form 8609 for each building                  (ii) a cost certification by a qualified accountant has been received in a form acceptable to Investor                  (iii) a copy of the recorded Extended Use Agreement has been received                  (iv) a copy of the compliance audit of the initial tenant files has been received                  (v) calculations of final adjusters have been prepared and agreed to                  This contribution will occur no earlier than 11/01/2017.</p>	<p>5%</p>	<p>\$772,422</p>
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**7. General Partner and Guarantor Obligations.**

- A. Completion and Development Deficit Guaranty. General Partner and Guarantor will guarantee lien-free completion of the Project in a good and workmanlike manner substantially in accordance with plans and specifications as approved by Investor on or before December 31, 2016 (the “Completion Date”). General Partner and Guarantor will guaranty payment of all development costs, including all costs of achieving such lien-free completion, including all soft costs and construction period interest. Further, under this guaranty, General Partner and Guarantor will guaranty payment of all operating costs through the later of the date (i) the Project has achieved 90% occupancy for three consecutive calendar months, (ii) the Project is 100% complete, (iii) all tax credit units have been leased to qualified tenants at least one time, and (iv) all Permanent Loans have closed and funded. Payments made under this guaranty in excess of \$500,000 will not constitute loans to the Partnership and neither General Partner nor any Guarantor will have any right to receive any repayment on account of such payments. Payments in the aggregate up to \$500,000 will be treated as a loan at an interest rate not to exceed 8%.
  
- B. Operating Deficit Guaranty. General Partner and Guarantor will agree to loan to the Partnership any amounts required to fund operating deficits arising after the expiration of the Completion and Development Deficit Guaranty up to a maximum amount of \$656,097 (the “Operating Deficit Loan Maximum”). Any amounts so advanced will constitute loans (“Operating Loans”), at an interest rate not to exceed 8%, repayable only out of future available cash flow or out of available proceeds of a sale or refinancing. The Operating Deficit Guaranty will terminate 60 months after the expiration of the Completion and Development Deficit Guaranty. Any amounts advanced for non-operating expenses of water/wastewater will not accrue to the loan maximum but will constitute loans repayable only out of future available cash flow or out of available proceeds of a sale or refinancing.
  
- C. Repurchase. General Partner and Guarantors will be required to repurchase the Investor’s interest upon certain material events including but not limited to:

failure to achieve completion by December 31, 2016, failure to achieve stabilization within 24 months of completion, failure to place the Project in service prior to the date required by the Internal Revenue Code, or loss of permanent financing commitments. The General Partner and Guarantors will repurchase the Investor's interest in the Partnership at a price equal to the Investor's Capital Contributions paid to date, plus the actual out of pocket costs to the Investor (including legal, accounting, and consulting) plus 10% interest per annum, less any net tax credits received and retained by the Investor.

- D. Tax Credit Guaranty and Indemnification. General Partner and Guarantors will indemnify Investor for the failure to achieve Projected Federal Credits. Should the actual tax credits be lower than the Projected Federal Credits, Investor's capital contributions will be adjusted downward by the amount of the difference and any interest or penalties owed by Investor. Subsequent to the payment of Investor Capital Contributions, General Partner and/or Guarantors will, within 75 days of the end of each calendar year, pay to Investor an amount on an after tax basis equal to the difference in actual tax credits plus any interest or penalties owed by Investor. This guaranty will run for the 15-year term of the compliance period.
- E. Taxable Income Prior to Stabilization. To the extent that the Partnership generates any taxable income prior to Stabilization, the General Partner and Guarantor will be obligated to pay for any tax liability of the Investor Limited Partner due to such taxable income. This includes, but is not limited to, any interest income generated from Partnership assets (such as Guaranteed Investment Contracts) that exceeds the deductible investment expense allocated to the Investor Limited Partner.
- F. Adjuster Provisions. The Capital Contributions are based upon your projection of total federal Low-Income Housing Tax Credits of \$14,998,500 ("Original Projected Credit") to Investor, which in turn is based upon certain assumptions and projections. The following federal (and, if applicable, state) credits are to be delivered to the Investor:

Credit	2017	2018 - 2026	2027
<u>Federal Low Income Housing Tax Credit</u>	\$1,424,857	\$1,499,850	\$74,992

The actual amount of Low-Income Housing Tax Credits may in fact change after the determination of eligible and qualified basis. Accordingly, the Capital Contribution may be adjusted when (i) final projections of the amount of Low-Income Housing Tax Credits are completed and/or (ii) upon or after actual completion of the project. Upon satisfaction of all conditions and prior to payment of the Final Capital Contribution, the Partnership Accountant will provide the Investor with Revised Economic Projections and the Final Credit Amount determined by the Accountants.

- G. Credit Adjuster. To the extent such final projected amount of Low-Income Housing Tax Credits varies from the Original Projected Credits, Investor's capital contribution will be adjusted by \$1.03 per federal credit on such variance in the delivery of actual credits to Original Project Credit (as reflected in cost certifications or Form 8609).
- H. Timing Adjuster. Investor's federal credit capital contribution will be adjusted to reflect the later or earlier than projected delivery of federal credits with respect to the first year and, if applicable, the second year, of the credit period, based on a reduction in price of \$0.65 for every federal credit dollar deferred, or an increase based on 65% of the price per credit established in Section 6 above for every federal credit dollar accelerated.

In no event will the application of the above adjusters cause Investor's Capital Contributions to increase by more than 5% without approval from Investor's Investment Committee. If due to such adjusters, Investor's capital contributions are to be adjusted downward by more than the amount of Investor's then unpaid capital contributions, then General Partner and Guarantor will guaranty payment of the shortfall in such adjustments. The General Partner's and Guarantor's obligations will be more specifically set forth in the Partnership Agreement and other related documents.

**8. Allocation of Tax Credits, Depreciation, Profits and Losses.**

The Tax Credits, depreciation, operating profits and losses will be allocated in accordance with the Percentage Interests.

**9. Distribution of Cash Flow.**

- A. Operating Cash Flow. Operating cash flow will be utilized as follows:
  - (i) payment of debt service on the Permanent Loans and other operating expenses;
  - (ii) additions to a funded capital replacement reserve as provided in the Partnership Agreement;
  - (iii) payment of the Asset Management Fee (\$5,000 per year) to the Special Limited Partner, which fee will accrue if not paid;
  - (iv) payment of the Deferred Developer Fee,
  - (v) payment of the Partnership Management Fee (\$5,000 per year) to the General Partner, which fee will accrue if not paid;
  - (vi) repayment of any Operating Deficit Loans made by General Partner;
  - (vii) replenishment of the Operating Reserve Account;
  - (viii) payment of an incentive management fee, not to exceed 90% of cash flow;

(ix) then to the partners in accordance with the Percentage Interests.

B. Sale or Refinancing Proceeds. Distributions of proceeds from a sale or refinancing of the Project will be distributed as follows:

- (i) payment of debt service on the Permanent Loans and other operating expenses;
- (ii) to the extent reasonably determined necessary by the General Partner, additions to a funded capital replacement reserve;
- (iii) payment of the federal and state “exit” taxes incurred on any negative capital account, if any, of the Investor;
- (iv) payment of any unpaid, accrued Asset Management Fee;
- (v) payment of the Deferred Developer Fee;
- (vi) payment of any unpaid, accrued Partnership Management Fee;
- (vii) repayment of any Operating Deficit Loans made by General Partner; and
- (viii) 90% to the General Partner, and 10% to the Investor.

C. Developer Fee. General Partner will earn a Developer Fee, projected to be \$2,947,577. The timing of the payments toward the Developer Fee is subject to the terms of the Construction Loan, which will be subject to approval by Investor. In the event that the amount of the Final Capital Contribution is insufficient to pay the remaining balance of the Developer Fee, such unpaid balance will be deferred as provided in the Partnership Agreement, with interest at a rate not to exceed AFR per year, and will be paid out of Operating Cash Flow and Net Proceeds as provided above, provided that the amount of the unpaid balance must be paid within 13 years after 100% completion of the property.

**10. Property Manager.**

Blazer Real Estate Services, LLC will be the Project’s initial property manager. The Property Manager will earn a fee equal to a maximum of 5% of the Project’s gross collected rents. If the Property Manager is an affiliate of General Partner, Guarantor, or Developer, then the Property Manager may be terminated as Property Manager in the event of the removal of General Partner.

**11. Depreciation.**

For the purposes of the pricing contained in this Letter of Intent, we have assumed the Company will depreciate its residential rental property over a 27.5 year recovery period.

**12. Replacement Reserves.**

\$250 per unit annually, or greater if required by any Project lender, will be funded from cash flow into a reserve account.

**13. Debt Service Reserve.**

\$254,400, or an amount equal to 6 months' of debt service, will be funded upon Permanent Loan Conversion into a Debt Service Reserve account. These funds may be used to pay debt service during the Operating Deficit Guaranty period identified in Section 7B above. The Debt Service Reserve will be maintained until the later of (i) 36 months after payment of the Conversion Installment, or (ii) the date on which the Project has achieved an average Debt Service Coverage Ratio of at least 1.15 calculated over the preceding 6 consecutive calendar months, provided that such 6 month period began no earlier than 30 months after payment of the Conversion Installment.

**14. Investor Review.**

As set forth in the Partnership Agreement, Investor will have the right to inspect the Project during and after construction and to review construction loan disbursement requests and other financial and operations matters of the Project and the Partnership.

**15. Reporting.**

The Partnership will be required to prepare quarterly and annual reports in form and substance satisfactory to Investor as set forth in the Partnership Agreement.

**16. Additional Partnership Agreement Terms.**

The Partnership Agreement will provide for customary covenants, rights to approve major Partnership matters, representations and warranties, defaults, (including the right to remove the General Partner for bankruptcy, fraud, violations of representations and warranties and other removal rights that are typically held by Investors in low-income housing tax credit transactions), remedies, and indemnities (including Environmental Indemnity) to be more fully described in the Partnership Agreement. The Partnership will carry insurance acceptable to Investor.

**17. Transfer of Investor Interest.**

Investor will have the right to transfer its interest in the Partnership, and to have the transferee admitted as a substitute limited partner: (i) to any affiliate of Investor, (ii) to any other person or entity provided that (A) Investor will remain liable to make all capital contributions outstanding at the time of the transfer or (B) the net worth of the proposed transferee will be acceptable to General Partner in its reasonable discretion, or (iii) to a partnership or limited liability company in which the Investor is the general partner or managing member.

**18. Transfer of General Partner Interest.**

General Partner will not sell, transfer, assign, pledge or encumber any portion of its interest in the Partnership without the prior written consent of Investor.

**19. Bank Accounts.**

All bank accounts of the Partnership will be maintained with Investor.

**20. Conditions to Closing.**

Investor's investment in the Partnership in accordance with this letter is subject to the satisfaction of the following conditions precedent on or before the Closing Date, which will occur on or before August 31, 2015.

- A. Due Diligence. Investor's satisfactory due diligence review, in its sole and absolute discretion, of all matters pertaining to the Partnership, the General Partner, the Guarantor, the Developer and the Project including, without limitation:
- (1) the construction budget, the scope of work, the construction schedule, all required permits, the construction contract, and all other construction and development matters;
  - (2) title, survey, zoning, engineering and environmental matters;
  - (3) any ground lease;
  - (4) market studies, appraisals, and all other matters regarding project feasibility;
  - (5) contracts for the construction and subsequent servicing and ownership of water an septic services and facilities to the subject property shall be executed prior to closing and shall be in all respects acceptable to the Bank in its sole and absolute discretion;
  - (6) all aspects of the project's capital structure: the terms of all loans, grants, tax increment financing and equity contributions;
  - (7) debt service coverages, reserves, rental subsidies, income, expenses, and all other assumptions underlying the Projections;
  - (8) tax matters, including all aspects of all tax-exempt bonds;
  - (9) government benefits, government consents, government requirements and all other regulatory aspects of the Project;
  - (10) all formation documents and government filings of the Partnership, the General Partner and the Developer; and

(11) the financial condition of the General Partner, Guarantor and the Developer.

- B. Negotiation of Satisfactory Documentation. The negotiation of a final Partnership Agreement and related documents (collectively the “Project Documents”) that are satisfactory to Investor in its sole and absolute discretion. Investor’s attorney will prepare and send to General Partner and its attorney the form of the Project Documents.
- C. Opinions. Investor’s receipt of corporate and tax opinions rendered by counsel to General Partner satisfactory to Investor, in form and substance acceptable to Investor.
- D. Consents. Receipt of all necessary consents of governmental authorities and lenders.
- E. Title Insurance. Receipt of a title insurance policy in an amount and in a form acceptable to Investor, provided the amount of such title insurance must be at least equal to the aggregate of the Total Capital Contribution plus all Permanent Loans. The policy must include “Fairways” and “Non-Imputation” endorsements.
- F. Miscellaneous. Receipt of other items or information reasonably required by Investor.

**21. Transaction Expenses.**

The Investor is responsible for all of the Investor’s transaction expenses including its legal, market analysis, and accounting fees up to \$100,000. The General Partner is responsible for all such costs to the extent they exceed \$100,000. Investor’s expenses will be paid in the form of capital contribution from the Investor, which is separate from and in addition to the Capital Contribution in paragraph 6. If the Partnership fails to close, the entity signing this letter of intent on behalf of the General Partner will be responsible for reimbursing the Investor for all of the Investor’s transaction expenses.

**22. Termination.**

If the transaction contemplated by this letter fails to close by the Closing Date, as extended by the parties, this letter will be null and void and of no further force and effect, and, neither party will have any claim or demand whatsoever against the other party in connection with this letter, its execution or termination, except the Investor’s transaction expenses identified above.

**23. Right of First Refusal.**

At the end of the 15 year tax credit compliance period, the General Partner will have a right of first refusal to purchase the Property for an amount equal to the greater of (a) fair market value of the Property, or (b) outstanding debt plus taxes payable as a result of the sale.



**24. Put Option.**

At any time after payment of Investor's Total Capital Contribution, Investor may require that General Partner purchase Investor's Interest and Special Limited Partner's Interest subject to all then existing liens and encumbrances to title for an amount equal to \$100 (the "Put Option").

**25. Tax Disclosure.**

Notwithstanding anything to the contrary contained in the Partnership Agreement or any other agreement between the parties hereto, or in any offering materials pertaining to the Project, Investor and each officer, employee, representative or agent of Investor may disclose to any and all persons, without limitation of any kind, (i) the tax treatment and tax structure of the Partnership and any of the Partnership's transactions or activities, and (ii) all materials of any kind (including opinions and tax analysis) that are provided to Investor regarding its investment in the Partnership and/or such transactions or activities of the Partnership. This authorization as to tax disclosure is effective retroactively to the commencement of any discussions between the parties hereto or any of their agents or representatives.

**26. Material Adverse Change.**

Bank of America 's obligations hereunder shall terminate if, prior to closing, Bank of America determines, in its sole judgment, that there shall exist any conditions regarding the Property, or the operations, business, assets, liabilities or condition (financial or otherwise, including credit rating) of Borrower, Guarantor, or any tenants or there shall have occurred a material adverse change in, or there shall exist any material adverse conditions in, the market for syndicated bank facilities or the financial, banking, credit or debt capital markets generally, that could be expected to cause the potential Investment to go into default or prevent any guarantor from performing its obligations under any guaranty or to materially and adversely affect the value or marketability of the Investment or the Property.

**27. Expiration.**

This Letter of Intent will expire at 5:00 p.m. on that date which is five (5) business days from the date hereof unless you execute this Letter Of Intent and return it to us prior to that time, which may be by facsimile transmission. This letter is not intended as a commitment or offer by Investor to invest in the Partnership or the Project, but is intended only to summarize for discussion purposes the equity investment it is considering at this time. Investor must obtain the approval of its Investment Committee with respect to any such investment. After receipt of your signature on this Letter Of Intent and after you provide any additional information that may be required, we will proceed with the necessary due diligence to process your request for Investment Committee Approval; provided, however that in any event, if this investment is not closed within sixty (60) days from the date hereof this Letter Of Intent will expire.

Lodge at Huffmeister LOI

Please indicate your agreement and acceptance of the foregoing by signing the enclosed copy of this letter and returning it to the undersigned. We look forward to working with you on this transaction.

**Bank of America, N.A.**

By: Cassandra Silvernail  
Name: Cassandra Silvernail  
Title: Senior Vice President

Agreed and Accepted:

~~By: EBH. NH Huffmeister LP,~~  
~~EBH. NH Huffmeister GP LLC, its general partner~~

By: Chris Richardson  
Name: Chris Richardson  
Title: Vice President

Date: May 15, 2015

cc: Dakar Gibbs, Bank of America Merrill Lynch  
Eve Wehrens, Bank of America Merrill Lynch

May 5, 2015

VIA EMAIL:

**Blazer Residential, Inc**  
**Attn: H. Chris Richardson**  
**18729 FM 1887**  
**Hempstead, Texas 77445**  
**Email: [blazer1@blazerrealestate.com](mailto:blazer1@blazerrealestate.com)**

**Re:** The Lodge at Huffmeister, Cypress, Texas

Dear Chris,

This letter will serve as a preliminary outline of the terms under which Bank of America (the "Bank") would consider a loan request on the above referenced project. **This letter does not represent an offer or commitment by the Bank for the proposed financing, nor does it define all the terms and conditions of a loan commitment, but is a framework upon which a loan request may be submitted. Issuance of a commitment by the Bank is subject to, among other things, the completion of the following items, and approval of the loan request under the Bank's internal approval process. The Bank may decline to approve the loan request. Upon your response to this letter and after providing any additional information which may be necessary, the Bank will proceed with the necessary due diligence to submit the loan request. The proposed terms and conditions are as follows:**

- Project:** To be Constructed 170-unit affordable family apartment complex located in Cypress, TX
- Borrower:** TDB — form and substance of Borrower must be acceptable to the Bank.
- Reporting Requirements:**
- Annually: Borrower and Guarantors' financial statements and covenant compliance shall be provided within 120 days of the end of the reporting period.
  - Monthly: Property operating statements and rental summary report shall be provided within 30 days or the end of the previous month.
- Know Your Customer:** Within five (5) business days of opening an account with Bank, Borrower shall have delivered to Bank all due diligence materials necessary and relevant to verifying Borrower's identity and background information, as deemed necessary by Bank in its sole and absolute discretion.
- Other Requirements:** All of the following to be acceptable to the Bank: documentation and submissions that are standard for loans of this type including, but not limited to, appraisal, ESA, physical needs assessment, legal documentation, title/survey, proposed

standard lease form, front-end cost and document reviews and acceptance of final budget (includes adequate contingency, interest carry/operating deficit reserve, etc.), review of plans/specs, condition of markets/submarkets, revenue/expenses pro-formas, financial review of Borrower, Guarantor, and general contractor, management agreement and subordination; and (as applicable), proof of tax credit award, equity investor and pay-in schedule, proof of tax-exempt status with respect to ad valorem taxes and other terms and conditions as may be required.

**Confidentiality:** This term sheet is strictly confidential and may not be shared with anyone else other than the owners of Borrower.

**Construction Loan**

**Construction  
Loan Amount:**

Information obtained by the Bank is so far insufficient to establish a loan amount. Based on our general underwriting parameters for what we believe to be similar transactions, the construction loan amount in this transaction would be the lesser of:

- 1) \$17,635,000
- 2) 75% LTC based on final Bank approved construction budget or
- 3) 80% LTV based on the sum of the "as completed and stabilized" appraised value, including rent restrictions, plus the value of the Low Income Housing Tax Credits (LIHTC) at the lesser of the value determined within Bank analysis of market pricing for the proposed market, or the gross amount being paid for the LIHTC's by the syndicator/investor.

**Construction  
Interest Rate:**

**Daily Floating 1-month BBA LIBOR + 250 bps floating.** An interest rate protection product from a financial provider acceptable to the Bank may be required prior to funding of a loan. Borrower and any person or entity that at any time provides a guaranty of Borrower's obligations in respect of such interest rate protection (including but not limited to any general partner of any thereof) will be required to be an "eligible contract participant" as such term is defined in the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

The budget for the project will contain an interest reserve acceptable to Bank.

**Construction  
Loan Term:**

24 months from the loan closing.

**Construction  
Loan**

**Amortization:**

Interest only for 24 months

**Commitment Fee:**

0.750% of the total Loan Commitment, payable at closing.

**Administrative Fee:**

\$5,000 payable at closing.

**Construction  
Renewal Options:**

- One, six-month extension option subject to the following:
- a) No less than 30 but no more than 90 day written notice of intention to exercise the option;
  - b) No event of default having occurred or potential default occurring;
  - c) Performance hurdles have been met, including but not limited to, lien-free construction completion and lease up hurdles;
  - d) The loan is in balance, including sufficient interest reserve;
  - e) Project must demonstrate the ability to be able to convert/payoff Bank's loan within the 6-month extension period;
  - f) All co-construction loans mature or are extended concurrent or past the Bank's extension date;
  - g) All takeout commitments expire or are extended concurrent or past the Bank's extension date;
  - h) All investor commitments include terms or are modified to be consistent with the extension of the Bank's loan;
  - i) No material adverse change in the financial condition of the Project, Borrower, and Guarantor;
  - j) Payment of 0.25% renewal fee based on the committed Loan amount; and
  - k) Rate adjustment or fee payment, as appropriate, to cover the cost of revising the forward rate lock, if any.

**Payment and  
Performance  
Guaranty:**

100 % guaranty of completion, performance and repayment to be provided by H. Chris Richardson and Blazer-Nantucket Holdings, LLC. Blazer Building Texas, LLC will provide completion guaranty only. For borrowers that are single-asset entities, principal(s) with general liability or guarantor(s) acceptable to the Bank must be jointly and severally liable for completion of the project and repayment of the financing, including interest and costs. Guarantors may have financial covenants that include minimum net worth and liquidity in amounts to be determined in underwriting.

**Collateral:**

- 1) First Lien Deed of Trust on land and improvements constructed thereon.
- 2) UCC filing on furniture, fixtures and equipment.
- 3) Assignment of rents/leases and management/construction/architectural contracts, etc.
- 4) Assignment of partnership interest, including capital contributions.
- 5) Assignment of interest rate hedge agreement, if any.

**General Contractor:**

Education-Based Housing, Inc. Entity subject to Bank's full due diligence and approval. Guaranteed maximum price contract required. Contract must require 10% retainage through 50% completion, 5% thereafter. The Master Sub Contractor shall be Blazer Building Texas, LLC.

**Loan Advances:**

Construction loan advances will be made no more frequently than monthly and will be based on the percentage of completion method for actual work in place less retainage as confirmed and approved by the Bank and its third party construction consultant. All funds will be advances into a construction account held by the Bank.

**Project Budget:** Project budget must be approved by the Bank and include:

- Minimum 5% construction contingency (if new construction), or 10% contingency (if rehabilitation of existing improvements);
- Minimum 3% soft cost contingency;
- Sufficient interest reserve to support the Project until it achieves the breakeven. Excess cash flow shall be used first to apply to accrued interest or interest then due with the remainder advanced from interest reserve.
- Bank may also require other reserves to be established with the Project budget.

**Term Loan:**

**Term Loan Amount:** Least of:

- 1) \$7,465,000;
- 2) 80% LTV based on an appraisal in form and substance acceptable to the Bank, or;
- 3) the principal amount based on debt service payments sufficient to achieve a 1:20 DSCR.

LTV and DSCR requirement subject to change upon final underwriting. In the event that the Project demonstrates a declining Net Operating Income in the Proforma, the Term loan Amount will be sized based upon the Project achieving a minimum annual DSCR of 1.05 over the Term Period.

**Term Loan Interest Rate:** Fixed rate for the life of the financing. Note rate will be fixed immediately prior to construction closing based upon then applicable market rates for like tenor and character loans. This product currently contains a floor rate that is subject to change without notice. The Bank estimates that, were the Note rate fixed as of the date of this letter, the rate would be approximately 5.55%.

The interest rate will be forward locked for a period of 24 months. Forward rate lock extension for one six-month period will be available, subject to a fee of 0.25% if the Loan does not convert within the first ninety (90) days of the extension. Fee to be paid the earliest of the conversion or expiration of the extension.

**Term Loan Maturity:** Eighteen years (18) years from the term loan conversion and closing.

**Amortization:** Thirty (30) years

**Term Loan Fees:** Greater of 1) \$7,500 or 2) 0.75% of the total Loan Commitment, payable at time of rate lock.

Conversion Fee equal to \$10,000 payable at conversion.

**Guaranty:** Non-recourse exclusions from key principals relating to fraudulent acts, in form and substance acceptable to Bank.

Financial condition of key principals will be subject to Bank review and approval.

**Other Terms and Conditions**

**Syndicator/Investor:** Subject to Bank approval.

**Tax Credit Equity:** Borrower must provide evidence satisfactory to Bank that it is entitled to an allocation of state and/or federal Tax Credits and agree to perform all actions necessary to maintain the Tax Credit allocation. Bank must review and approve the Tax Credit purchase agreement, commitment letter, partnership agreement and any other documentation evidencing the purchase of the Tax Credits. Proceeds from the sale or syndication of Tax Credits must be in an acceptable amount and according to a pay-in schedule and funding conditions acceptable to the Bank.

- Up-front investor limited partner equity shall be a minimum of 25% of total investor limited partner equity.
- Assignment of tax credits required.

**Upfront Funding Sources:**

Total upfront funding sources, which may include tax credit equity, developer equity, and subordinate debt shall equal a minimum of 15% of total development costs and will be advanced prior to the Bank's construction loan.

**Secondary Financing:**

Secondary Financing is permitted, subject to Bank approval. Secondary Financing shall be subordinated to the Bank's lien and secondary creditors shall execute an intercreditor agreement satisfactory in substance and form to the Bank, which limits and restricts the secondary creditor's rights and remedies without the prior written consent of the Bank. Secondary Financing subordination terms and conditions shall be consistent with provisions contained in Bank's form of subordination agreement and allow the potential refinance of the Letter of Credit. Any rent or income restrictions which are a condition of any Secondary Financing shall be subordinate to the Bank. All Secondary Financing loan documents including the subordination agreement, shall be acceptable to the Bank. The Letter of Credit documents shall provide for traditional restrictions on Borrower encumbrances of the property.

Any required "must-pay" subordinate debt service shall be underwritten and included in the loan-to-value calculations, as well as factored into the minimum debt service coverage ratio, as applicable.

Sources of Secondary Financing not paid in at closing and to be provided by governmental agencies (Federal, State, or Local) shall be evidenced by a commitment at closing which shall indicate that the allocation has been approved and funds allocated have been raised, reserved and available, and are not subject to clawback for other governmental priorities and, further, that the commitment does not obligate funds in excess of funds reserved. For the Subject transaction, Bank's expectation is that all subordinate financing will be fully subordinate to both mortgages and payable solely from cash flow after repayment of the Construction Loan.

**Developer Fee  
Payout Schedule:**

Developer fee payout schedule is subject to Bank review and approval.

**Fees and  
Expenses:**

Borrower will pay all reasonable costs incurred by the Bank in connection with the loans including, but not limited to, legal, environmental, front end costs and document review/inspections, physical needs assessment (for existing projects only) and appraisal.

**Deposits:**

As a condition to funding its construction loan, the Bank may require that the replacement reserve, any operating deficit reserve, operating account, and any other reserves required by other funding parties to the project be maintained at the Bank.

**Material  
Adverse Change:**

Bank of America's obligations hereunder shall terminate if, prior to closing, Bank of America determines, in its sole judgment, that there shall exist any conditions regarding the property, or the operations, business, assets, liabilities or condition (financial or otherwise, including credit rating) of Borrower or Guarantor, or there shall have occurred a material adverse change in, or there shall exist any material adverse conditions in, the market for syndicated bank credit facilities or the financial, banking, credit or debt capital markets generally, that could be expected to cause the loan to become delinquent or prevent any guarantor from performing its obligations under any guaranty or to materially and adversely affect the value or marketability of the loan or the property or Bank of America's ability to syndicate the loan.

**Assumptions Made:**

The terms discussed herein are presented, based on the credit conditions in the potential transaction as known by Bank of America. Should additional facts come to light that positively or negatively impact the situation, prices or other requirements quoted here may be adjusted.

**Preliminary  
Underwriting:**

This term sheet is presented based on preliminary underwriting that may have included, but is not limited to:

- A financial evaluation of the sponsors/developer;
- Modeling of the property pro-forma;
- Preliminary background screening of sponsors and developers;
- Evaluation of sponsor and developer prior experience and track record, and financial capacity;
- Determination of project feasibility;
- Evaluation of construction budget , gap analysis, and adequacy of contingencies;
- Evaluation of market and conditions;
- Any other conditions that are deem necessary or material by the Bank

**Special  
Requirements:**

**Contracts for the construction and subsequent servicing and ownership of water and septic services and facilities to the subject property shall be executed prior to closing of the construction loan and shall be in all respects acceptable to the Bank in its sole and absolute discretion prior to such closing.**



**Expiration:**

This term sheet will expire at 5:00 p.m. May 15, 2015 unless you execute this term sheet and return it to us prior to that time, which may be by facsimile transmission. Please understand that this term sheet does not represent an offer or commitment by Bank of America, or any of its affiliated entities, for the proposed new financing, nor does it define all of the terms and conditions of a loan commitment, but is a framework upon which a loan request may be submitted. Issuance of a commitment by Bank of America is subject to, among other things, the approval of your loan request under the Bank's approval process. If Bank of America issues a financing commitment in this transaction, it will in all respects supersede this letter.

The undersigned acknowledges and agrees that: (i) the transaction contemplated by this Term Sheet is an arm's length, commercial transaction between you and Bank in which Bank is acting solely as a principal and for its own interest; (ii) Bank is not acting as a municipal advisor or financial advisor to you; (iii) Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to you with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether Bank has provided other services or is currently providing other services to you on other matters); (iv) the only obligations Bank has to you with respect to the transaction contemplated hereby expressly are set forth in this Term Sheet; and (v) Bank is not recommending that you take an action with respect to the transaction contemplated by this Term Sheet, and before taking any action with respect to the contemplated transaction, you should discuss the information contained herein with its own legal, accounting, tax, financial and other advisors, as it deems appropriate. If you would like a municipal advisor in this transaction that has legal fiduciary duties to you, you are free to engage a municipal advisor to serve in that capacity. This Term Sheet is provided to you pursuant to and in reliance upon the "bank exemption" provided under the municipal advisor rules of the Securities and Exchange Commission, Rule 15Ba1-1 et seq.

Please review the above terms and conditions and feel free to call me with any questions or comments you may have. If you find the above terms and conditions to be acceptable, please indicate so by signing below and returning a faxed copy to my attention by the Expiration Date along with a good-faith deposit of \$10,000. Upon receipt of the letter and the good-faith deposit, the Bank will proceed with the necessary due diligence to prepare and submit your loan request, provided, however that in any event, this term sheet will finally expire at 5:00 p.m. August 31, 2015, the date which is one hundred twenty (120) days from the date hereof. Your deposit is refundable, less the Bank's out of pocket expenses incurred, should the Bank decline the financing opportunity discussed herein. I look forward to hearing from you and working with you on this and other transactions.

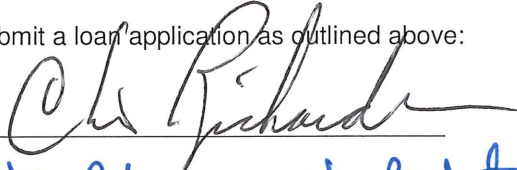
Sincerely,



Dakar Gibbs  
Senior Vice President  
Bank of America, N.A.  
700 Louisiana Street, 4<sup>th</sup> Floor  
Houston, TX 77002  
(713) 247-6811

Please submit a loan application as outlined above:

Name: \_\_\_\_\_



Title: \_\_\_\_\_

*Chris Richardson, Vice President*

Date: \_\_\_\_\_

*May 15, 2015*



TERM SHEET  
(Soft Pay Subordinate Loan)

March 30, 2015

VIA EMAIL

Chris Richardson, President  
Blazer Residential, Inc.  
9219 Katy Fwy, Suite 264  
Houston, TX 77024

Re: Soft Pay Subordinate Loan for The Lodge at Huffmeister located in Cypress, TX (the "Project")

Dear Chris:

This letter will serve as a preliminary outline of the terms under which Bank of America, N.A. (the "Bank") would consider a loan request on the above referenced project. **This letter does not represent an offer or commitment by the Bank for the proposed financing, nor does it define all the terms and conditions of a loan commitment, but is a framework upon which a loan request may be submitted. Issuance of a commitment by the Bank is subject to, among other things, the completion of the following items, and approval of the loan request under the Bank's internal approval process. The Bank may decline to approve the loan request. Upon your response to this letter and after providing any additional information which may be necessary, the Bank will proceed with the necessary due diligence to submit the loan request. The proposed terms and conditions are as follows:**

**Project:** To be constructed 170-unit apartment complex located in Cypress, TX .

**Borrower:** TBD - form and substance of Borrower must be acceptable to the Bank.

**Reporting Requirements:** Borrower and Guarantors' financial statements, covenant compliance certificates, property operating statements, leasing summaries shall and any other reports required by Bank shall be provided in detail and frequency as determined by the Bank in its sole discretion.

**Know Your Customer:** Within five (5) business days of opening an account with Bank, Borrower shall have delivered to Bank all due diligence materials necessary and relevant to verifying Borrower's identity and background information, as deemed necessary by Bank in its sole and absolute discretion.

**Other Requirements:** All of the following to be acceptable to the Bank: documentation and submissions that are standard for loans of this type including, but not limited to, appraisal, ESA, legal documentation, title/survey, condition of markets/submarkets, revenue/expense pro-formas, financial review of Borrower,

Guarantor; and (as applicable), proof of tax credit award, equity investor and pay-in schedule, and other terms and conditions as may be required.

**Confidentiality:** This term sheet is strictly confidential and may not be shared by the Borrower with anyone else other than the owners of Borrower.

**SUBORDINATE LOAN:**

**Loan Amount:** \$1,600,000.

**Loan Limits:** Funding will be limited to no more than \$100,000 per affordable unit.

**Use:** Loan Proceeds shall be available for development in connection with LIHTC, multifamily transactions.

**Subordinate Loan Interest Rate:** Note rate will be zero percent (0%).

**Subordinate Loan Maturity:** 21 years from loan closing.

**Repayment Terms:** Principal will be due the earlier of maturity, sale or refinance and may be forgiven based on certain performance criteria.

**Collateral:** Collateral shall include the following:

- 1) Non-Recourse Junior Lien Deed of Trust on land and improvements constructed thereon.
- 2) UCC filing on furniture, fixtures and equipment.
- 3) Collateral Assignment of Contracts, Management Agreements, Permits and other Project related documents.

**Marketing:** Development must meet the same affirmative marketing standards as are set forth in 24 C.F.R. § 200.620.

**Other Terms:** Availability of the Loan under this term sheet is expressly conditioned upon the Borrower and Project receiving approval for construction and permanent financing from Bank.

**Special Conditions:** Project must utilize federal Low Income Housing Tax Credits or equivalent and must meet all of the following conditions:

- 1) At least 20% of the residential units are affordable at or below 50% Area Median Income (AMI) or at least 40% of the units are affordable at or below 60% AMI.
- 2) Utilize a Land Use Restriction Agreement (LURA) with at least a 30 year term in a form acceptable to the Bank.
- 3) Borrower must agree to accept Housing Choice Vouchers.
- 4) Project must close and fund no later than August 31, 2015.

**Additional Special Conditions:** Project must meet the following additional conditions:

- 1) Project is located at 12321 Huffmesiter Road, Cypress, TX 77429 and is located within a Small Area DDA.
- 2) At least 36% of the total number of affordable housing units include two (2) bedrooms and at least 0% include three (3) or more bedrooms.
- 3) Project occupancy is not age restricted.

**GENERAL PROVISIONS:**

**Fees and Expenses:** Borrower will pay all reasonable costs incurred by the Bank in connection with the loans including, but not limited to, legal, and third party report. Borrower acknowledges that Bank may receive a benefit, including, without limitation, a discount, credit or other accommodation, from outside counsel based on the fees such counsel may receive on account of their relationship with Bank including, without limitation, fees paid pursuant hereto.

**Material Adverse Change:** Bank of America's obligations hereunder shall terminate if, prior to closing, Bank of America determines, in its sole judgment, that there shall exist any conditions regarding the property, or the operations, business, assets, liabilities or condition (financial or otherwise, including credit rating) of Borrower or Guarantor, or there shall have occurred a material adverse change in, or there shall exist any material adverse conditions in, the market for syndicated bank credit facilities or the financial, banking, credit or debt capital markets generally, that could be expected to cause the loan to become delinquent or prevent any guarantor from performing its obligations under any guaranty or to materially and adversely affect the value or marketability of the loan or the property or Bank of America's ability to syndicate the loan or the viability of obtaining permanent financing for the Project.

**Assumptions made:** The terms discussed herein are presented, based on the credit conditions in the potential transaction as known by Bank of America. Should additional facts come to light that positively or negatively impact the situation, prices or other requirements quoted here may be adjusted.

**Expiration:** This term sheet will expire at 5:00 p.m. on April 3, 2015, five (5) business days from the date hereof unless you execute this term sheet and return it to us prior to that time. Upon receipt of the signed letter, the Bank will proceed with the necessary due diligence to prepare and submit your loan request, provided, however that in any event, this term sheet will finally expire at 5:00 p.m. on June 1, 2015, the date which is sixty (60) days from the date hereof.

Please understand that this term sheet does not represent an offer or commitment by Bank of America, or any of its affiliated entities, for the proposed new financing, nor does it define all of the terms and conditions of a loan commitment, but is a framework upon which a loan request may be submitted. Issuance of a commitment by Bank of America is subject to, among other things, the approval of your loan request under the Bank's approval process. If Bank of America issues a financing commitment in this transaction, it will in all respects supersede this letter.

The undersigned acknowledges and agrees that: (i) the transaction contemplated by this Term Sheet is an arm's length, commercial transaction between you and Bank in which Bank is acting solely as a principal and for its own interest; (ii) Bank is not acting as a municipal advisor or financial advisor to you; (iii) Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to you with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether Bank has provided other services or is currently providing other services to you on other matters); (iv) the only obligations Bank has to you with respect to the transaction contemplated hereby expressly are set forth in this Term Sheet; and (v) Bank is not recommending that

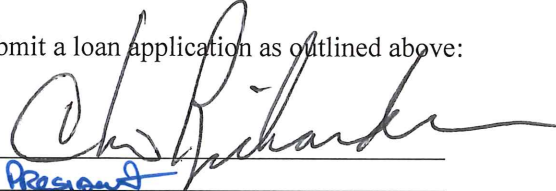
you take an action with respect to the transaction contemplated by this Term Sheet, and before taking any action with respect to the contemplated transaction, you should discuss the information contained herein with its own legal, accounting, tax, financial and other advisors, as it deems appropriate. If you would like a municipal advisor in this transaction that has legal fiduciary duties to you, you are free to engage a municipal advisor to serve in that capacity. This Term Sheet is provided to you pursuant to and in reliance upon the “bank exemption” provided under the municipal advisor rules of the Securities and Exchange Commission, Rule 15Ba1-1 et seq.

Sincerely,  
Bank of America, N.A.



Dakar Gibbs  
Senior Vice President  
Bank of America, N.A.  
700 Louisiana Street, 4<sup>th</sup> Floor  
Houston, TX 77002  
Office: (713) 247-6811  
Fax: (214) 416-0655  
[dakar.n.gibbs@baml.com](mailto:dakar.n.gibbs@baml.com)

Please submit a loan application as outlined above:

Name:   
Title: President  
Date: 3/30/2015



## Rent Schedule (Continued)

		% of LI	% of Total	
<b>HOUSING TAX CREDITS</b>	TC30%	11%	9%	15
	TC40%			0
	TC50%	40%	34%	57
	TC60%	49%	41%	70
	<b>HTC LI Total</b>			142
	EO			0
	MR			28
	<b>MR Total</b>			28
	<b>Total Units</b>			170
<b>MORTGAGE REVENUE BOND</b>	MRB30%			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
	<b>MRB LI Total</b>			0
	MRBMR			0
	<b>MRBMR Total</b>			0
	<b>MRB Total</b>			0

		% of LI	% of Total	
<b>HOUSING TRUST FUND</b>	HTF30%			0
	HTF40%			0
	HTF50%			0
	HTF60%			0
	HTF80%			0
	<b>HTF LI Total</b>			0
	MR			0
	<b>MR Total</b>			0
	<b>HTF Total</b>			0
<b>HOME</b>	30%			0
	LH/50%			0
	HH/60%			0
	HH/80%			0
	<b>HOME LI Total</b>			0
	EO			0
	MR			0
	<b>MR Total</b>			0
	<b>HOME Total</b>			0
<b>OTHER</b>	<b>Total OT Units</b>			0

<b>BEDROOMS</b>	0			0
	1			110
	2			60
	3			0
	4			0
	5			0

<b>ACQUISITION + HARD</b>			
<b>Cost Per Sq Ft</b>	\$ 124.93		
<b>HARD</b>			
<b>Cost Per Sq Ft</b>	\$ 124.93		
<b>BUILDING</b>			
<b>Cost Per Sq Ft</b>	\$ 69.78		
		<b>Total Points claimed:</b>	<b>12</b>

Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.



## Utility Allowances

**Applicant must attach to this form documentation from the source of the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application Packet. This exhibit must clearly indicate which utility costs are included in the estimate.**

*Note: If more than one entity (Sec. 8 administrator, public housing authority) is responsible for setting the utility allowance(s) in the area of the development location, then the selected utility allowance must be the one which most closely reflects the actual expenses.*

*If an independent utility cost evaluation is conducted it must include confirming documentation from all the relevant utility providers.*

*If other reductions to the tenant rent is required such as the cost of flood insurance for the tenant's contents, documentation for these reductions to gross rent should also be attached.*

Utility	Who Pays	Energy Source	0BR	1BR	2BR	3BR	4BR	Source of Utility Allowance & Effective Date
Heating	Tenant	Electric		\$ 5	\$ 9			Harris County Housing Authority - 4/1/15
Cooking	Tenant	Electric		\$ 4	\$ 5			Harris County Housing Authority - 4/1/15
Other Electric	Tenant			\$ 12	\$ 13			Harris County Housing Authority - 4/1/15
Air Conditioning	Tenant	Electric		\$ 16	\$ 19			Harris County Housing Authority - 4/1/15
Water Heater	Tenant	Electric		\$ 14	\$ 15			Harris County Housing Authority - 4/1/15
Water	Landlord							
Sewer	Landlord							
Trash	Landlord							
flat fee								
other								
<b>Total Paid by tenant</b>			\$ -	\$ 51	\$ 61	\$ -	\$ -	

Other (Describe)




# Allowances for Tenant-Furnished Utilities and Other Services

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing

OMB Approval No. 2577-0169  
(exp. 09/30/2017)

See Public Reporting Statement and Instructions on back

Locality <b>Harris County Housing Authority</b>	Unit Type Apartments with 5 or more units	Date (mm/dd/yyyy) <b>4/1/2015</b>
--	--	--------------------------------------

Utility or Service	Monthly Dollar Allowances						
	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Heating	a. Natural Gas	1	2	2	3	4	4
	b. Bottle Gas						
	c. Oil / Electric	4	5	9	9	10	11
	d. Coal / Other						
Cooking	a. Natural Gas	3	4	5	5	6	6
	b. Bottle Gas						
	c. Oil / Electric	4	4	5	6	6	7
	d. Coal / Other						
Other Electric	14	12	13	14	16	17	
Air Conditioning	13	16	19	21	25	28	
Water Heating	a. Natural Gas	4	6	6	9	11	12
	b. Bottle Gas						
	c. Oil / Electric	11	14	15	20	24	26
	d. Coal / Other						
Water	23	40	57	69	93	117	
Sewer							
Trash Collection							
Range/Microwave	8	7	7	7	8	8	
Refrigerator	3	3	3	3	3	3	
Other -- specify							

<b>Actual Family Allowances</b> To be used by the family to compute allowance. Complete below for the actual unit rented.	Utility or Service	per month cost
	Heating	\$
Name of Family	Cooking	
	Other Electric	
	Air Conditioning	
	Water Heating	
	Water	
	Sewer	
	Trash Collection	
	Range/Microwave	
	Refrigerator	
	Other	
Address of Unit	<b>Total</b>	\$
Number of Bedrooms		

## ANNUAL OPERATING EXPENSES

<b>General &amp; Administrative Expenses</b>			
Accounting	\$	8,500.00	
Advertising	\$	8,000.00	
Legal fees	\$	5,500.00	
Leased equipment	\$	14,500.00	
Postage & office supplies	\$	6,725.00	
Telephone	\$	7,500.00	
Other	\$	7,935.00	
Other	\$	Describe	
Total General & Administrative Expenses:			\$ 58,660.00
Management Fee:	Percent of Effective Gross Income:	5.00%	\$ 71,728.00
<b>Payroll, Payroll Tax &amp; Employee Benefits</b>			
Management	\$	102,476.06	
Maintenance	\$	103,853.03	
Other	\$	20,632.91	
Other	\$	Describe	
Total Payroll, Payroll Tax & Employee Benefits:			\$ 226,962.00
<b>Repairs &amp; Maintenance</b>			
Elevator	\$	Describe	
Exterminating	\$	5,750.00	
Grounds	\$	32,500.00	
Make-ready	\$	24,860.00	
Repairs	\$	29,940.00	
Pool	\$	5,380.00	
Other	\$	6,320.00	
Other	\$	Describe	
Total Repairs & Maintenance:			\$ 104,750.00
<b>Utilities (Enter Development Owner expense)</b>			
Electric	\$	35,060.00	
Natural gas	\$	500.00	
Trash	\$	14,400.00	
Water & sewer	\$	71,140.00	
Other	\$	Describe	
Other	\$	Describe	
Total Utilities:			\$ 121,100.00
Annual Property Insurance:	Rate per net rentable square foot:	\$ 0.40	\$ 60,824.00
<b>Property Taxes:</b>			
Published Capitalization Rate:	2.26%	Source:	HCAD
Annual Property Taxes:	\$	115,380.00	
Payments in Lieu of Taxes:	\$	Describe	
Other Taxes	\$	4,130.00	
Other Taxes	\$	Describe	
Total Property Taxes:			\$ 119,510.00
Reserve for Replacements:	Annual reserves per unit:	\$ 250.00	\$ 42,500.00
<b>Other Expenses</b>			
Cable TV	\$	Describe	
Supportive service contract fees	\$	7,500.00	
TDHCA Compliance fees	\$	5,680.00	
TDHCA Bond Administration Fees (TDHCA as Bond Issuer <u>Only</u> )	\$	Describe	
Security	\$	5,000.00	
Other	\$	Describe	
Other	\$	Describe	
Total Other Expenses:			\$ 18,180.00
<b>TOTAL ANNUAL EXPENSES</b>			
		Expense per unit: \$ 4,848	\$ 824,214.00
		Expense to Income Ratio: 57.45%	
<b>NET OPERATING INCOME (before debt service)</b>			\$ 610,350.01
<b>Annual Debt Service</b>			
Bank of America - Perm Loan	\$	508,625	
	\$	Describe	
	\$	Describe	
	\$	Describe	
TOTAL ANNUAL DEBT SERVICE			\$ 508,625.39
		Debt Coverage Ratio: 1.20	
<b>NET CASH FLOW</b>			\$ 101,724.62

## 15 Year Rental Housing Operating Proforma

**All Programs Must Complete the following:**

*The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and principal and interest debt service. The Department currently considers an annual growth rate of 2% for income and 3% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.*

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	\$1,507,080	\$1,537,222	\$1,567,966	\$1,599,325	\$1,631,312	\$1,801,100	\$1,988,560
Secondary Income	\$ 43,800.00	\$ 44,676.00	\$ 45,569.52	\$ 46,480.91	\$ 47,410.53	\$ 52,345.05	\$ 57,793.17
POTENTIAL GROSS ANNUAL INCOME	\$1,550,880	\$1,581,898	\$1,613,536	\$1,645,806	\$1,678,722	\$1,853,445	\$2,046,353
Provision for Vacancy & Collection Loss	\$ 116,316.00	\$ 118,642.32	\$ 121,015.17	\$ 123,435.47	\$ 125,904.18	\$ 139,008.39	\$ 153,476.49
Rental Concessions	\$ -						
EFFECTIVE GROSS ANNUAL INCOME	\$1,434,564	\$1,463,255	\$1,492,520	\$1,522,371	\$1,552,818	\$1,714,437	\$1,892,877
EXPENSES							
General & Administrative Expenses	\$ 58,660.00	\$60,420	\$62,232	\$64,099	\$66,022	\$76,538	\$88,729
Management Fee	\$ 71,728.00	\$ 73,879.84	\$ 76,096.24	\$ 78,379.12	\$ 80,730.50	\$ 93,588.77	\$ 108,495.04
Payroll, Payroll Tax & Employee Benefits	\$ 226,962.00	\$ 233,770.85	\$ 240,783.98	\$ 248,007.50	\$ 255,447.72	\$ 296,133.92	\$ 343,300.38
Repairs & Maintenance	\$ 104,750.00	\$ 107,892.50	\$ 111,129.28	\$ 114,463.15	\$ 117,897.05	\$ 136,674.99	\$ 158,443.77
Electric & Gas Utilities	\$ 35,560.00	\$ 36,626.80	\$ 37,725.60	\$ 38,857.37	\$ 40,023.09	\$ 46,397.73	\$ 53,787.69
Water, Sewer & Trash Utilities	\$ 85,540.00	\$ 88,106.20	\$ 90,749.39	\$ 93,471.87	\$ 96,276.02	\$ 111,610.30	\$ 129,386.93
Annual Property Insurance Premiums	\$ 60,824.00	\$ 62,648.72	\$ 64,528.18	\$ 66,464.03	\$ 68,457.95	\$ 79,361.52	\$ 92,001.76
Property Tax	\$ 119,510.00	\$ 123,095.30	\$ 126,788.16	\$ 130,591.80	\$ 134,509.56	\$ 155,933.44	\$ 180,769.60
Reserve for Replacements	\$ 42,500.00	\$ 43,775.00	\$ 45,088.25	\$ 46,440.90	\$ 47,834.12	\$ 55,452.86	\$ 64,285.06
Other Expenses:	\$ 18,180.00	\$ 18,725.40	\$ 19,287.16	\$ 19,865.78	\$ 20,461.75	\$ 23,720.78	\$ 27,498.88
TOTAL ANNUAL EXPENSES	\$824,214	\$848,940	\$874,409	\$900,641	\$927,660	\$1,075,412	\$1,246,698
NET OPERATING INCOME	\$610,350	\$614,315	\$618,112	\$621,730	\$625,158	\$639,024	\$646,179
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	\$508,625	\$508,625	\$508,625	\$508,625	\$508,625	\$508,625	\$508,625
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment:							
Other Annual Required Payment:							
NET CASH FLOW	\$101,725	\$105,689	\$109,486	\$113,105	\$116,533	\$130,399	\$137,554
Debt Coverage Ratio	1.20	1.21	1.22	1.22	1.23	1.26	1.27
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, rent schedule and operating expense schedule have been reviewed and generally meet current lender underwriting parameters for the loan terms indicated in the term sheet. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

\_\_\_\_\_  
Signature, Authorized Representative, Construction or  
Permanent Lender

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date





<b>FINANCING:</b>			
<b>CONSTRUCTION LOAN(S)<sup>3</sup></b>			
Interest	475,313		285,188
Loan origination fees	144,760		86,856
Title & recording fees	120,000		90,000
Closing costs & legal fees	35,000		26,250
Inspection fees	12,500		12,500
Credit Report			
Discount Points			
HFC Application Fees	6,000		3,600
BofA Admin Fee	5,000		3,000
<b>PERMANENT LOAN(S)</b>			
Loan origination fees	56,000		
Title & recording fees	15,000		
Closing costs & legal	26,500		
Bond premium			
Credit report			
Discount points			
Credit enhancement fees			
Prepaid MIP			
Other (specify) - see footnote 1			
Perm Loan Conversion Fee	10,000		
<b>BRIDGE LOAN(S)</b>			
Interest			
Loan origination fees			
Title & recording fees			
Closing costs & legal fees			
Other (specify) - see footnote 1			
Other (specify) - see footnote 1			
<b>OTHER FINANCING COSTS<sup>3</sup></b>			
Tax credit fees	65,850		
Tax and/or bond counsel			
Payment bonds			
Performance bonds			
Credit enhancement fees			
Mortgage insurance premiums			
Cost of underwriting & issuance			
Syndication organizational cost			
Tax opinion			
Contractor Guarantee Fee			
Developer Guarantee Fee			
Other (specify) - see footnote 1			
Other (specify) - see footnote 1			
<b>Subtotal Financing Cost</b>	\$971,923	\$0	\$507,394
<b>DEVELOPER FEES<sup>3</sup></b>			
Housing consultant fees <sup>4</sup>	2,500		2,500
General & administrative	1,186,200		1,002,101
Profit or fee	1,779,300		1,503,151
<b>Subtotal Developer Fees</b>	\$2,968,000	\$0	\$2,507,752
	15.00%		15.00%
<b>RESERVES</b>			
Rent-up	58,032		
Operating	254,400		
Replacement			
Escrows			
<b>Subtotal Reserves</b>	\$312,432	\$0	\$0
<b>TOTAL HOUSING DEVELOPMENT COSTS<sup>5</sup></b>	\$25,978,619	\$0	\$19,225,095

The following calculations are for HTC Applications only.

**Deduct From Basis:**

Federal grants used to finance costs in Eligible Basis

Non-qualified non-recourse financing

Non-qualified portion of higher quality units §42(d)(5)

Historic Credits (residential portion only)

**Total Eligible Basis**

\*\*High Cost Area Adjustment (100% or 130%)

**Total Adjusted Basis**

Applicable Fraction

**Total Qualified Basis**

Applicable Percentage<sup>6</sup>

**Credits Supported by Eligible Basis**

**(May be greater than actual request)**

		\$0	\$19,225,095
			130%
		\$0	\$24,992,624
			83.5294%
\$20,876,192	\$0	\$20,876,192	
			9.00%
\$1,878,857	\$0	\$1,878,857	


Name of contact for Cost Estimate:

James Wanja

Phone Number for Contact:

713-914-9200

Footnotes:

<sup>1</sup> An itemized description of all "other" costs must be included at the end of this exhibit.

<sup>2</sup> All Off-Site costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Offsite Cost Breakdown form.

<sup>3</sup> (HTC Only) Site Work expenses, indirect construction costs, developer fees, construction loan financing and other financing costs may or may not be included in Eligible Basis. Site Work costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Site Work Cost Breakdown form.

<sup>4</sup> (HTC Only) Only fees paid to a consultant for duties which are not ordinarily the responsibility of the developer, can be included in Eligible Basis. Otherwise, consulting fees are included in the calculation of maximum developer fees.

<sup>5</sup> (HTC Only) Provide **all** costs & Eligible Basis associated with the Development.

<sup>6</sup> (HTC Only) Use the appropriate Applicable Percentages as defined in §10.3 of the Uniform Multifamily Rules.



## Financing Narrative and Summary of Sources and Uses of Funds

Describe all sources of funds and total uses of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule). Where funds such as tax credits, loan guarantees, bonds are used, only the proceeds going into the development should be identified so that "sources" match "uses."

Financing Participants	Funding Description	Construction Period		Lien Position	Permanent Period					Lien Position
		Loan/Equity Amount	Interest Rate (%)		Loan/Equity Amount	Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	
<b>Debt</b>										
TDHCA	<a href="#">HOME</a>	\$0	0%		\$ -	0%	0	0		
TDHCA	<a href="#">NSP</a>	\$0	0%		\$ -		0	0		
TDHCA	<a href="#">Mortgage Revenue Bond</a>	\$0	0%							
Bank of America	Conventional Loan	\$17,635,000	3.50%	1st	\$ 7,465,000	5.50%	30	18		1st
Bank of America	Private Loan	\$1,600,000	0.00%	2nd	\$ 1,600,000	0.00%	0	18		2nd
Houston Housing Finance Corp	Local Government Loan	\$710,000	3.00%	CD						
<b>Third Party Equity</b>										
Bank of America	<a href="#">HTC</a> \$ 1,500,000	\$ 3,862,114			\$ 15,448,455				1.03	
<b>Grant</b>										
<b>Deferred Developer Fee</b>										
Nantucket Housing, LLC	Deferred Developer Fee	\$ 2,171,505	0.00%		\$ 1,465,164					
<b>Other</b>										
	<b>Total Sources of Funds</b>	\$ 25,978,619			\$ 25,978,619					
	<b>Total Uses of Funds</b>				\$ 25,978,619					

Briefly describe the complete financing plan for the Development, including the sources and uses of funds, matching funds (if applicable), and any other financing. The information must be consistent with all other documentation in this section.

\*Bank of America construction loan of \$17,635,000 secured by 1st lien on the real estate & personal property of development. Terms outlined in the attached letter of intent. The construction loan will be repaid via perm loan & the Investor's latter equity installments.

\*Bank of America private loan of \$1,600,000 secured by 2nd lien on real esate and personal property of development. The loan bears no interest and is forgivable at maturity. Terms are outlined in the attached letter of interest.

\*Equity installments from Bank of America of \$15,448,455 or \$1.03 per tax credit dollar. Proceeds from the HTC syndication will provide funding for the construction and placed-in-service periods. Syndicator has issued the attached letter of interest.

\*A permanent loan from Bank of America in the amount of \$7,465,000 with a 30 year amortization and an 18-year term. The Lender has issued a letter of interest, subject to an award of LIHTCs and further due diligence. In anticipation of potential interest rate fluctuations at the rate of lock date and the Lender has utilized an underwriting rate of 5.55% for the permanent loan in the pro-forma exhibits submitted in the Application.

\*Houston Housing Finance Corporation will provide construction financing for the project. The initial funding will equate to \$710K which will be paid off prior to conversion to the permanent loan.

\*Developer fees totaling \$1,465,164 (49.37%) of the total fee will be deferred into the permanent period.

# Finance Scoring (for Competitive HTC Applications ONLY)

Self Score Total: 127

## 1. Commitment of Development Funding by Local Political Subdivision (§11.9(d)(2))

Local Political Subdivision Funding Amount \$ 710,000

Per Unit Funding Amount: 5,000

i. Population	<span style="border: 1px solid black; padding: 2px;">2,089,090</span>	x	0.15	=	\$ 313,364	or	per unit	\$ 15,000	scoring threshold:	eligible for points:
ii. Population	<span style="border: 1px solid black; padding: 2px;">2,089,090</span>	x	0.10	=	\$ 208,909	or	\$ 10,000	\$ 15,000 per unit	\$ 15,000 per unit	<span style="border: 1px solid black; padding: 2px;"></span>
iii. Population	<span style="border: 1px solid black; padding: 2px;">2,089,090</span>	x	0.05	=	\$ 104,455	or	\$ 5,000	\$ 10,000 per unit	\$ 5,000 per unit	<span style="border: 1px solid black; padding: 2px;">9</span>
iv. Population	<span style="border: 1px solid black; padding: 2px;">2,089,090</span>	x	0.025	=	\$ 52,227	or	\$ 1,000	\$ 5,000 per unit	\$ 1,000 per unit	<span style="border: 1px solid black; padding: 2px;">8</span>
v. Population	<span style="border: 1px solid black; padding: 2px;">2,089,090</span>	x	0.01	=	\$ 20,891	or	\$ 500	\$ 1,000 per unit	\$ 500 per unit	<span style="border: 1px solid black; padding: 2px;">7</span>

**Firm Commitment from Local Political Subdivision in form of resolution?**

Yes

**Source is in the form a grant, in-kind donation, or permanent loan.**

**Total Points Claimed:** 11

## 2. Financial Feasibility (§11.9(e)(1))

Eligible Pro-Forma and letter stating the Development is financially feasible.

0

Eligible Pro-Forma and letter stating Development **and** Principals are acceptable.

18

**Total Points Claimed:** 18

## 3. Leveraging of Private, State, and Federal Resources (§2306.6725(a)(3); §11.9(e)(4))

Percent of Units restricted to serve households at or below 30% of AMGI 8.82%

HTC funding request as a percent of Total Housing Development Cost 5.77%

**eligible for points:**

Development Leverages CDBG Disaster Recovery, HOPE VI, RAD or Choice Neighborhood Funding

0

Housing Tax Credit Request 8% of Total Housing Development Cost

3

Housing Tax Credit Request 9% of Total Housing Development Cost

2

Housing Tax Credit Request 10% of Total Housing Development Cost

1

*\* Be sure no more than 50% of Developer fees are deferred.*

**Total Points Claimed:** 3

# TED TROUT ARCHITECT

AND ASSOCIATES, LTD.

Architecture - Planning - Interior Design

6363 Woodway Suite 500

Houston, Texas 77057

Copyright © 2014 TED TROUT ARCHITECT AND ASSOCIATES, LTD. All drawings and specifications are prepared by, under the direct control and supervision of the architect. They are not to be used as a basis for any construction or other project except by agreement in writing with appropriate compensation to the architect.

### APARTMENT UNIT DATA:

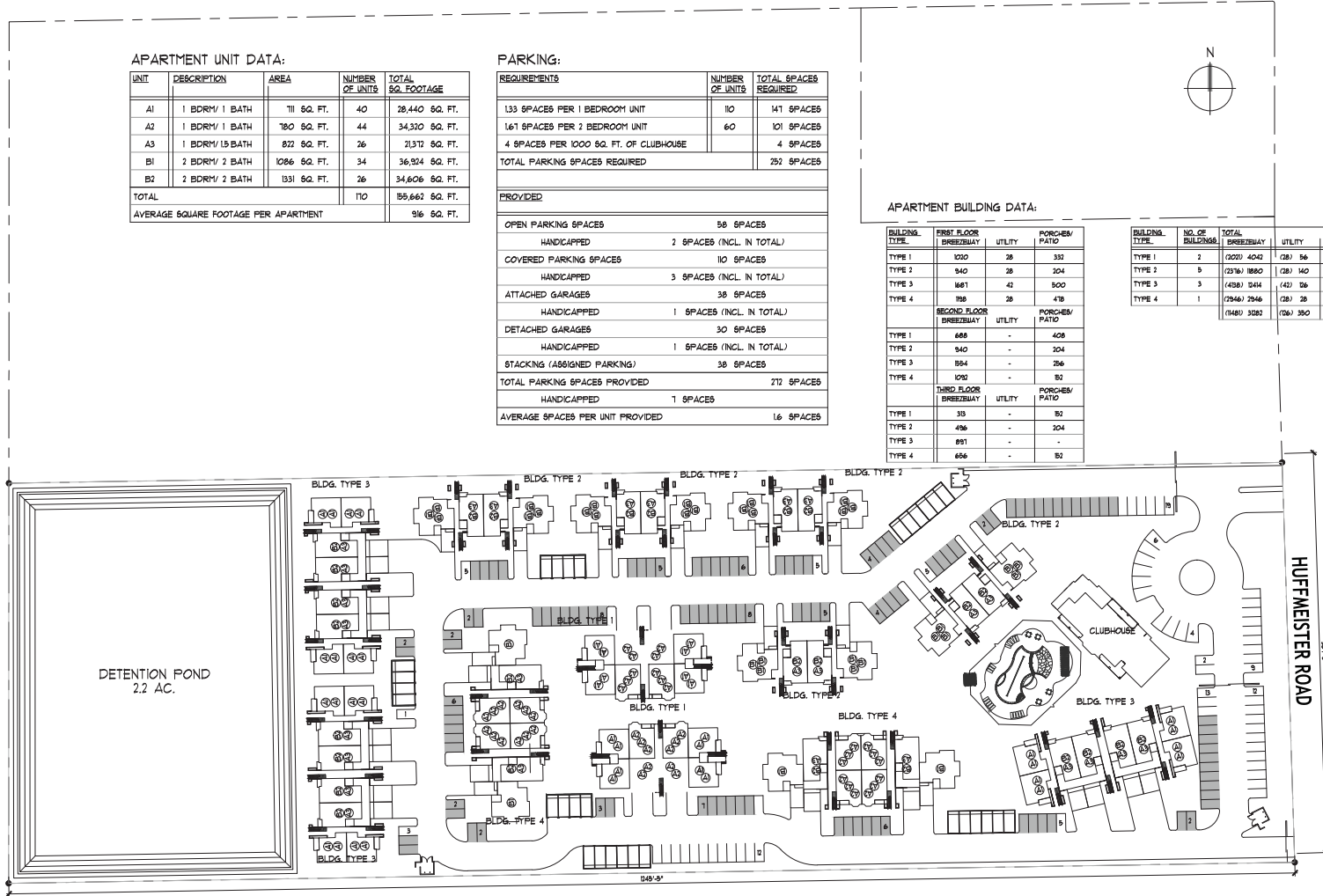
UNIT	DESCRIPTION	AREA	NUMBER OF UNITS	TOTAL SQ. FOOTAGE
A1	1 BDRM/ 1 BATH	711 SQ. FT.	40	28,440 SQ. FT.
A2	1 BDRM/ 1 BATH	780 SQ. FT.	44	34,320 SQ. FT.
A3	1 BDRM/ 1.5 BATH	832 SQ. FT.	26	21,372 SQ. FT.
B1	2 BDRM/ 2 BATH	1086 SQ. FT.	34	36,924 SQ. FT.
B2	2 BDRM/ 2 BATH	1331 SQ. FT.	26	34,606 SQ. FT.
TOTAL			170	155,662 SQ. FT.
AVERAGE SQUARE FOOTAGE PER APARTMENT				916 SQ. FT.

### PARKING:

REQUIREMENTS	NUMBER OF UNITS	TOTAL SPACES REQUIRED
133 SPACES PER 1 BEDROOM UNIT	110	141 SPACES
161 SPACES PER 2 BEDROOM UNIT	60	101 SPACES
4 SPACES PER 1000 SQ. FT. OF CLUBHOUSE		4 SPACES
TOTAL PARKING SPACES REQUIRED		252 SPACES
<b>PROVIDED</b>		
OPEN PARKING SPACES	58 SPACES	
HANDICAPPED	2 SPACES (INCL. IN TOTAL)	
COVERED PARKING SPACES	110 SPACES	
HANDICAPPED	3 SPACES (INCL. IN TOTAL)	
ATTACHED GARAGES	38 SPACES	
HANDICAPPED	1 SPACES (INCL. IN TOTAL)	
DETACHED GARAGES	30 SPACES	
HANDICAPPED	1 SPACES (INCL. IN TOTAL)	
STACKING (ASSIGNED PARKING)	38 SPACES	
TOTAL PARKING SPACES PROVIDED		212 SPACES
HANDICAPPED	7 SPACES	
AVERAGE SPACES PER UNIT PROVIDED		1.6 SPACES

### APARTMENT BUILDING DATA:

BUILDING TYPE	FIRST FLOOR	UTILITY	PORCHES/PATIO	BUILDING TYPE	NO. OF BUILDINGS	TOTAL	UTILITY	PORCHES/PATIO
TYPE 1	1030	28	332	TYPE 1	2	(2021) 4042	(28) 56	(362) 724
TYPE 2	940	28	204	TYPE 2	5	(2376) 11880	(28) 140	(621) 3090
TYPE 3	1681	42	500	TYPE 3	3	(4281) 2444	(42) 26	(756) 2268
TYPE 4	198	28	478	TYPE 4	1	(2946) 2946	(28) 28	(321) 321
<b>SECOND FLOOR</b>								
TYPE 1	688	-	408					
TYPE 2	540	-	204					
TYPE 3	1584	-	256					
TYPE 4	1092	-	50					
<b>THIRD FLOOR</b>								
TYPE 1	33	-	52					
TYPE 2	498	-	204					
TYPE 3	891	-	-					
TYPE 4	656	-	52					



## ARCHITECTURAL SITE PLAN

P. 50

**FLOOD PLAN NOTE:**  
SITE LIES ENTIRELY IN UNSHADED ZONE "X"

### CLIENT:

BLAZER RESIDENTIAL  
9219 KATY FREEWAY #264  
HOUSTON, TX 77024

### PROJECT NAME:

THE LODGE  
AT HUFFMEISTER

### PROJECT LOCATION:

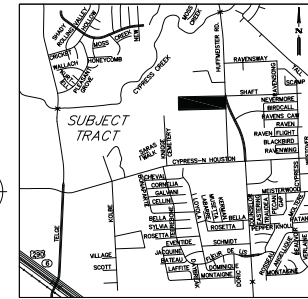
HARRIS COUNTY,  
TEXAS

DATE	ISSUE
02.14	PRELIMINARY

DATE	02.14
SCALE	1" = 50'-0"
PROJECT NUMBER	1403
DRAWN BY	D.A.A
SHEET TITLE	ARCHITECTURAL SITE PLAN
SHEET NUMBER	A0.0

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1" = 60'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	EXHIBIT MAP FOR TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
SHEET NUMBER	1



VICINITY MAP  
N.T.S.  
KEY MAP PAGE NO. 368K

**TOTAL APARTMENT UNIT DATA:**

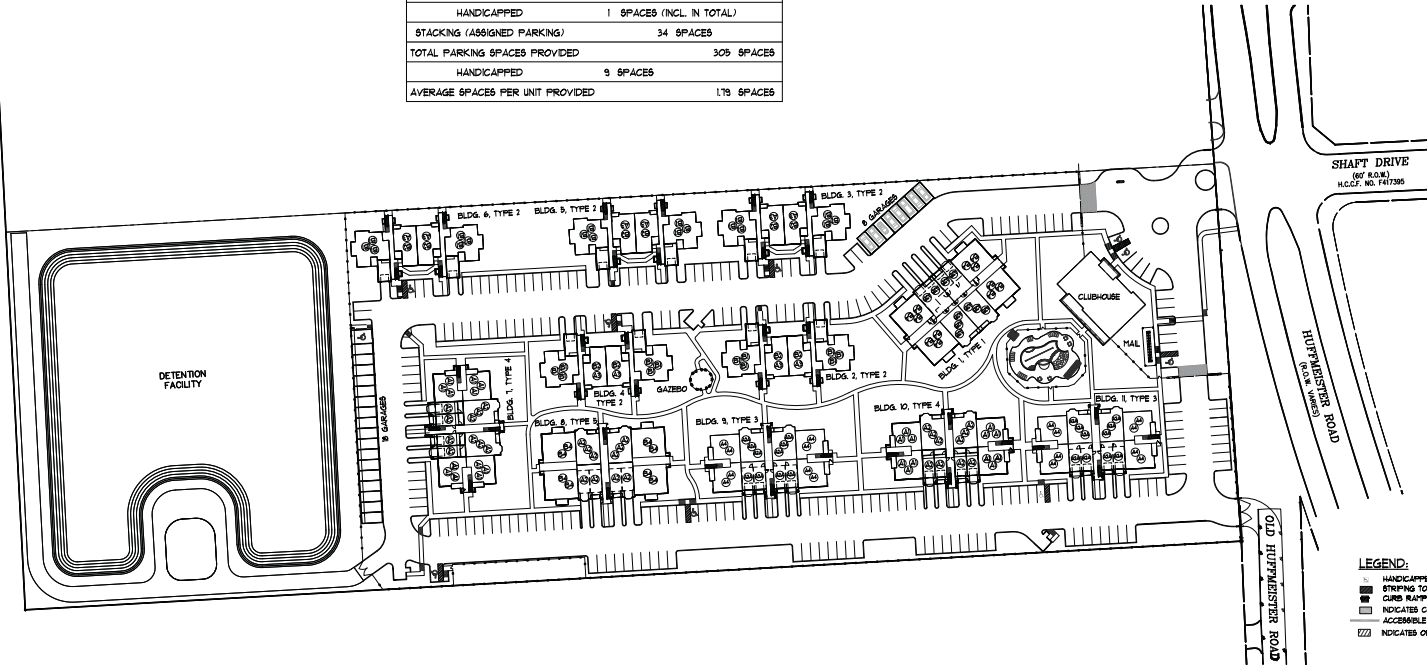
UNIT	DESCRIPTION	NET AREA	NUMBER OF UNITS		TOTAL SQ. FOOTAGE	
			1 BDRM	TOTAL		
A1	1 BDRM/1 BATH	711 SQ. FT.	24	24	17,064 SQ. FT.	
A2	1 BDRM/1 BATH	679 SQ. FT.	40	40	27,160 SQ. FT.	
A2A	1 BDRM/1 BATH	760 SQ. FT.	20	20	15,400 SQ. FT.	
A3	1 BDRM/1 BATH	672 SQ. FT.	10	10	6,720 SQ. FT.	
A4	1 BDRM/1 BATH	716 SQ. FT.	16	16	11,456 SQ. FT.	
B1	2 BDRM/2 BATH	1265 SQ. FT.	30	30	37,950 SQ. FT.	
B2	2 BDRM/2 BATH	1331 SQ. FT.	10	10	13,310 SQ. FT.	
B4	2 BDRM/2 BATH	1003 SQ. FT.	20	20	20,060 SQ. FT.	
TOTAL			10	60	170	894 SQ. FT.

**PARKING:**

REQUIREMENTS	NUMBER OF UNITS	SPACES PER UNIT	TOTAL SPACES REQUIRED
1 BEDROOM UNIT	10 UNITS	1.33	146
2 BEDROOM UNIT	60 UNITS	1.67	100
4 SPACES PER 1000 SQ. FT. OF CLUBHOUSE			4 SPACES
<b>TOTAL PARKING SPACES REQUIRED</b>			<b>250 SPACES</b>
<b>PROVIDED</b>			
OPEN PARKING SPACES		211 SPACES	
HANDICAPPED	7 SPACES (INCL. IN TOTAL)		
ATTACHED GARAGES		34 SPACES	
HANDICAPPED	1 SPACES (INCL. IN TOTAL)		
DETACHED GARAGES		26 SPACES	
HANDICAPPED	1 SPACES (INCL. IN TOTAL)		
STACKING (ASSIGNED PARKING)		34 SPACES	
<b>TOTAL PARKING SPACES PROVIDED</b>			<b>305 SPACES</b>
HANDICAPPED	9 SPACES		
<b>AVERAGE SPACES PER UNIT PROVIDED</b>			<b>1.78 SPACES</b>

**APARTMENT BUILDING DATA:**

BUILDING TYPE	NUMBER OF UNITS PER BUILDING				2 BEDROOM	NO. OF BLDGS.	NO. OF STORES	NO. OF UNITS PER STORE	TOTAL NUMBER OF UNITS
	1 BEDROOM	A1	A2	A2A					
TYPE 1	-	-	10	-	-	2	1	3	10
TYPE 2	-	-	-	2	-	2	9	3	10
TYPE 3	-	-	10	-	8	-	2	3/2	36
TYPE 4	10	10	-	-	-	2	3	24	20
TYPE 5	-	10	-	-	-	1	3/2	12	8
<b>TOTAL</b>						<b>11</b>		<b>50</b>	<b>80</b>



**FLOOD PLAN NOTE:**  
SITE LIES ENTIRELY IN UNSHADED ZONE "X"

- LEGEND:**
- HANDICAPPED ACCESSIBLE PARKING SPACE
  - STRIPING TO INDICATE NO PARKING ALLOWED
  - CURB RAMP AT 1% SLOPE
  - INDICATED COVERED GARPORTS
  - ACCESSIBLE ROUTE
  - INDICATES OPTIMAL LOCATION OF ACCESSIBLE UNITS

EXHIBIT MAP FOR  
TEXAS DEPARTMENT OF  
HOUSING & COMMUNITY  
AFFAIRS

## SPECIFICATIONS AND BUILDING/UNIT TYPE CONFIGURATION

*Unit types should be entered from smallest to largest based on " # of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by un-hiding columns Q through AA, and rows 51 through 79.*

**Specifications and Amenities (check all that apply)**

Building Configuration (Check all that apply):  
 Single Family Construction    SRO    Transitional (per §42(i)(3)(B))    Duplex  
 Scattered Site    Fourplex    > 4 Units Per Building    Townhome

Development will have:  
 Fire Sprinklers    Elevators    # of Elevators    Wt. Capacity

Number of Parking Spaces (consistent with Architectural Drawings):	Free   Paid	0	0	Shed or Flat Roof Carport Spaces	Free   Paid	0	26	Detached Garage Spaces
		6	28	Attached Garage Spaces		245	0	Uncovered Spaces
		0	0	Structured Parking Garage Spaces				

Floor & Wall Compositions:  
 90 % Carpet/Vinyl/Resilient Flooring    9 Ft. Ceilings  
 10 % Ceramic Tile  
 0 % other   Describe: \_\_\_\_\_

Unit Type				Number of Units Per Building											Total # of Residential Buildings	Total # of Units	Total Sq Ft for Unit Type
Building Label	# of Bedrooms	# of Baths	Sq. Ft. Per Unit	1	2	3	5	6	CL								
<b>Number of Buildings</b>				1	5	2	2	1	1								12
A1	1	1	711				12									24	
A2	1	1	829		10		10	10							40		
A2A	1	1	780			10									20		
A3	1	1	822			2									10		
A4A	1	1	756				8								16		
B1	2	2	1,085			6									30		
B2	2	2	1,331			2									10		
B4	2	2	1,003		12			8							20		
															-		
															-		
															-		
															-		
															-		
															-		
															-		
															-		
															-		
															-		
															-		
															-		
															-		
<b>Totals</b>				22	50	36	44	18	-	-	-	-	-	-	170		

**Net Rentable Square Footage from Rent Schedule** = 152,060

Interior Corridors	0	0	0	0	0									
Total Interior Corridor Per Building Label	0	0	0	0	0	0	0	0	0	0				-
Common Area	0	0	0	0	0	4,350								
Total Common Area Per Building Label	0	0	0	0	0	4,350	0	0	0	0				4,350
Breezeways	2,559	3,210	3,786	4,880	2,567									
Total Breezeways Per Building Label	2,559	16,050	7,572	9,760	2,567	0	0	0	0	0				38,508

# **EBH-NH Huffmeister LP**

## **EXHIBIT J**

### **Architectural Drawings**

A revised set of architectural drawings has been provided as a separate attachment due to the size of the file.



# THE MEADOWS AT CYPRESS CREEK

HARRIS COUNTY, TEXAS

PROJECT NUMBER 1403

**ARCHITECT:** TED TROUT ARCHITECT & ASSOCIATES, LTD.  
 6363 WOODWAY SUITE 500  
 HOUSTON, TEXAS 77057  
 (713) 266-7887  
 (713) 266-7948 FAX

**OWNER:** BLAZER RESIDENTIAL  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024  
 (713) 914-9200  
 (713) 914-9292

**TED TROUT**  
**ARCHITECT**

AND ASSOCIATES, LTD.

Architecture · Planning · Interior Design

6363 Woodway Suite 500

Houston, Texas 77057

**ISSUES & REVISIONS:**

02.13.2014 PRELIMINARY  
 04.25.2014 REVISION 1

**DRAWINGS:**  
 COVER SHEET

**ARCHITECTURAL:**

- A0.0 SITE PLAN - ARCHITECTURAL
- A1.1 UNIT FLOOR PLANS - UNIT A1, A2,A2A, A2B A3 & A4
- A1.2 UNIT FLOOR PLAN - UNIT B1 & B2
- A1.3 UNIT FLOOR PLAN - UNIT B4
- A2.1 CLUBHOUSE/LEASING OFFICE - FLOOR PLAN
- A2.2 CLUBHOUSE/LEASING OFFICE - EXTERIOR ELEVATIONS
- A2.4 GARAGE - FLOOR PLAN
- A2.6 GARAGE - FLOOR PLAN
- A2.9 GARAGE - EXTERIOR ELEVATIONS
- A2.10 GARAGE - EXTERIOR ELEVATIONS
- A3.1 BUILDING TYPE I - 1ST & 2ND FLOOR PLANS
- A3.2 BUILDING TYPE I - 3RD FLOOR PLAN
- A3.5 BUILDING TYPE I - EXTERIOR ELEVATIONS
- A4.1 BUILDING TYPE II - 1ST & 2ND FLOOR PLANS
- A4.2 BUILDING TYPE II - 3RD FLOOR PLAN
- A4.3 BUILDING TYPE II - EXTERIOR ELEVATIONS
- A4.4 BUILDING TYPE II - EXTERIOR ELEVATIONS
- A5.1 BUILDING TYPE III - 1ST & 2ND FLOOR PLANS
- A5.2 BUILDING TYPE III - 3RD FLOOR PLAN
- A5.3 BUILDING TYPE III - EXTERIOR ELEVATIONS
- A6.1 BUILDING TYPE V - 1ST FLOOR PLAN
- A6.2 BUILDING TYPE V - 2ND FLOOR PLAN
- A6.3 BUILDING TYPE V - 3RD FLOOR PLAN
- A6.6 BUILDING TYPE V - EXTERIOR ELEVATIONS
- A6.7 BUILDING TYPE V - EXTERIOR ELEVATIONS
- A7.1 BUILDING TYPE VI - 1ST FLOOR PLAN
- A7.2 BUILDING TYPE VI - 2ND FLOOR PLAN
- A7.3 BUILDING TYPE VI - 3RD FLOOR PLAN
- A7.6 BUILDING TYPE VI - EXTERIOR ELEVATIONS
- A7.7 BUILDING TYPE VI - EXTERIOR ELEVATIONS



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**TOTAL APARTMENT UNIT DATA:**

UNIT	DESCRIPTION	NET AREA	NUMBER OF UNITS:		TOTAL SQ. FOOTAGE	
			1 BDRM	TOTAL		
A1	1 BDRM/1 BATH	711 SQ. FT.	24	24	17,064 SQ. FT.	
A2	1 BDRM/1 BATH	829 SQ. FT.	30	30	33,160 SQ. FT.	
A2A	1 BDRM/1 BATH	180 SQ. FT.	20	20	15,600 SQ. FT.	
A2B	1 BDRM/1 BATH	180 SQ. FT.	10	10	15,600 SQ. FT.	
A3	1 BDRM/1 BATH	822 SQ. FT.	10	10	8,220 SQ. FT.	
A4	1 BDRM/1 BATH	756 SQ. FT.	16	16	12,096 SQ. FT.	
B1	2 BDRM/2 BATH	1085 SQ. FT.	30	30	32,550 SQ. FT.	
B2	2 BDRM/2 BATH	1331 SQ. FT.	10	10	13,310 SQ. FT.	
B4	2 BDRM/2 BATH	1003 SQ. FT.	20	20	20,060 SQ. FT.	
TOTAL			110	60	170	157,060 SQ. FT.
AVERAGE SQUARE FOOTAGE PER APARTMENTS					894 SQ. FT.	

**PARKING:**

REQUIREMENTS	NUMBER OF UNITS	SPACES PER UNIT	TOTAL SPACES REQUIRED
1 BEDROOM UNIT	110 UNITS	1.33	146
2 BEDROOM UNIT	60 UNITS	1.67	100
4 SPACES PER 1000 SQ. FT. OF CLUBHOUSE			4 SPACES
TOTAL PARKING SPACES REQUIRED			250 SPACES
<b>PROVIDED</b>			
OPEN PARKING SPACES		211 SPACES	
HANDICAPPED		7 SPACES (INCL. IN TOTAL)	
ATTACHED GARAGES		34 SPACES	
HANDICAPPED		1 SPACES (INCL. IN TOTAL)	
DETACHED GARAGES		26 SPACES	
HANDICAPPED		1 SPACES (INCL. IN TOTAL)	
STACKING (ASSIGNED PARKING)		34 SPACES	
TOTAL PARKING SPACES PROVIDED			305 SPACES
HANDICAPPED		9 SPACES	
AVERAGE SPACES PER UNIT PROVIDED			1.79 SPACES

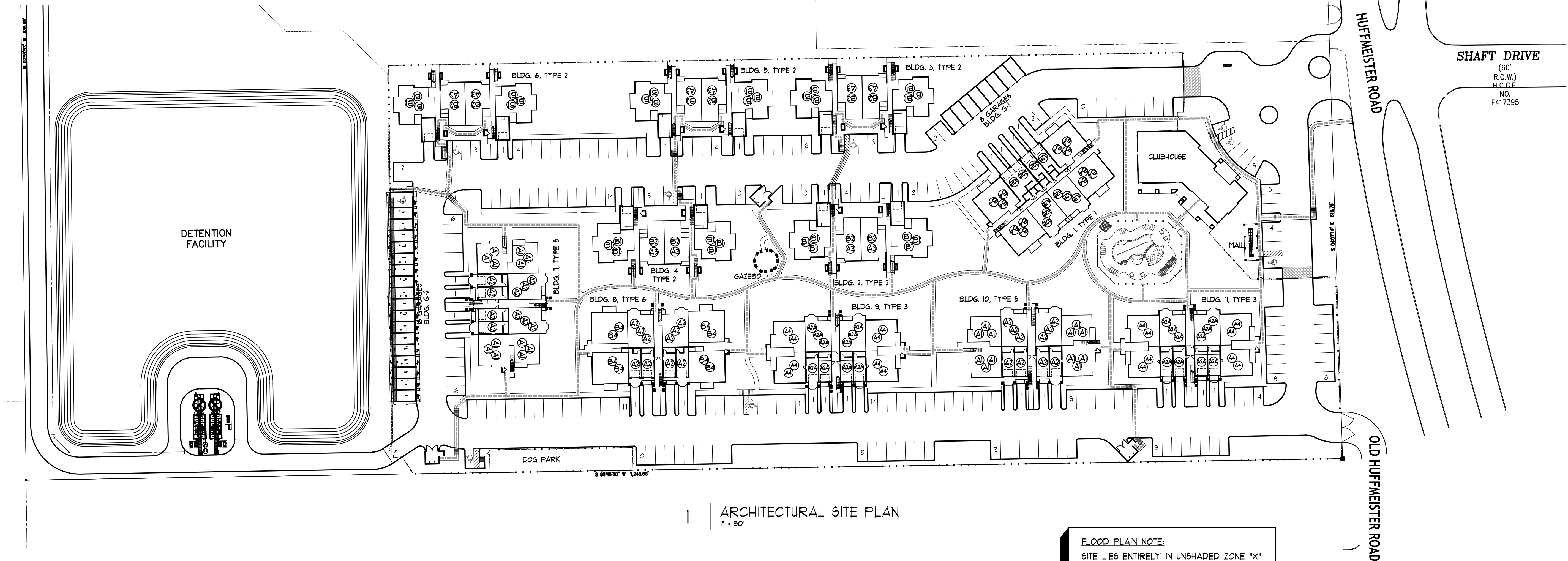
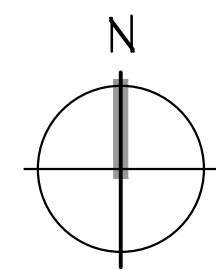
**APARTMENT BUILDING DATA:**

BUILDING TYPE	FIRST FLOOR		PORCHES/PATIO	PATIO STORAGE	TENANT LOCKER
	BREEZEWAY	UTILITY			
TYPE 1	875	13	388	22	242
TYPE 2	1092	18	130	0	0
TYPE 3	1664	13	344	22	0
TYPE 5	1716	12	332	22	0
TYPE 6	1175	13	388	22	0
BUILDING TYPE	SECOND FLOOR		PORCHES/PATIO	PATIO STORAGE	TENANT LOCKER
	BREEZEWAY	UTILITY			
TYPE 1	867	-	464	44	76
TYPE 2	1026	-	268	0	0
TYPE 3	1604	-	420	44	0
TYPE 5	1552	-	408	44	0
TYPE 6	861	-	152	44	0
BUILDING TYPE	THIRD FLOOR		PORCHES/PATIO	PATIO STORAGE	TENANT LOCKER
	BREEZEWAY	UTILITY			
TYPE 1	867	-	464	44	76
TYPE 2	1092	-	130	0	0
TYPE 3	518	-	152	44	0
TYPE 5	1552	-	408	44	0
TYPE 6	531	-	152	44	0

BUILDING TYPE	NO. OF BUILDINGS	TOTAL BREEZEWAY	UTILITY	PORCHES/PATIO	PATIO STORAGE	TENANT LOCKER
TYPE 2	5	(320) 16050	(18) 90	(528) 2640	0	0
TYPE 3	2	(3786) 1512	(13) 26	(916) 1832	(110) 220	0
TYPE 5	2	(4880) 9160	(12) 24	(1148) 2296	(110) 220	0
TYPE 6	1	2561	13	1040	110	0
		38508	166	9124	660	394

**LEGEND:**

- HANDICAPPED ACCESSIBLE PARKING SPACE
- ▨ STRIPING TO INDICATE NO PARKING ALLOWED
- ▩ CURB RAMP AT 1/2 SLOPE
- ▭ INDICATES COVERED CARPORTS
- \*\*\*\*\* TAS AND F.H.A. - COMPLIANT ACCESSIBLE ROUTE
- ▨▨▨▨▨ INDICATES OPTIMAL LOCATION OF ACCESSIBLE UNITS



1 | ARCHITECTURAL SITE PLAN  
 1" = 50'

**FLOOD PLAIN NOTE:**  
 SITE LIES ENTIRELY IN UNSHADED ZONE "X"

CLIENT:  
 BLAZER RESIDENTIAL  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME:  
 THE MEADOWS  
 AT CYPRESS CREEK

PROJECT LOCATION:  
 HARRIS COUNTY,  
 TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1" = 50'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	ARCHITECTURAL SITE PLAN

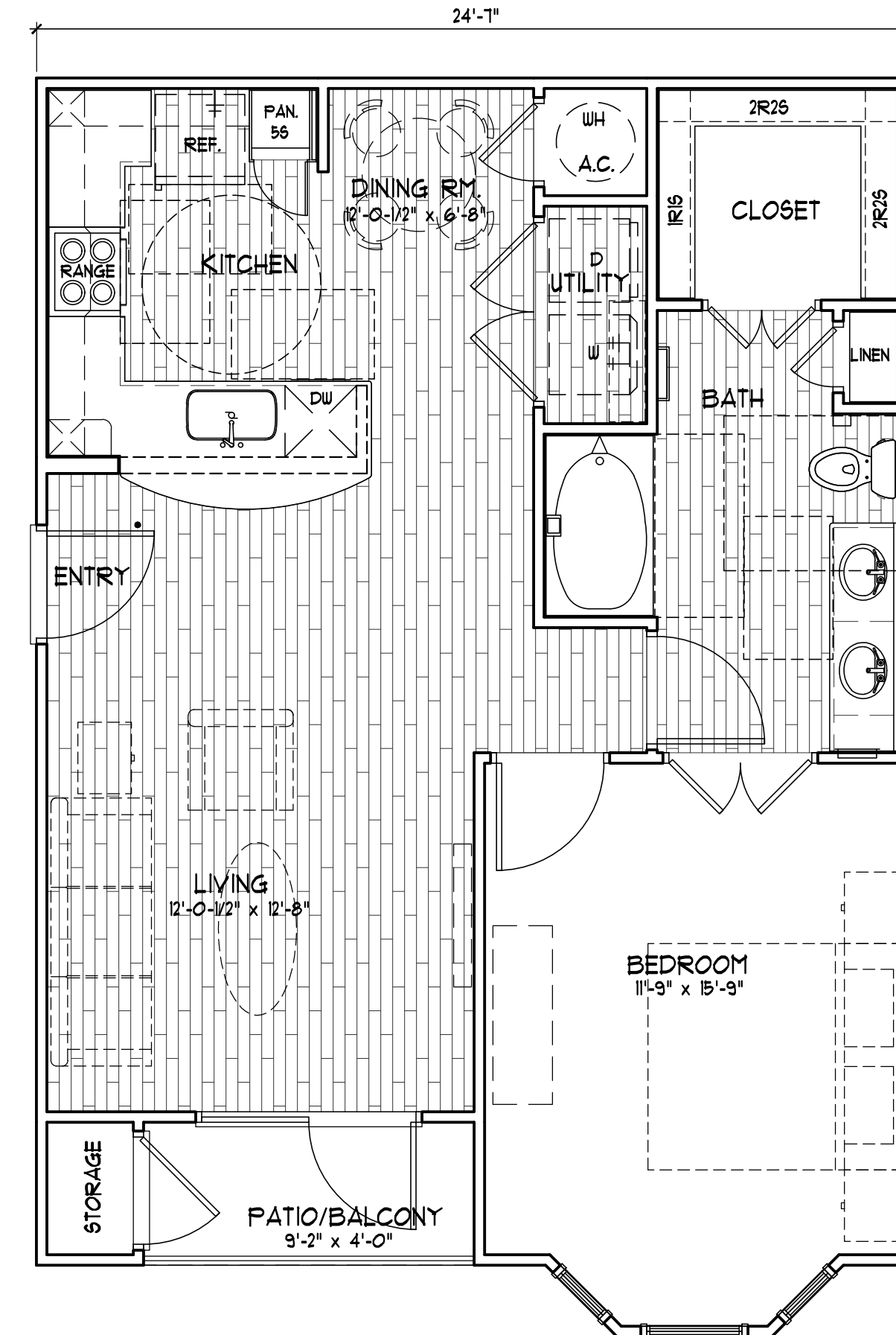
SHEET NUMBER  
 A0.0



1 UNIT "A1" FLOOR PLAN  
1/4" = 1'-0"

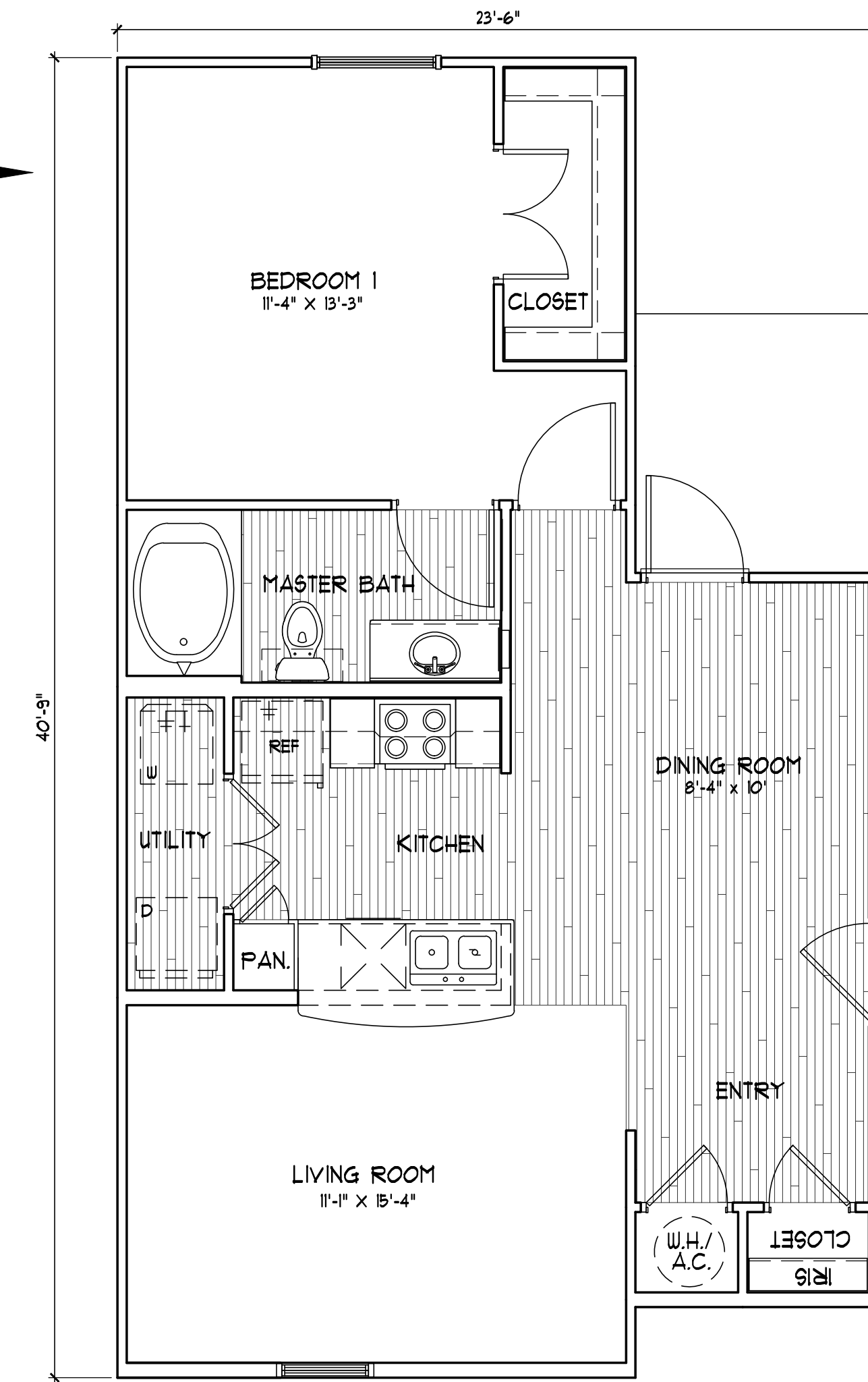
**UNIT A1**  
 1 -BEDROOM 1 -BATH  
 CONDITIONED AREA 111 SQ.FT.  
 STORAGE AREA - SQ.FT.  
 BALC./MISC. AREA 64 SQ.FT.  
 TOTAL AREA 175 SQ.FT.  
 NUMBER OF UNITS 24

**UNIT A2A**  
 1 -BEDROOM 1 -BATH  
 CONDITIONED AREA 180 SQ.FT.  
 STORAGE AREA 11 SQ.FT.  
 BALC./MISC. AREA 38 SQ.FT.  
 TOTAL AREA 229 SQ.FT.  
 NUMBER OF UNITS 20



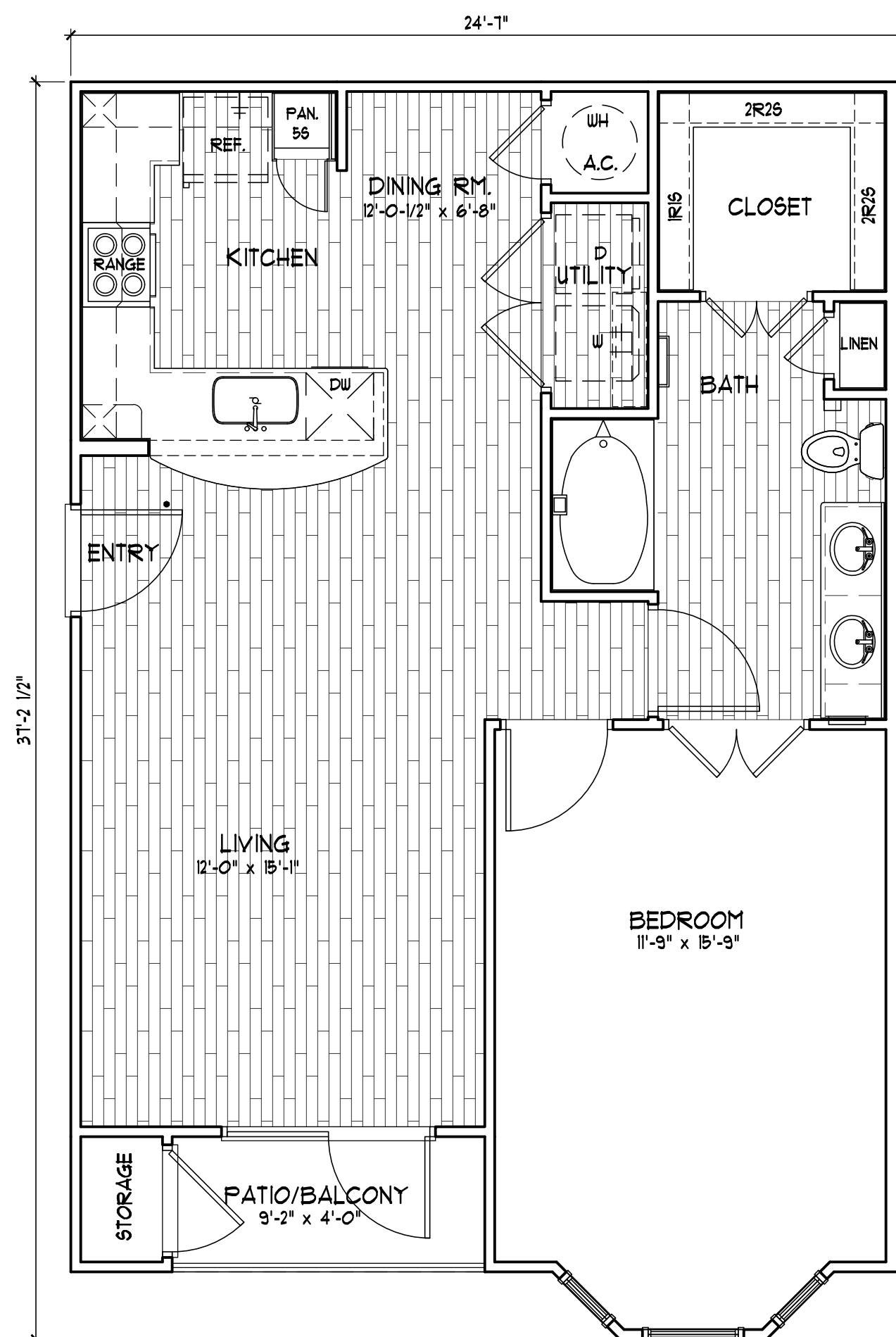
3 UNIT "A2A" FLOOR PLAN  
1/4" = 1'-0"

**UNIT A3**  
 1 -BEDROOM 1 -BATH  
 CONDITIONED AREA 822 SQ.FT.  
 STORAGE AREA - SQ.FT.  
 BALC./MISC. AREA 62 SQ.FT.  
 TOTAL AREA 884 SQ.FT.  
 NUMBER OF UNITS 10



5 UNIT "A3" FIRST FLOOR PLAN  
1/4" = 1'-0"

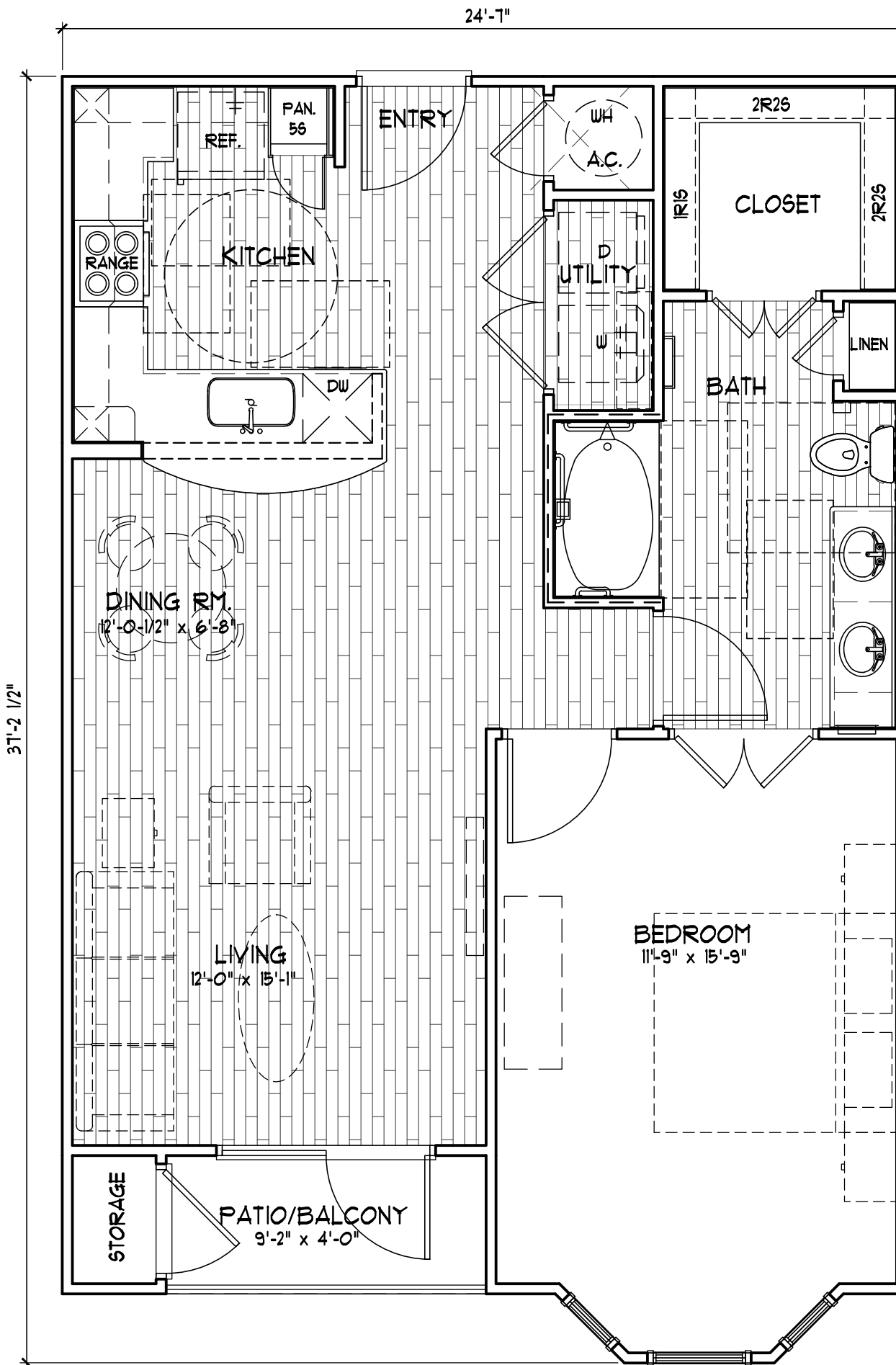
**UNIT A4**  
 1 -BEDROOM 1 -BATH  
 CONDITIONED AREA 156 SQ.FT.  
 STORAGE AREA - SQ.FT.  
 BALC./MISC. AREA 61 SQ.FT.  
 TOTAL AREA 223 SQ.FT.  
 NUMBER OF UNITS 16



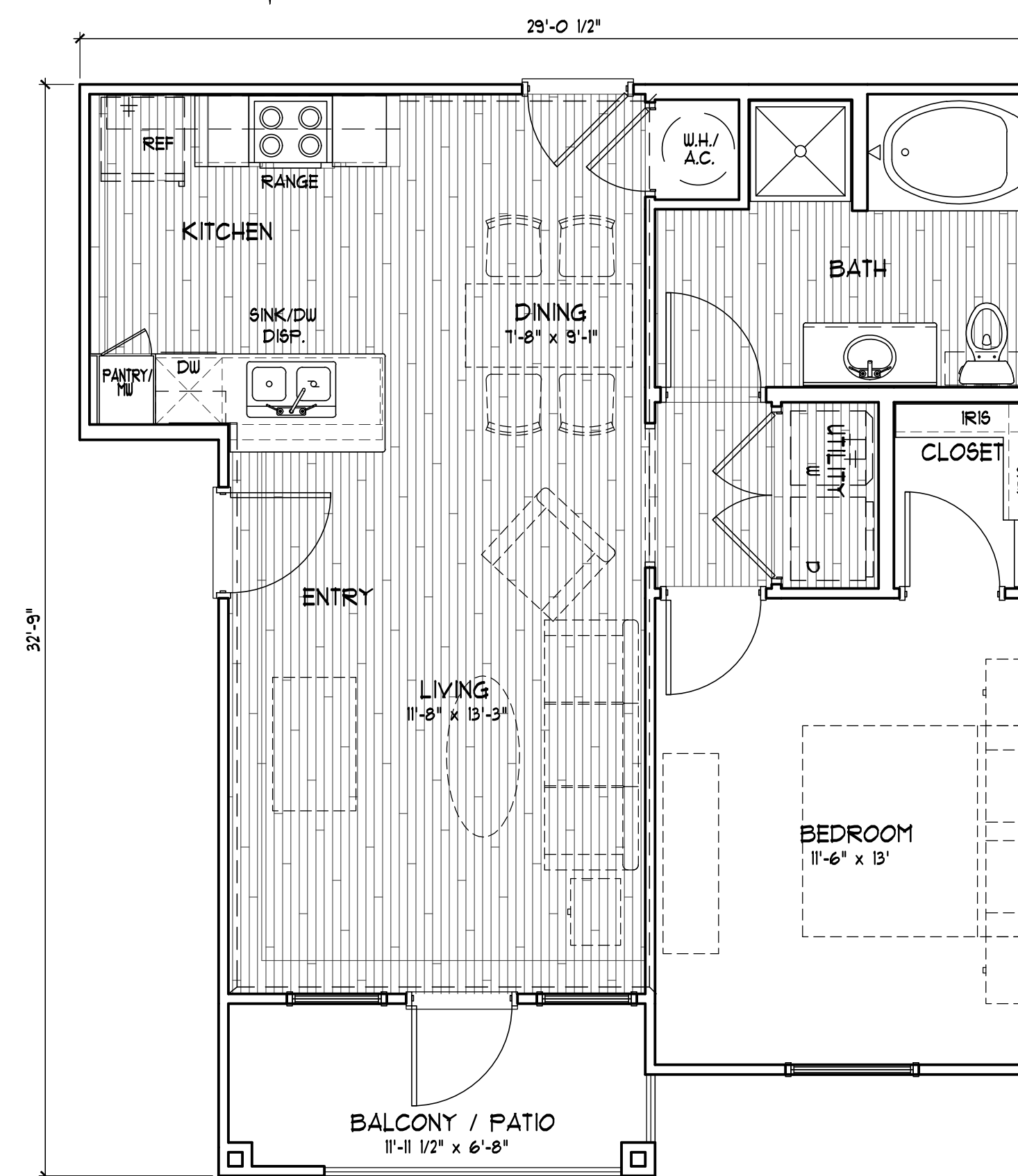
2 UNIT "A2" FLOOR PLAN  
1/4" = 1'-0"

**UNIT A2**  
 1 -BEDROOM 1 -BATH  
 CONDITIONED AREA 829 SQ.FT.  
 STORAGE AREA 11 SQ.FT.  
 BALC./MISC. AREA 38 SQ.FT.  
 TOTAL AREA 878 SQ.FT.  
 NUMBER OF UNITS 30

**UNIT A2B**  
 1 -BEDROOM 1 -BATH  
 CONDITIONED AREA 829 SQ.FT.  
 STORAGE AREA 11 SQ.FT.  
 BALC./MISC. AREA 38 SQ.FT.  
 TOTAL AREA 878 SQ.FT.  
 NUMBER OF UNITS 10



4 UNIT "A2B" FLOOR PLAN  
1/4" = 1'-0"



6 UNIT "A4" FLOOR PLAN  
1/4" = 1'-0"

CLIENT:  
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 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

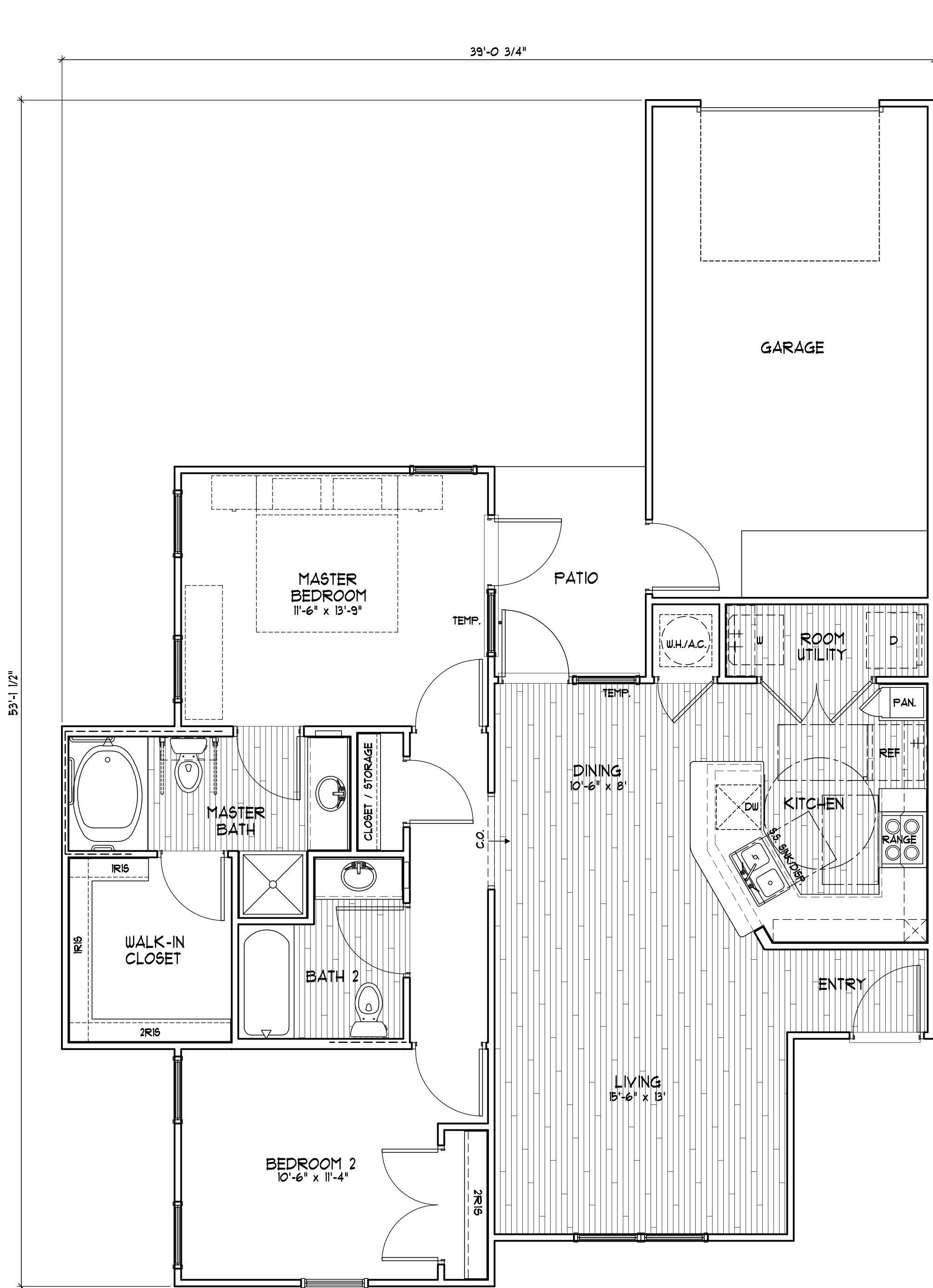
PROJECT NAME  
**THE MEADOWS AT CYPRESS CREEK**

PROJECT LOCATION:  
 HARRIS COUNTY,  
 TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/4" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	UNIT PLANS
SHEET NUMBER	

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1 | UNIT "B1" FIRST FLOOR PLAN  
 1/4" = 1'-0"

**UNIT B1**

2 -BEDROOM 2 -BATH

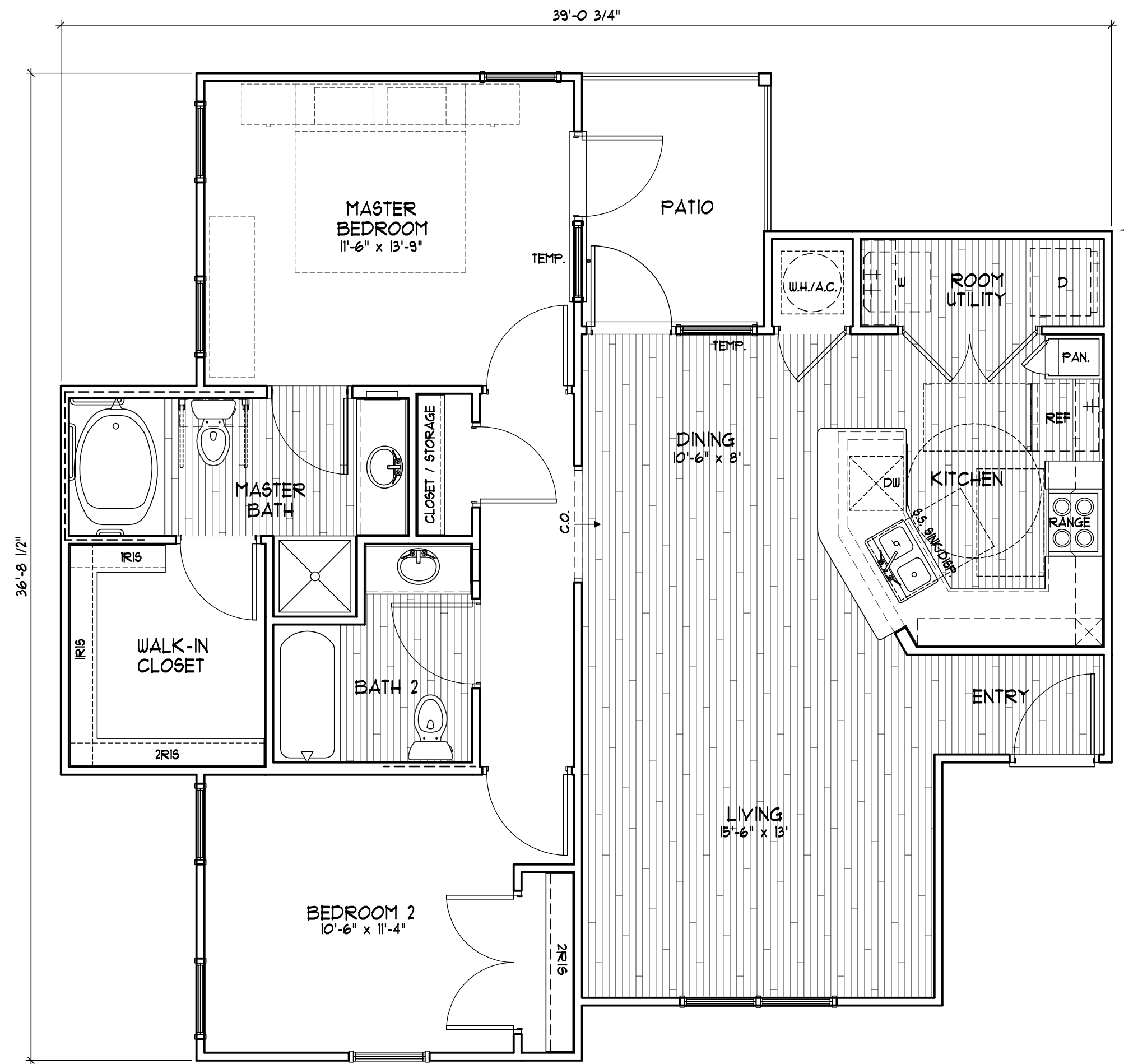
CONDITIONED AREA 1086 SQ.FT.

STORAGE AREA - SQ.FT.

BALC./MISC. AREA 102 SQ.FT.

TOTAL AREA 1188 SQ.FT.

NUMBER OF UNITS 10



2 | UNIT "B1" UPPER FLOOR PLAN  
 1/4" = 1'-0"

**UNIT B1**

2 -BEDROOM 2 -BATH

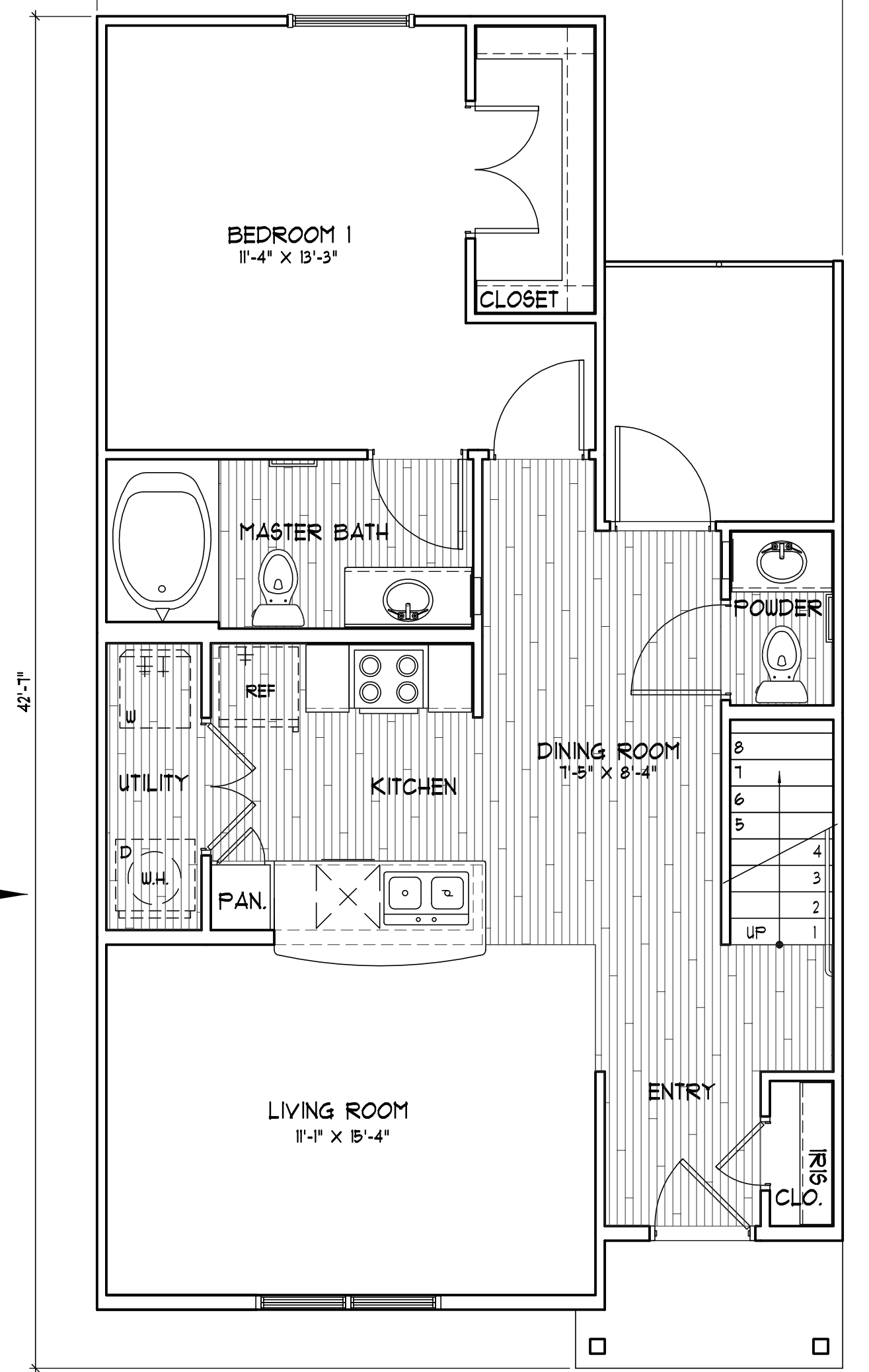
CONDITIONED AREA 1086 SQ.FT.

STORAGE AREA - SQ.FT.

BALC./MISC. AREA 102 SQ.FT.

TOTAL AREA 1188 SQ.FT.

NUMBER OF UNITS 20



3 | UNIT "B2" SECOND FLOOR PLAN  
 1/4" = 1'-0"

**UNIT B2**

2 -BEDROOM 2.5-BATH

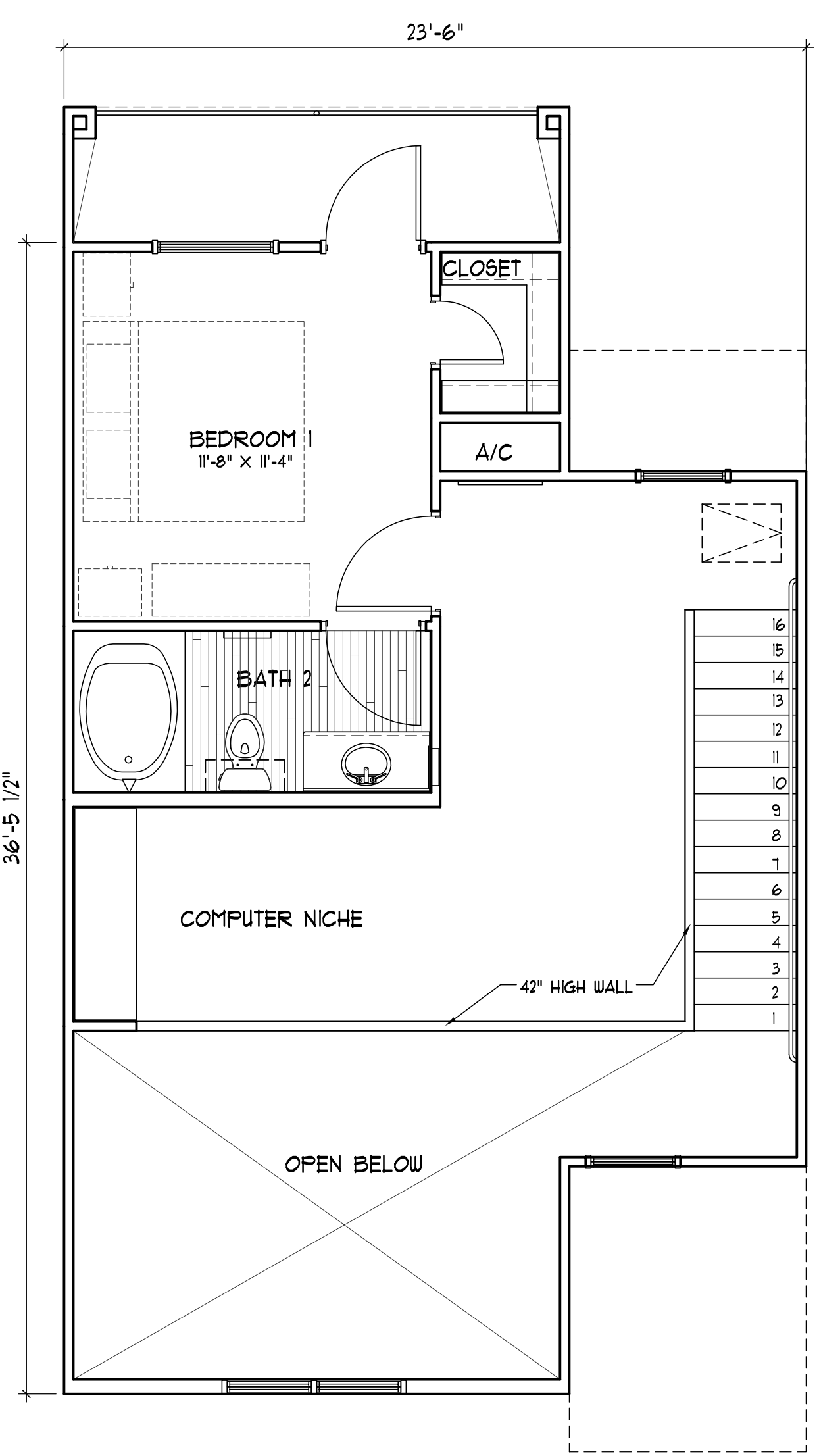
CONDITIONED AREA 1331 SQ.FT.

STORAGE AREA - SQ.FT.

BALC./MISC. AREA 61 SQ.FT.

TOTAL AREA 1392 SQ.FT.

NUMBER OF UNITS 10



4 | UNIT "B2" THIRD FLOOR PLAN  
 1/4" = 1'-0"

CLIENT:  
 BLAZER RESIDENTIAL  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME  
 THE MEADOWS  
 AT CYPRESS CREEK

PROJECT LOCATION:  
 HARRIS COUNTY,  
 TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

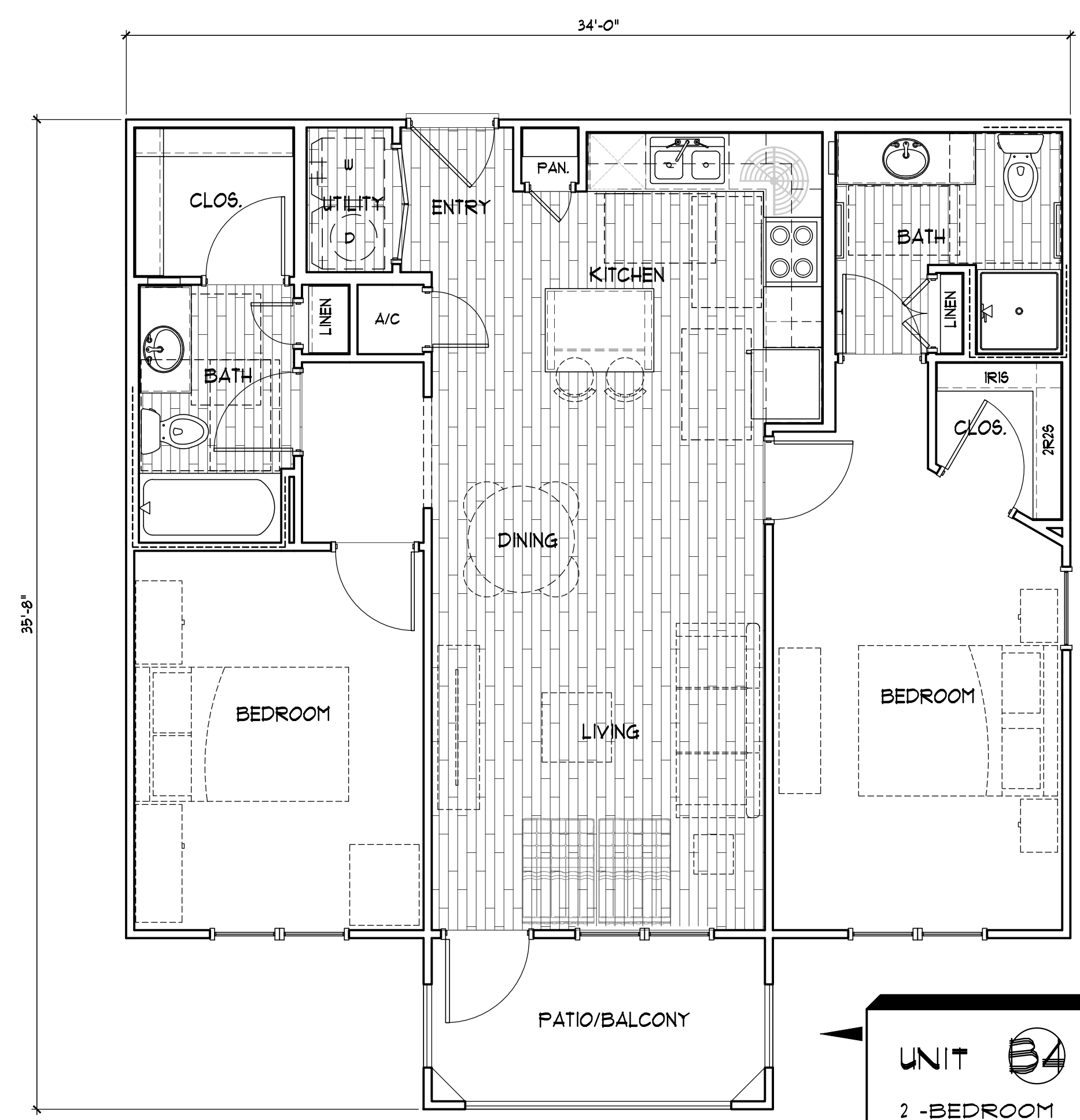
DATE	02.12.14
SCALE	1/4" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	UNIT PLANS
SHEET NUMBER	



1 UNIT "B4" FIRST FLOOR PLAN WITH DIRECT GARAGE ENTRY  
 1/4" = 1'-0"

**UNIT B4**

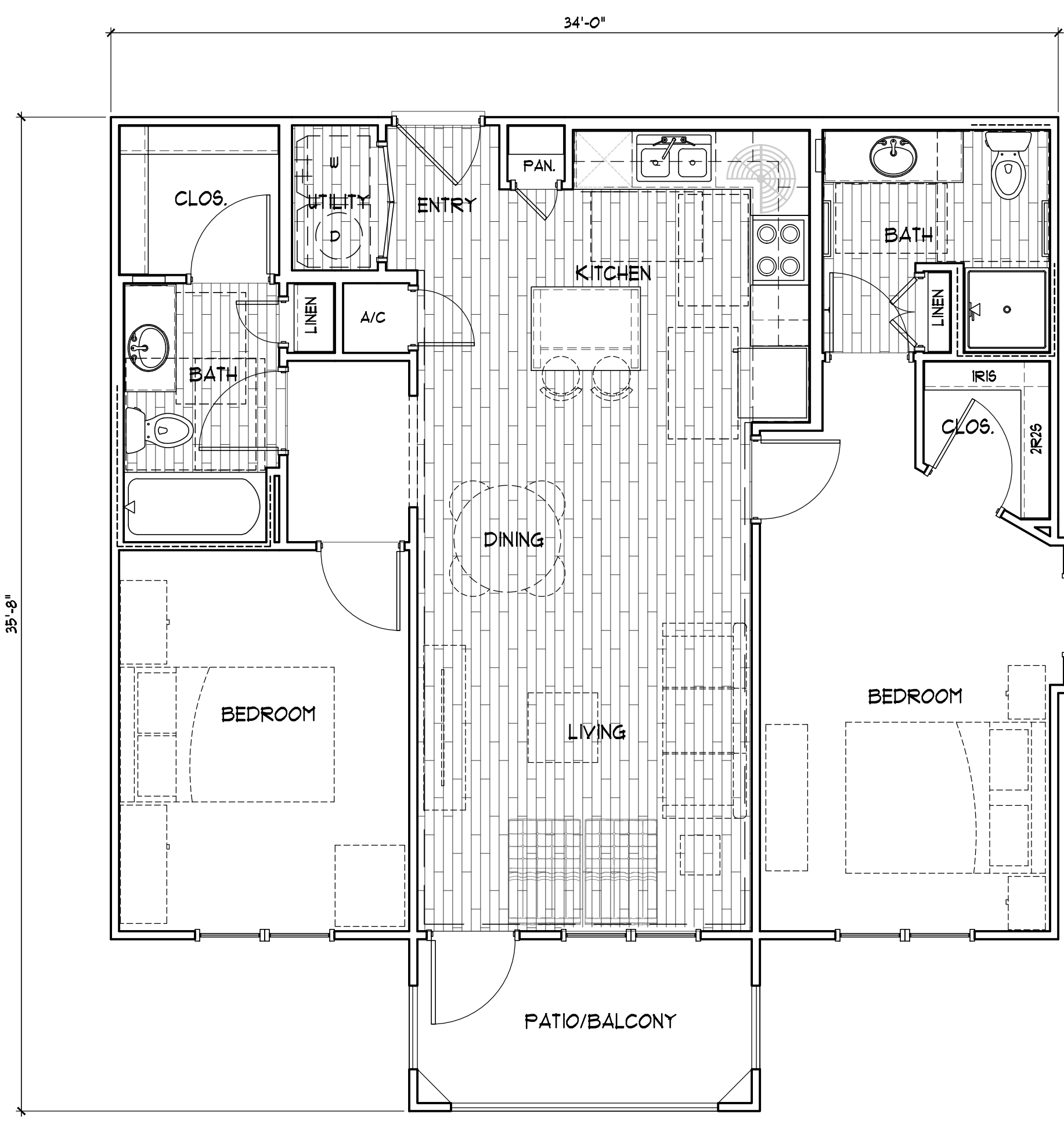
2 -BEDROOM	2 -BATH
CONDITIONED AREA	1031 SQ.FT.
STORAGE AREA	- SQ.FT.
BALC./MISC. AREA	78 SQ.FT.
TOTAL AREA	1115 SQ.FT.
NUMBER OF UNITS	4



1 UNIT "B4" FIRST FLOOR PLAN  
 1/4" = 1'-0"

**UNIT B4**

2 -BEDROOM	2 -BATH
CONDITIONED AREA	1003 SQ.FT.
STORAGE AREA	- SQ.FT.
BALC./MISC. AREA	78 SQ.FT.
TOTAL AREA	1081 SQ.FT.
NUMBER OF UNITS	4



3 UNIT "B4" UPPER FLOORS PLAN  
 1/4" = 1'-0"

**UNIT B4**

2 -BEDROOM	2 -BATH
CONDITIONED AREA	1006 SQ.FT.
STORAGE AREA	- SQ.FT.
BALC./MISC. AREA	78 SQ.FT.
TOTAL AREA	1084 SQ.FT.
NUMBER OF UNITS	12

CLIENT:  
 BLAZER RESIDENTIAL  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME  
 THE MEADOWS  
 AT CYPRESS CREEK

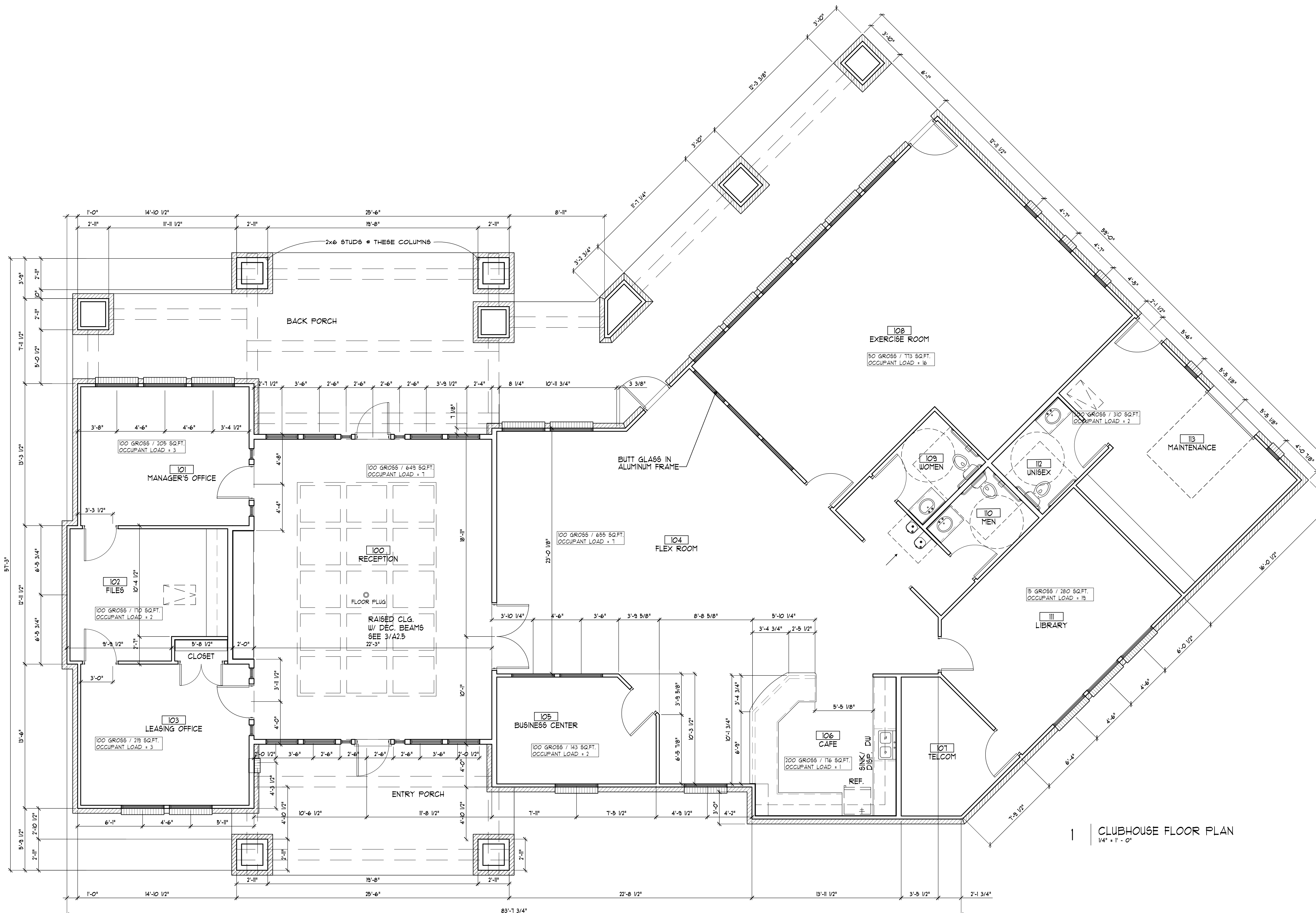
PROJECT LOCATION:  
 HARRIS COUNTY,  
 TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE 02.12.14  
 SCALE 1/4" = 1'-0"  
 PROJECT NUMBER 1403  
 DRAWN BY DAA  
 SHEET TITLE UNIT PLANS



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1 | CLUBHOUSE FLOOR PLAN  
 1/4" = 1' - 0"

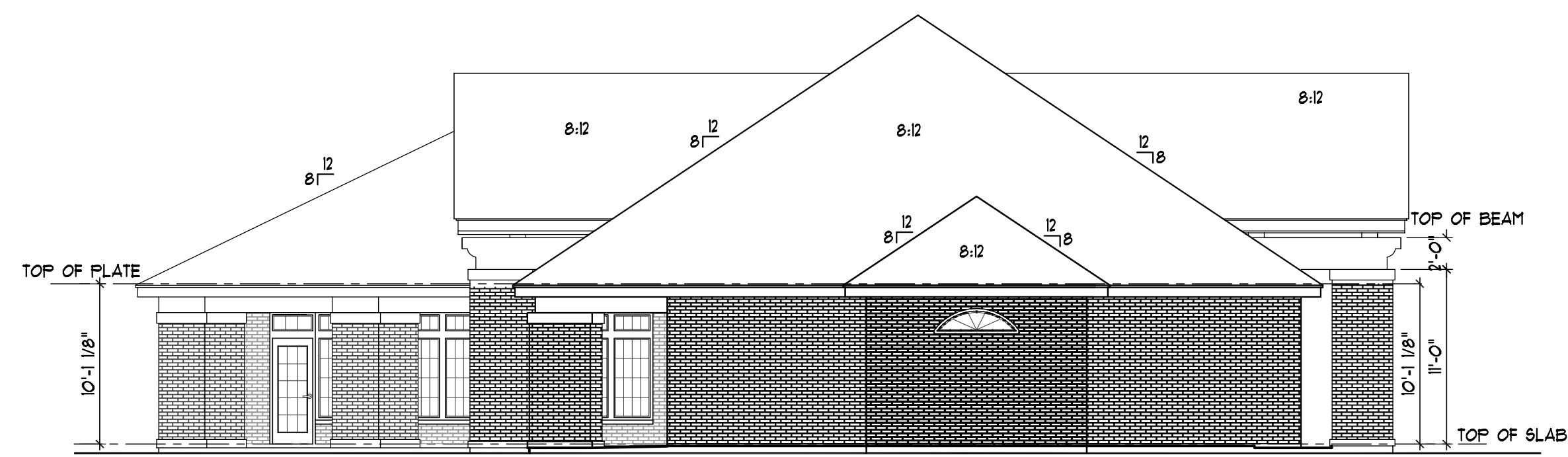
CLIENT:  
**BLAZER RESIDENTIAL**  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME:  
**THE MEADOWS AT CYPRESS CREEK**

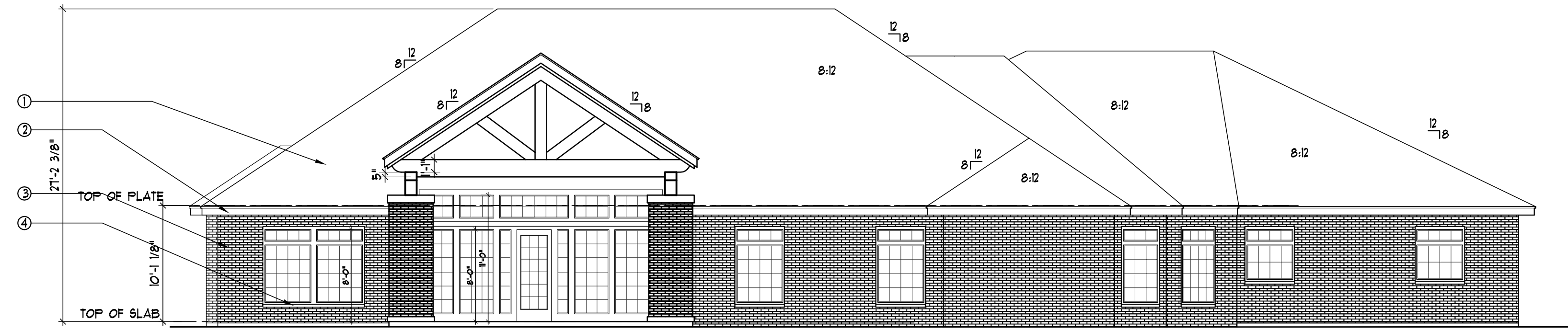
PROJECT LOCATION:  
 HARRIS COUNTY,  
 TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/4" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	CLUBHOUSE FLOOR PLAN
SHEET NUMBER	A2.1



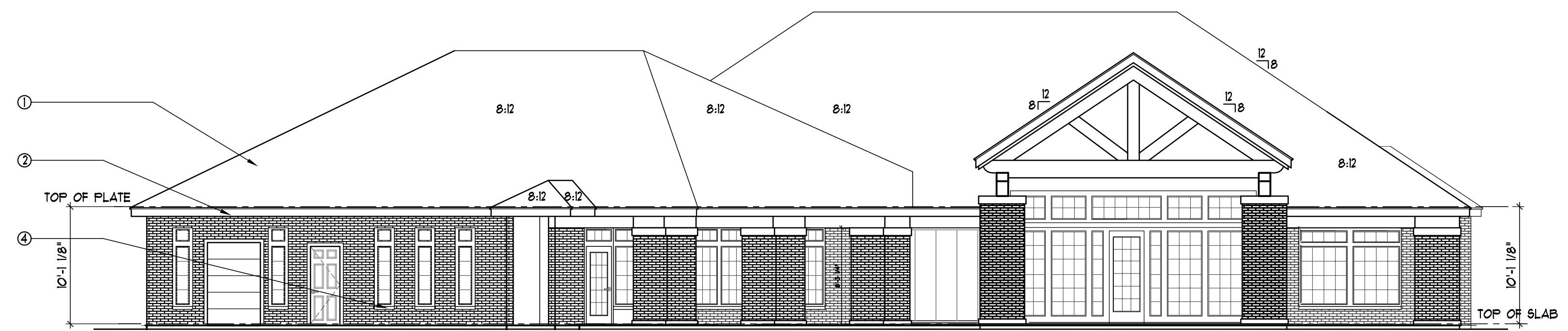
1 | SOUTH ELEVATION  
 1/8" = 1' - 0"



2 | FRONT EXTERIOR ELEVATION  
 1/8" = 1' - 0"



3 | NORTH ELEVATION  
 1/8" = 1' - 0"



4 | EAST ELEVATION  
 1/8" = 1' - 0"

KEY NOTES

- ① COMPOSITION SHINGLE ROOF
- ② WOOD FASCIA (PAINTED)
- ③ FACE BRICK
- ④ BRICK ROWLOCK

CLIENT:  
 BLAZER RESIDENTIAL  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME:  
 THE MEADOWS  
 AT CYPRESS CREEK

PROJECT LOCATION:  
 HARRIS COUNTY,  
 TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	AR/HM
SHEET TITLE	CLUBHOUSE EXTERIOR ELEVATIONS

SHEET NUMBER

A2.2

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CLIENT:

BLAZER RESIDENTIAL  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME:

THE MEADOWS  
 AT CYPRESS CREEK

PROJECT LOCATION:

HARRIS COUNTY,  
 TEXAS

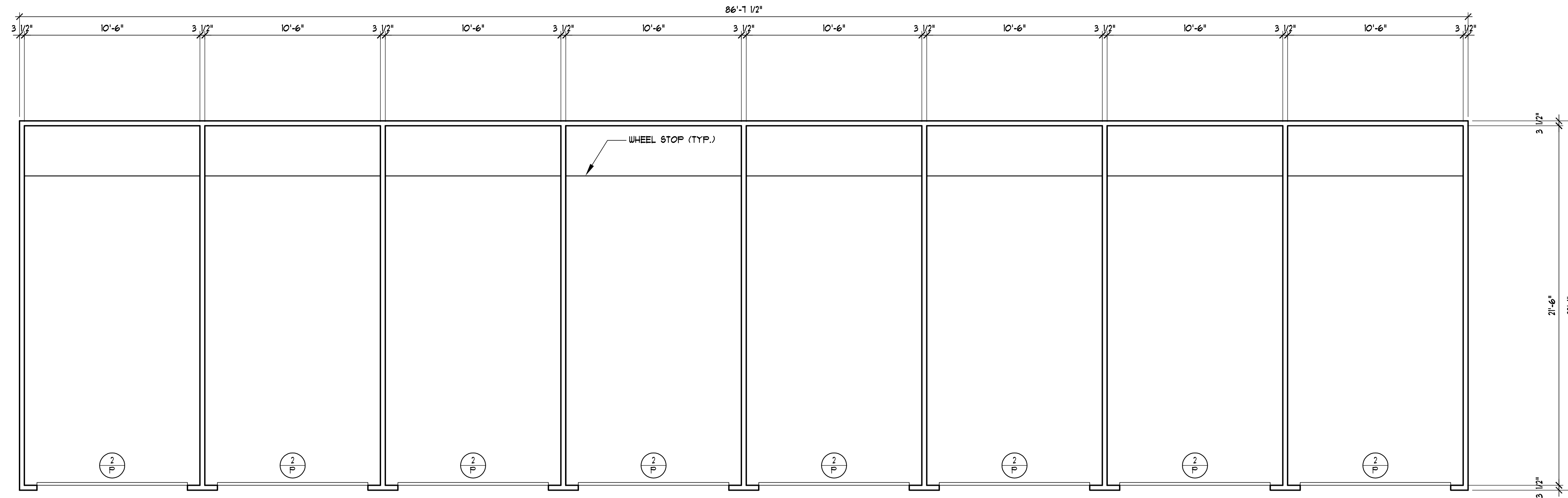
DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/4" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	KC

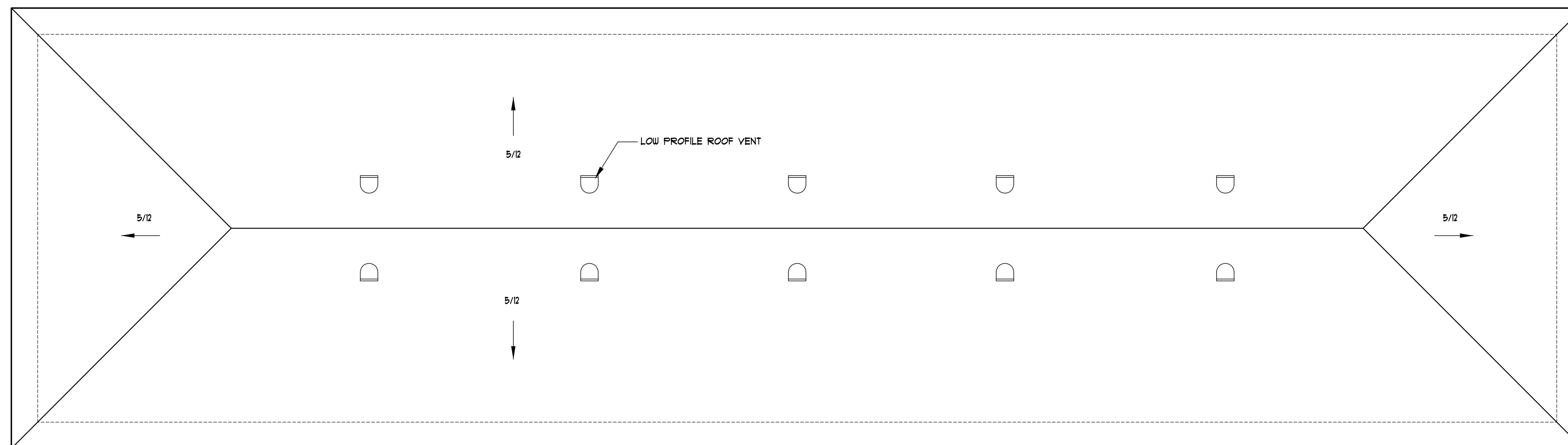
SHEET TITLE  
 8 CAR GARAGE -  
 FLOOR AND  
 ROOF PLANS

SHEET NUMBER

A2.4

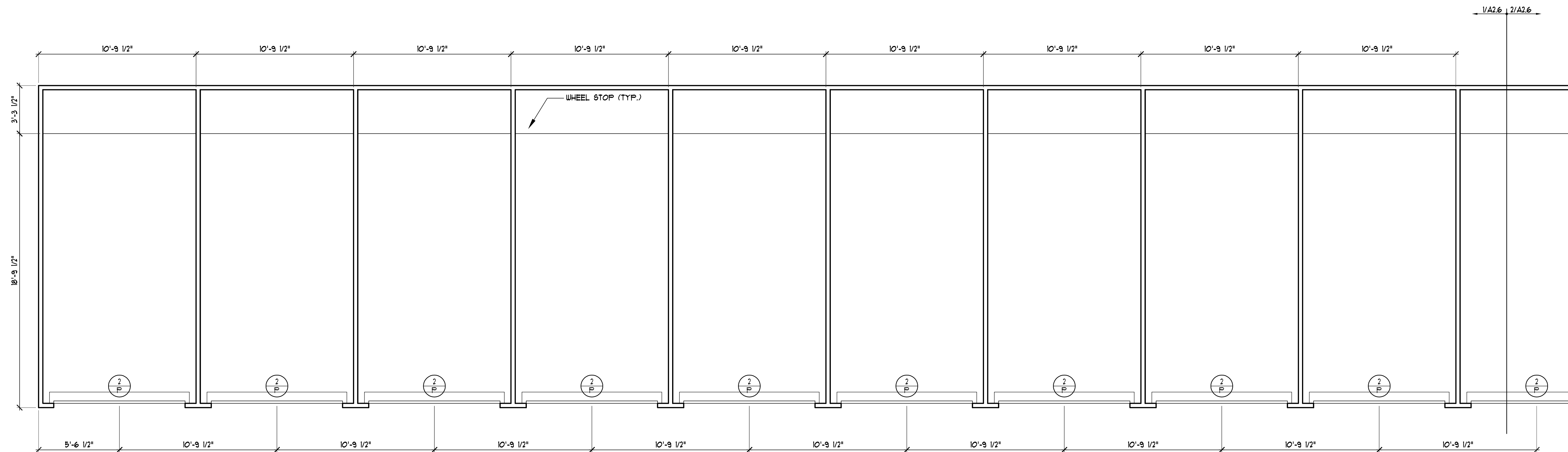


1 | 8 CAR GARAGE FLOOR PLAN  
 1/4" = 1'-0"

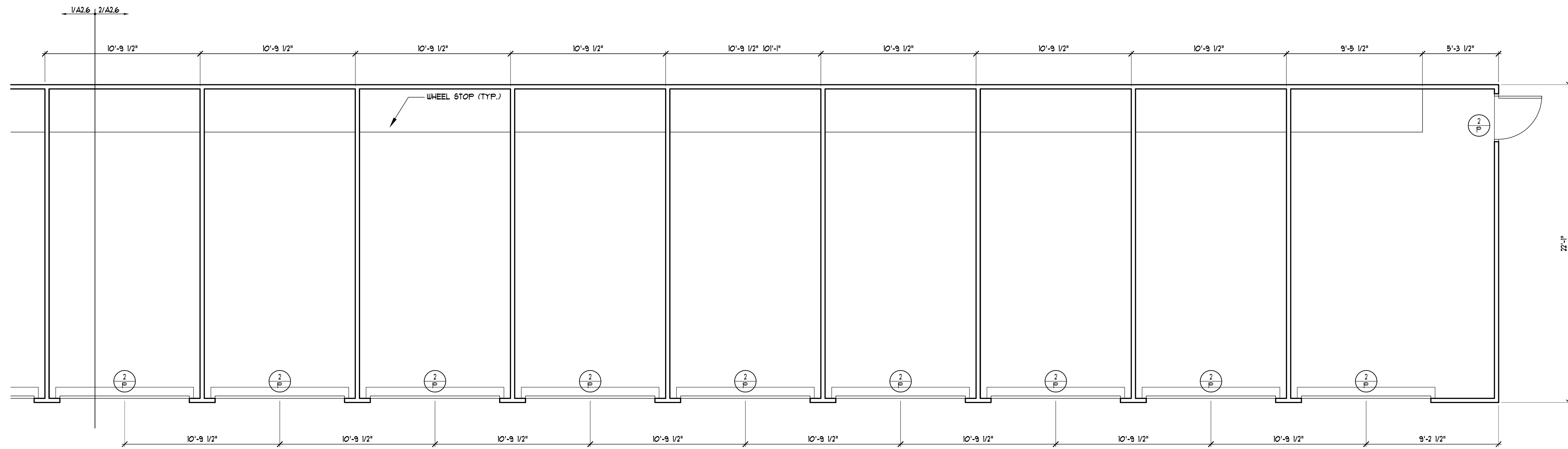


2 | 8 CAR GARAGE ROOF PLAN  
 1/4" = 1'-0"

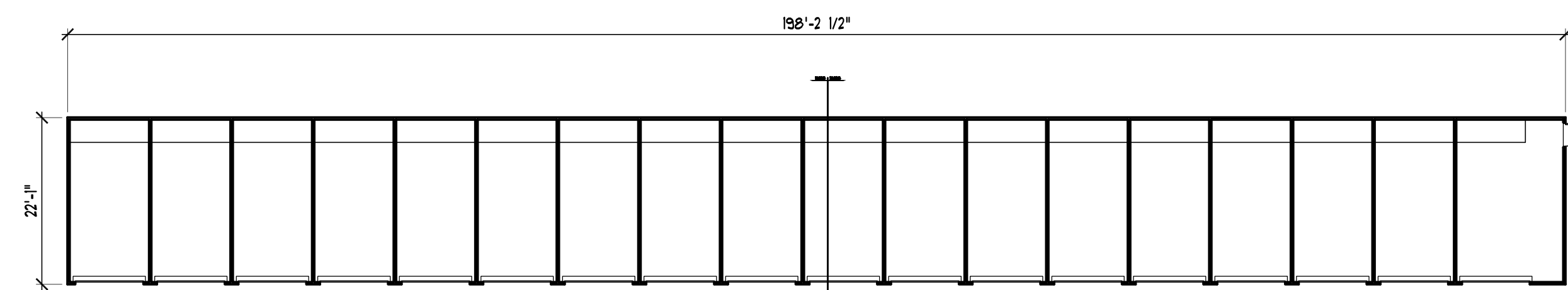
ATTIC VENTILATION CALCULATIONS	
AREA OF ATTIC IN SQ. FT.:	193 SQ. FT.
ATTIC AREA DIVIDED BY 300:	6.38 SQ. FT. / 918 SQ. IN.
-----	
ROOF VENTILATION REQUIRED: (50% OF ROOF AREA)	460 SQ. IN.
PROVIDED:	
LOW PROFILE ROOF VENTS, AIRHAWK - MODEL NO.: RV-51 10 AT 51 SQ. IN. EA.:	510 SQ. IN.
-----	
UNDER-EAVES VENTILATION REQUIRED: (50% OF ROOF AREA)	460 SQ. IN.
PROVIDED:	
CONTINUOUS 3" SOFFIT VENT W/ NET FREE AREA = 15 SQ. IN. / LIN. FT. 31 LIN. FT. AT 15 SQ. IN. / LIN. FT.:	465 SQ. IN.



1 | 18 CAR H.C. GARAGE PARTIAL FLOOR PLAN  
 1/4" = 1'-0"



2 | 18 CAR H.C. GARAGE PARTIAL FLOOR PLAN  
 1/4" = 1'-0"



3 | 18 CAR H.C. GARAGE FLOOR PLAN  
 1/16" = 1'-0"

CLIENT:  
 BLAZER RESIDENTIAL  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME:  
 THE MEADOWS  
 AT CYPRESS CREEK

PROJECT LOCATION:  
 HARRIS COUNTY,  
 TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

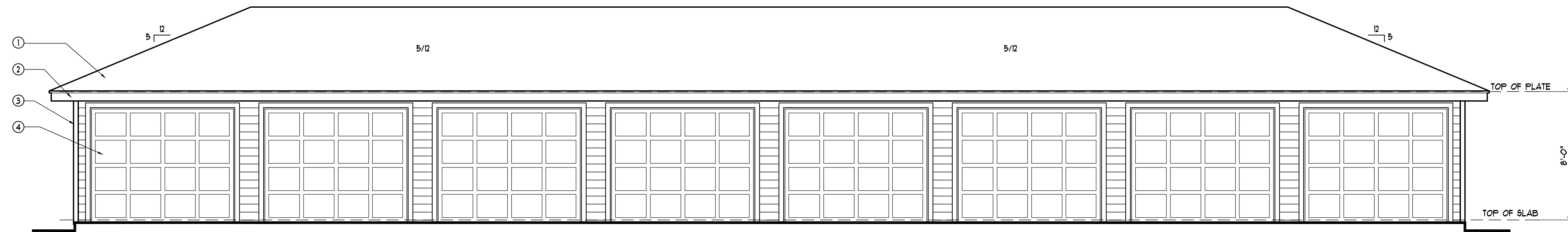
DATE	02.12.14
SCALE	A6 NOTED
PROJECT NUMBER	1403
DRAWN BY	KC
SHEET TITLE	16 CAR GARAGE FLOOR PLAN

SHEET NUMBER

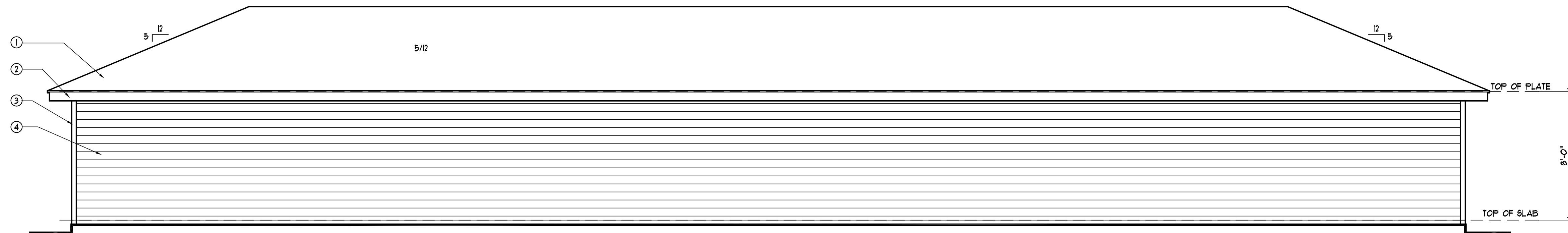
A2.6



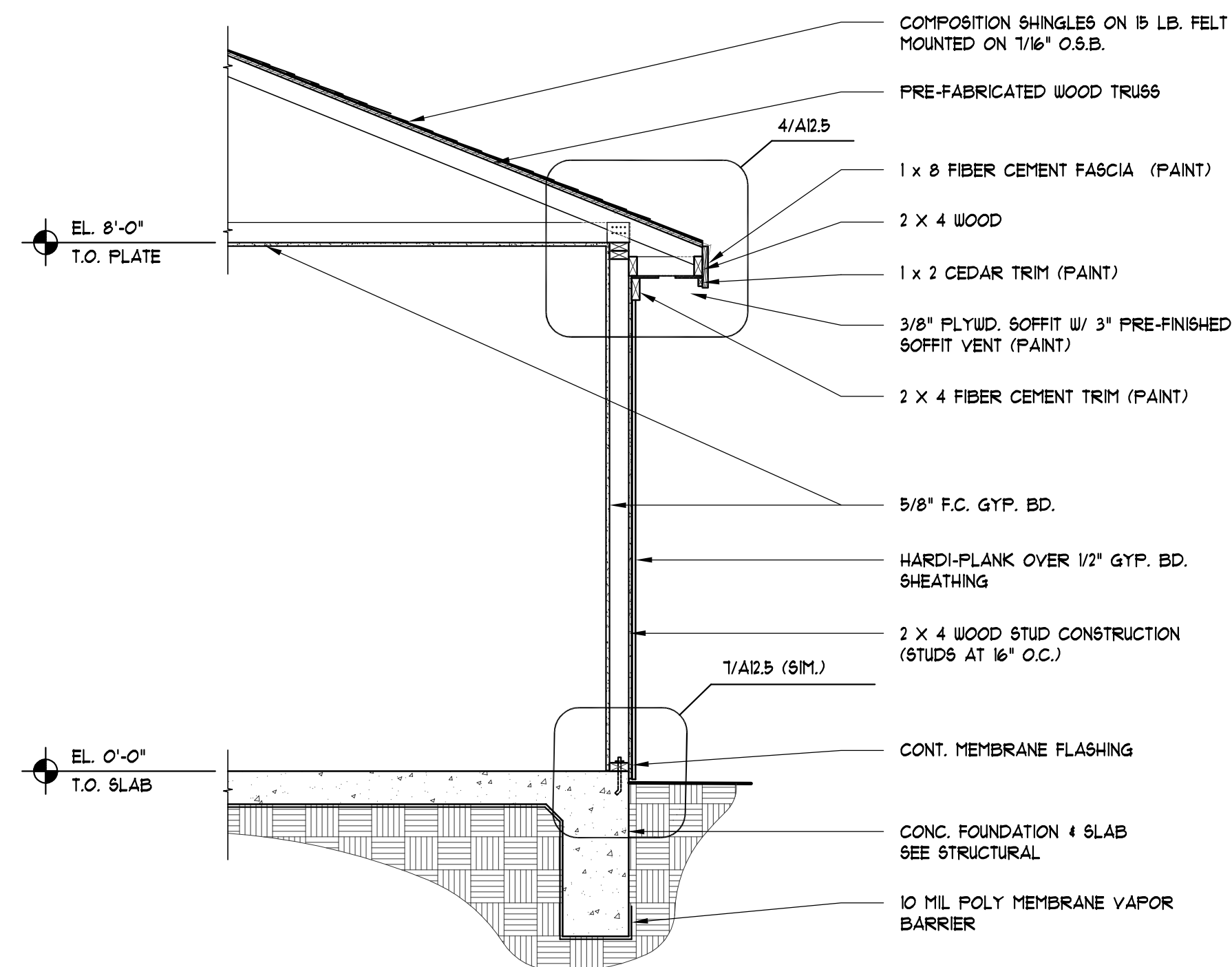
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1 | 8 CAR GARAGE FRONT ELEVATION  
 1/4" = 1'-0"

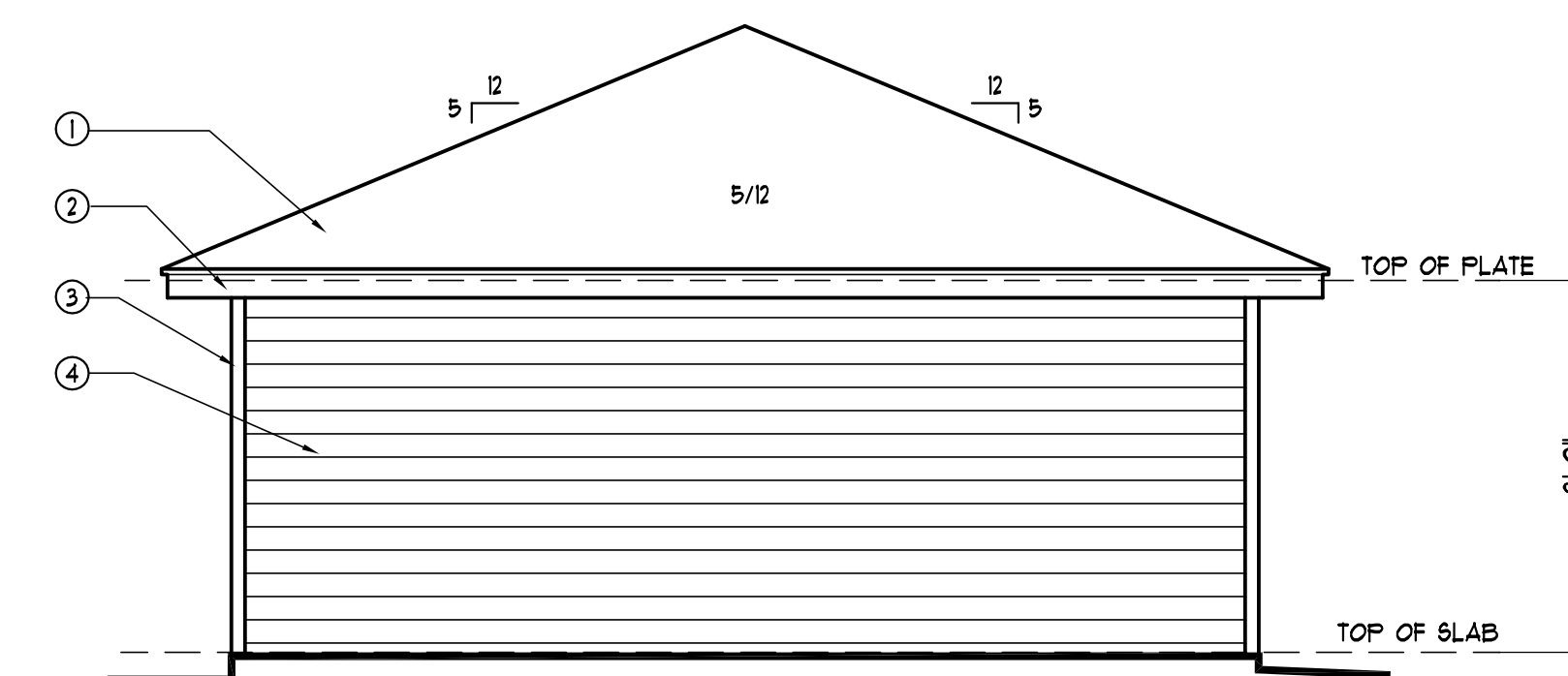


2 | 8 CAR GARAGE REAR ELEVATION  
 1/4" = 1'-0"



**KEY NOTES**

- ① COMPOSITION SHINGLE ROOFING
- ② PAINTED FIBER CEMENT FASCIA
- ③ PAINTED FIBER CEMENT TRIM
- ④ PAINTED FIBER CEMENT SIDING



3 | 8 CAR GARAGE SIDE ELEVATION  
 1/4" = 1'-0"

4 | TYPICAL GARAGE WALL SECTION  
 1/2" = 1'-0"

CLIENT:

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 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME

THE MEADOWS  
 AT CYPRESS CREEK

PROJECT LOCATION:

HARRIS COUNTY,  
 TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE 02.12.14

SCALE 1/4" = 1'-0"

PROJECT NUMBER 1403

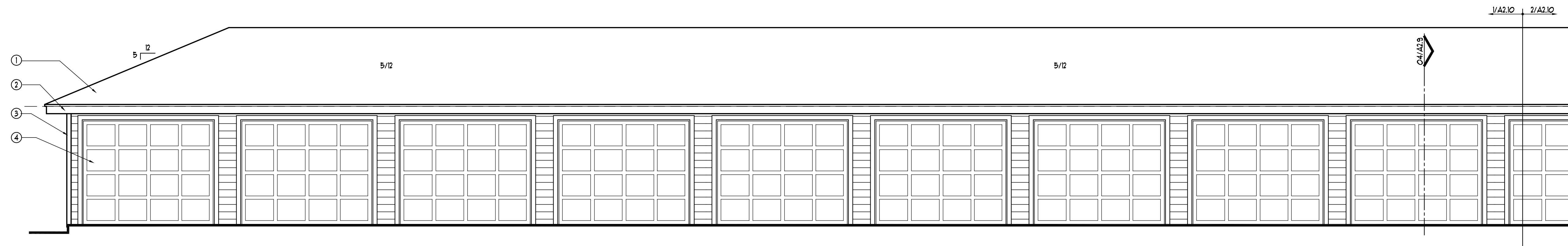
DRAWN BY KC

SHEET TITLE  
 8 CAR GARAGE -  
 EXTERIOR ELEVATIONS

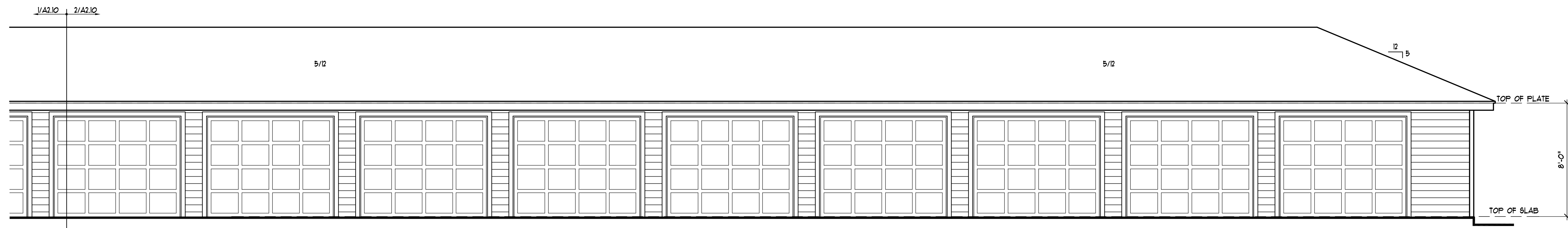
SHEET NUMBER

A2.9

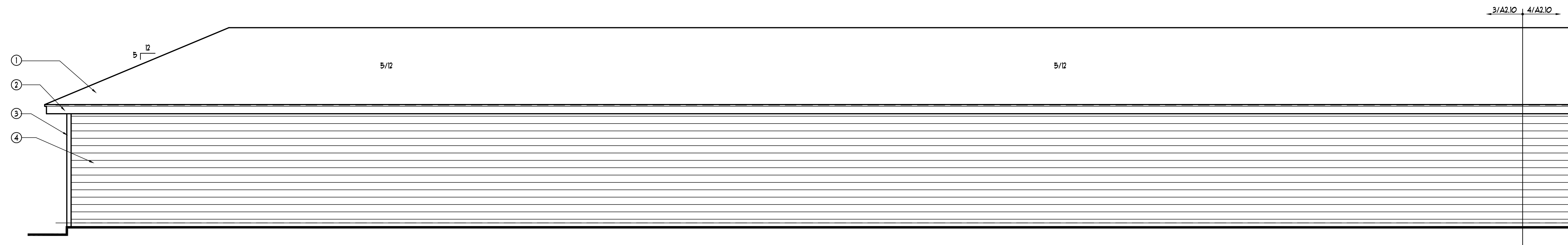
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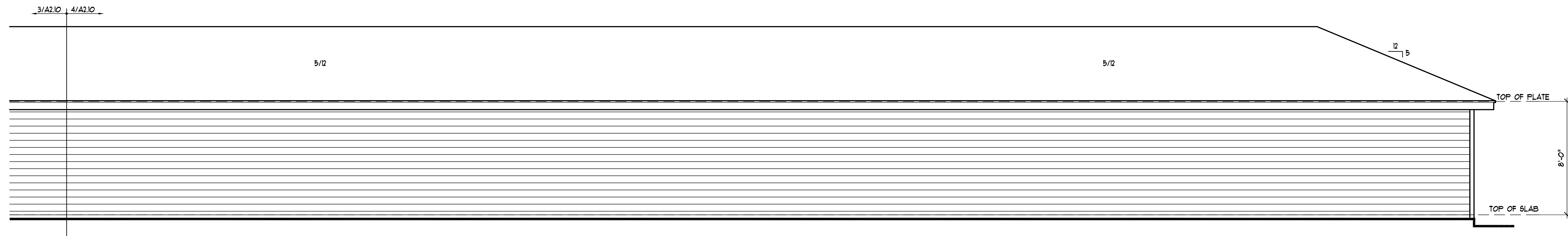
1 | 18 CAR GARAGE FRONT ELEVATION  
 1/4" = 1'-0"



2 | 8 CAR GARAGE FRONT ELEVATION  
 1/4" = 1'-0"



3 | 18 CAR GARAGE REAR ELEVATION  
 1/4" = 1'-0"



4 | 18 CAR GARAGE REAR ELEVATION  
 1/4" = 1'-0"

CLIENT:

BLAZER RESIDENTIAL  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME

THE MEADOWS  
 AT CYPRESS CREEK

PROJECT LOCATION:

HARRIS COUNTY,  
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DATE	ISSUE
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04.25.14	REVISION 1

DATE 02.12.14

SCALE A6 NOTED

PROJECT NUMBER 1403

DRAWN BY KC

SHEET TITLE  
 18 CAR GARAGE -  
 EXTERIOR ELEVATIONS

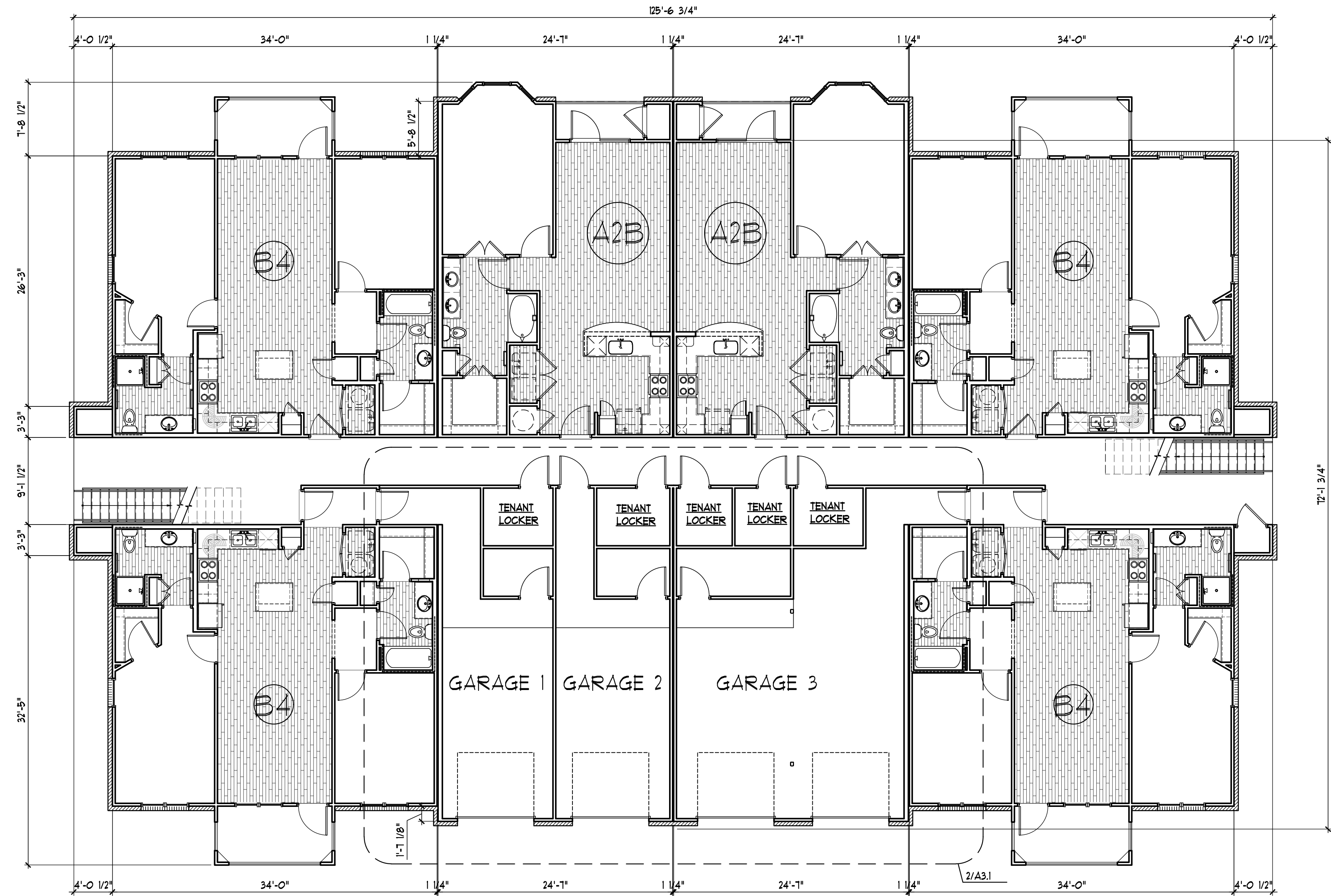
SHEET NUMBER

A2.10

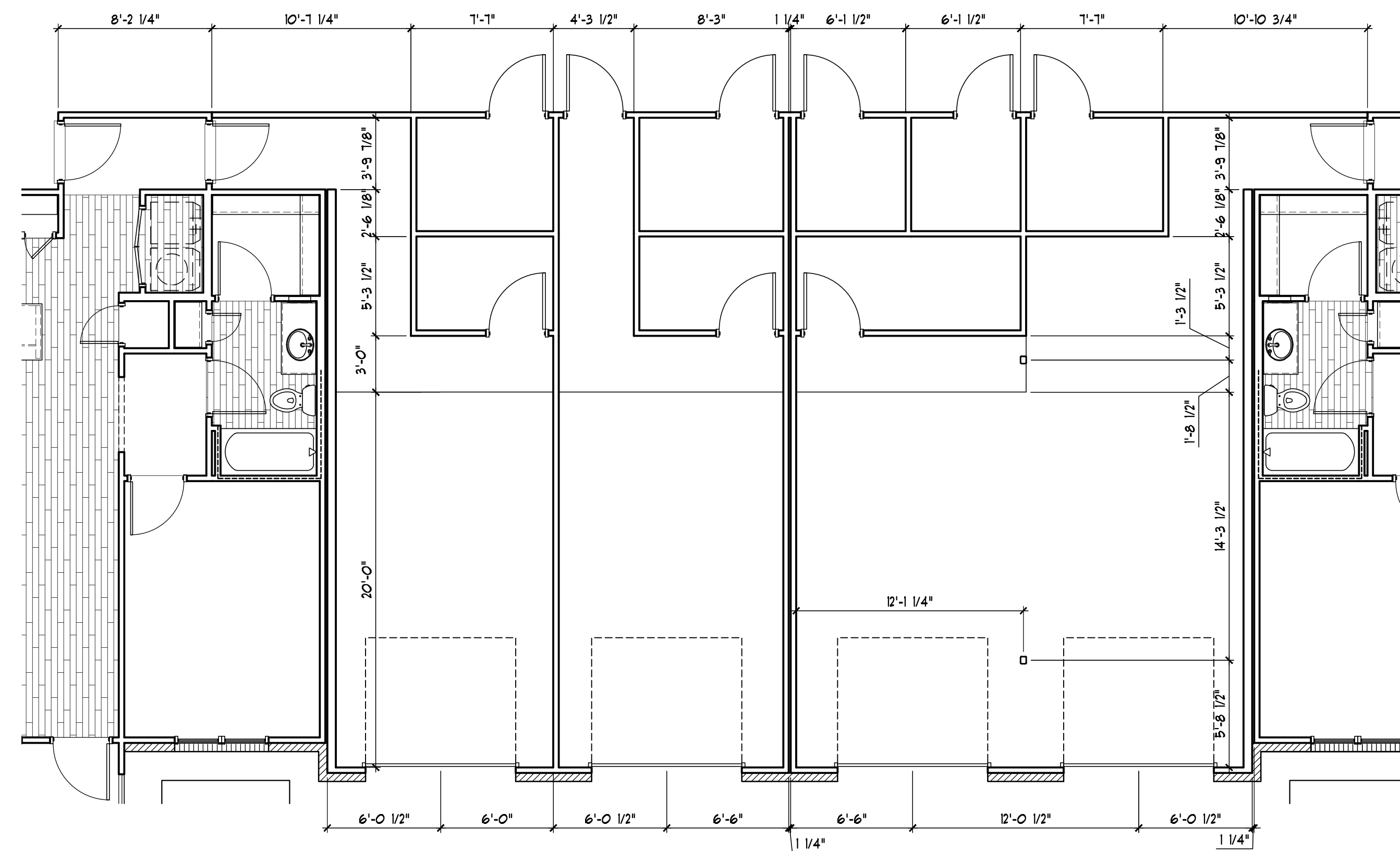
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**APARTMENT BUILDING DATA:**

BUILDING TYPE	BREEZEWAY	UTILITY	PATIO STORAGE	PORCHES/PATIOS	TENANT LOCKER
FIRST FLOOR	825 S.F.	13 S.F.	22 S.F.	388 S.F.	242 S.F.
SECOND FLOOR	861 S.F.	0 S.F.	44 S.F.	464 S.F.	16 S.F.
THIRD FLOOR	861 S.F.	0 S.F.	44 S.F.	464 S.F.	16 S.F.
TOTAL	2547 S.F.	13 S.F.	110 S.F.	1316 S.F.	274 S.F.



1 | BUILDING TYPE I - FIRST FLOOR PLAN  
 1/8" = 1'-0"



2 | ENLARGED GARAGE FLOOR PLAN  
 3/16" = 1'-0"

CLIENT:

BLAZER RESIDENTIAL  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME:

THE MEADOWS  
 AT CYPRESS CREEK

PROJECT LOCATION:

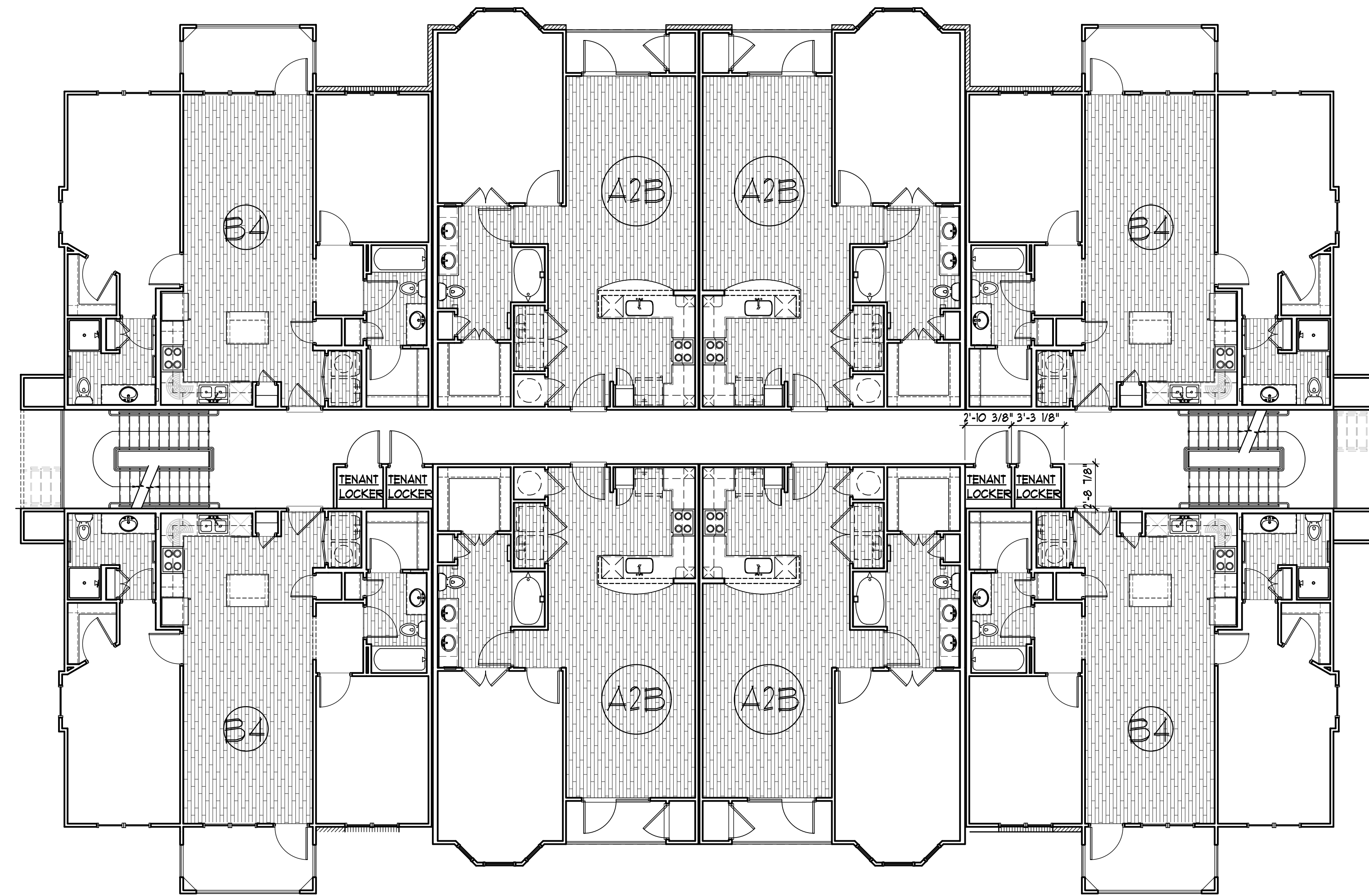
HARRIS COUNTY,  
 TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

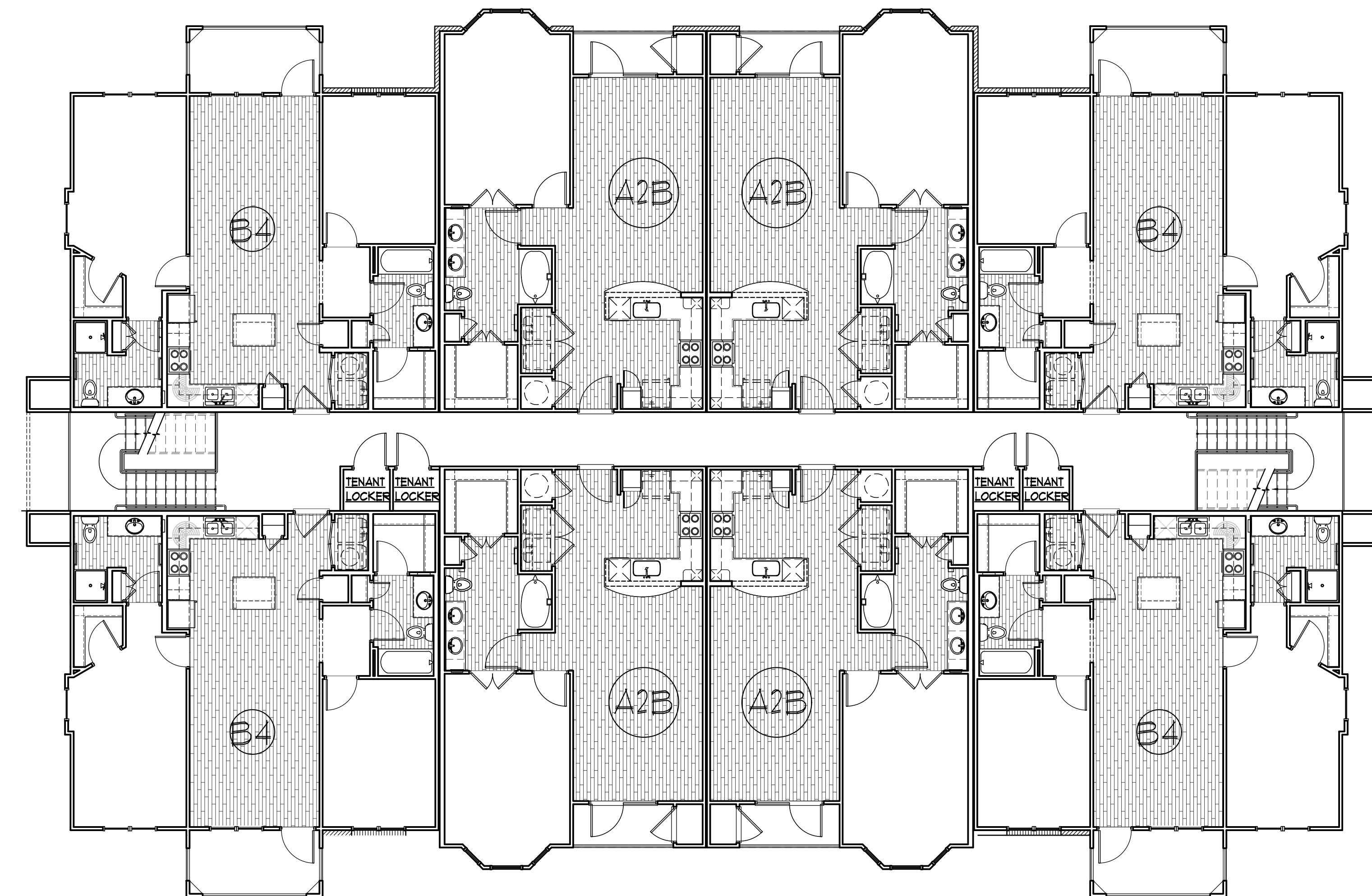
DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	BUILDING TYPE I FIRST & SECOND FLOOR PLANS

SHEET NUMBER

A3.1



1 | BUILDING TYPE I - SECOND FLOOR PLAN  
1/8" = 1'-0"



2 | BUILDING TYPE I THIRD FLOOR PLAN  
1/8" = 1'-0"

CLIENT:

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9219 KATY FREEWAY #264  
HOUSTON, TX 77024

PROJECT NAME:

THE MEADOWS  
AT CYPRESS CREEK

PROJECT LOCATION:

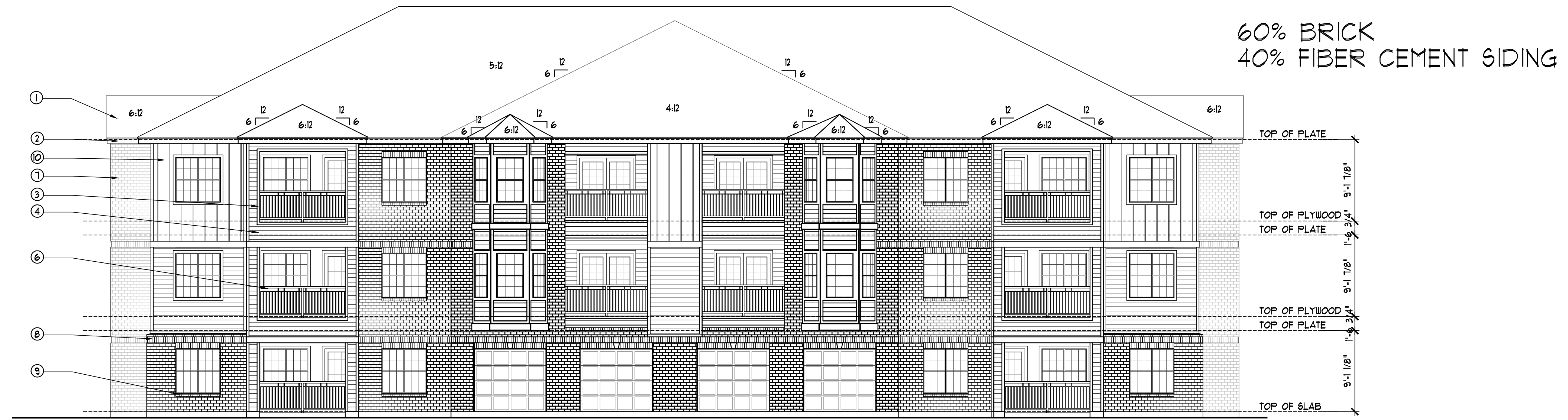
HARRIS COUNTY,  
TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	BUILDING TYPE I SECOND FLOOR PLAN

SHEET NUMBER

A3.2



60% BRICK  
40% FIBER CEMENT SIDING

B4 B4  
B4

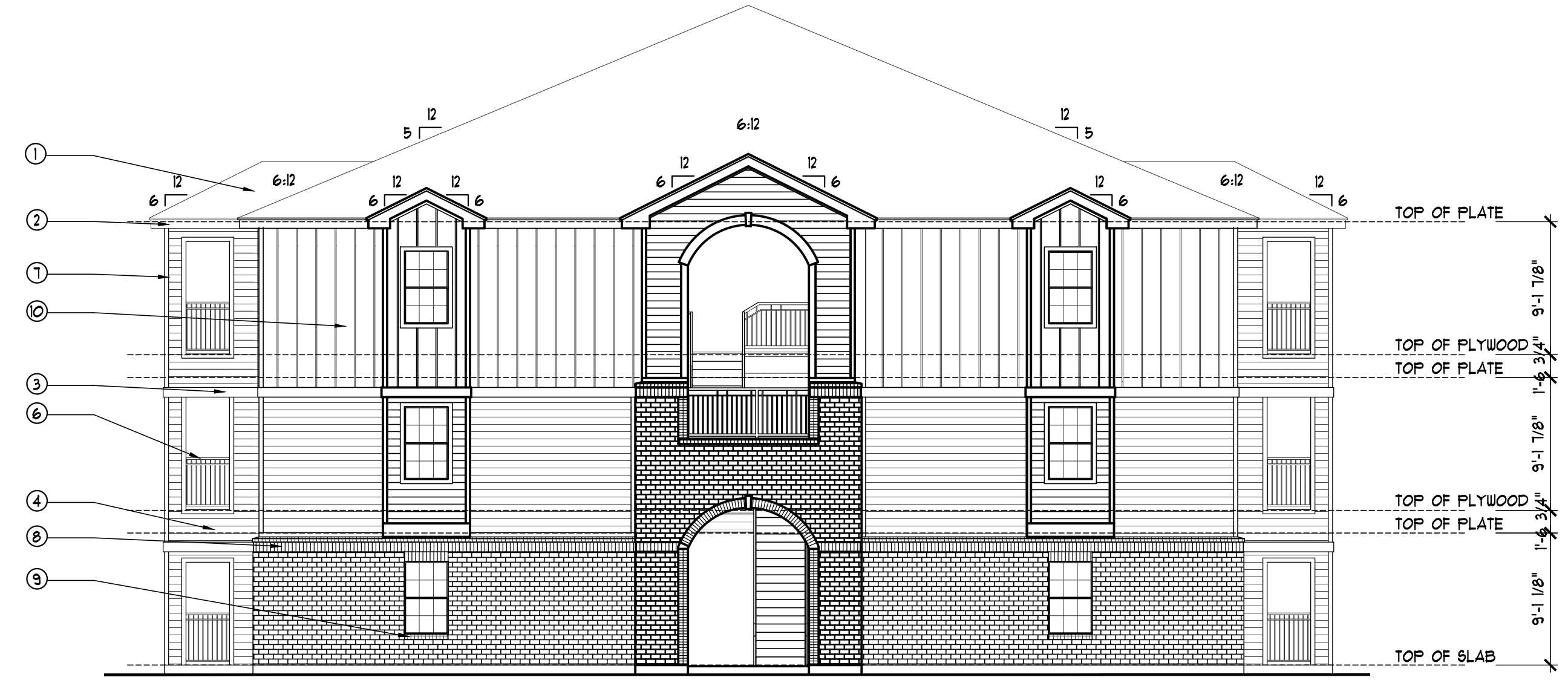
A2B 3RD FLOOR  
A2B 2ND FLOOR

A2B 3RD FLOOR  
A2B 2ND FLOOR

B4 B4  
B4

1 | BUILDING TYPE 1: FRONT EXTERIOR ELEVATIONS  
1/8" = 1' - 0"

- KEY NOTES**
- ① COMPOSITION SHINGLE ROOFING
  - ② PAINTED FIBER CEMENT FASCIA
  - ③ PAINTED FIBER CEMENT TRIM
  - ④ PAINTED FIBER CEMENT SIDING
  - ⑤ DECORATIVE SHUTTERS / FALSE WINDOW
  - ⑥ 42" HIGH METAL RAILING
  - ⑦ BRICK FACING
  - ⑧ BRICK SOLDIER COURSE
  - ⑨ BRICK ROULOCK COURSE / SILL
  - ⑩ PAINTED FIBER CEMENT VERTICAL PANEL BOARD W / FIBER CEMENT BATTEN TRIM



B4 B4  
B4

B4 B4  
B4

2 | BUILDING TYPE 1: SIDE EXTERIOR ELEVATIONS  
1/8" = 1' - 0"

CLIENT:

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9219 KATY FREEWAY #264  
HOUSTON, TX 77024

PROJECT NAME

THE MEADOWS  
AT CYPRESS CREEK

PROJECT LOCATION:

HARRIS COUNTY,  
TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	GGF
SHEET TITLE	BUILDING TYPE 1 EXTERIOR ELEVATIONS

SHEET NUMBER

A3.5

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**KEY NOTES**

- ① COMPOSITION SHINGLE ROOFING
- ② PAINTED FIBER CEMENT FASCIA
- ③ PAINTED FIBER CEMENT TRIM
- ④ PAINTED FIBER CEMENT SIDING
- ⑤ DECORATIVE SHUTTERS / FALSE WINDOW
- ⑥ 42" HIGH METAL RAILING
- ⑦ BRICK FACING
- ⑧ BRICK SOLDIER COURSE
- ⑨ BRICK ROWLOCK COURSE / SILL
- ⑩ PAINTED FIBER CEMENT VERTICAL PANEL BOARD w / FIBER CEMENT BATTEN TRIM

**BUILDING TYPE 1: BACK EXTERIOR ELEVATIONS**  
 1/8" = 1'-0"

CLIENT:

BLAZER RESIDENTIAL  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME

**THE MEADOWS  
 AT CYPRESS CREEK**

PROJECT LOCATION:

HARRIS COUNTY,  
 TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

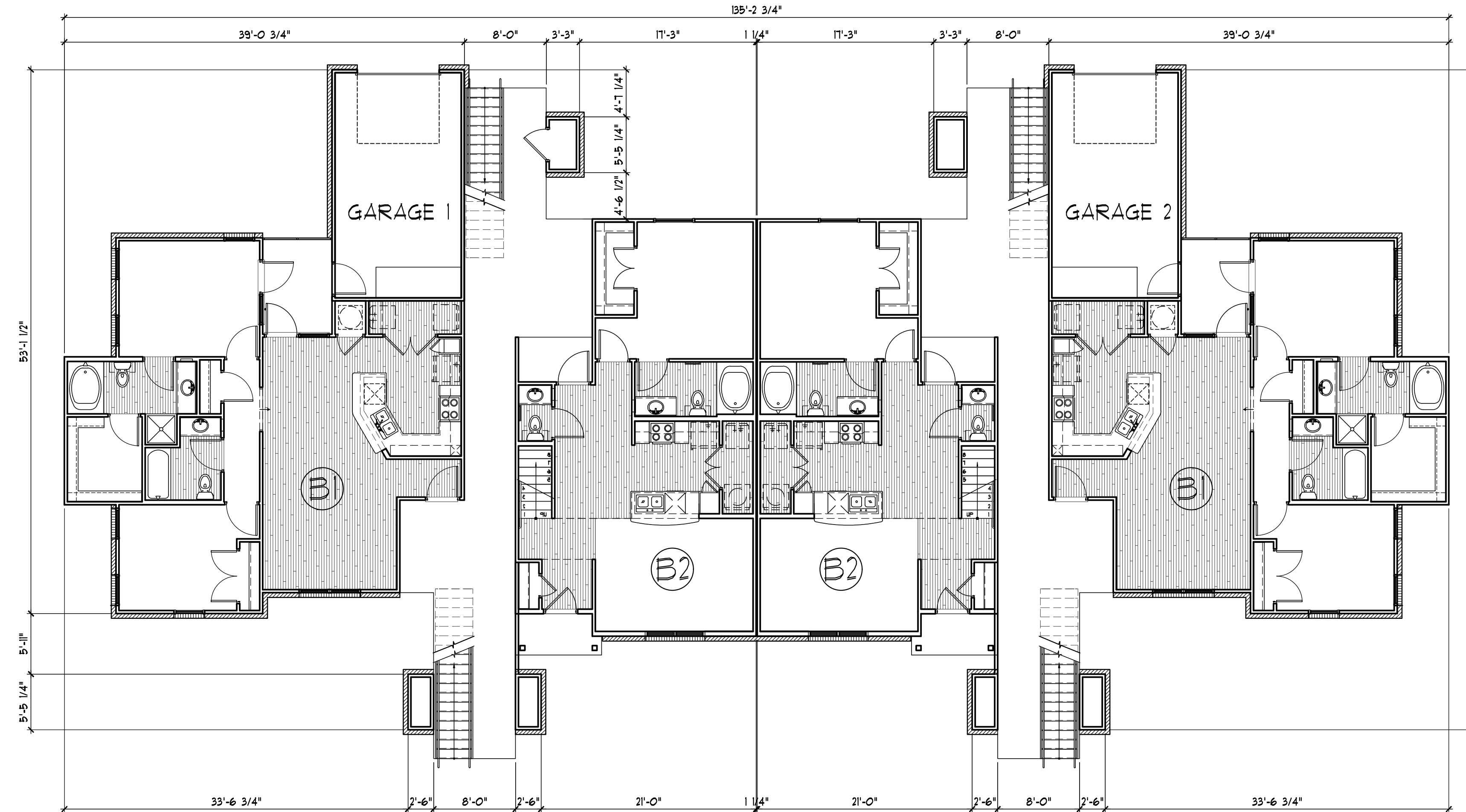
DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	GGF
SHEET TITLE	BUILDING TYPE 1 EXTERIOR ELEVATIONS

SHEET NUMBER

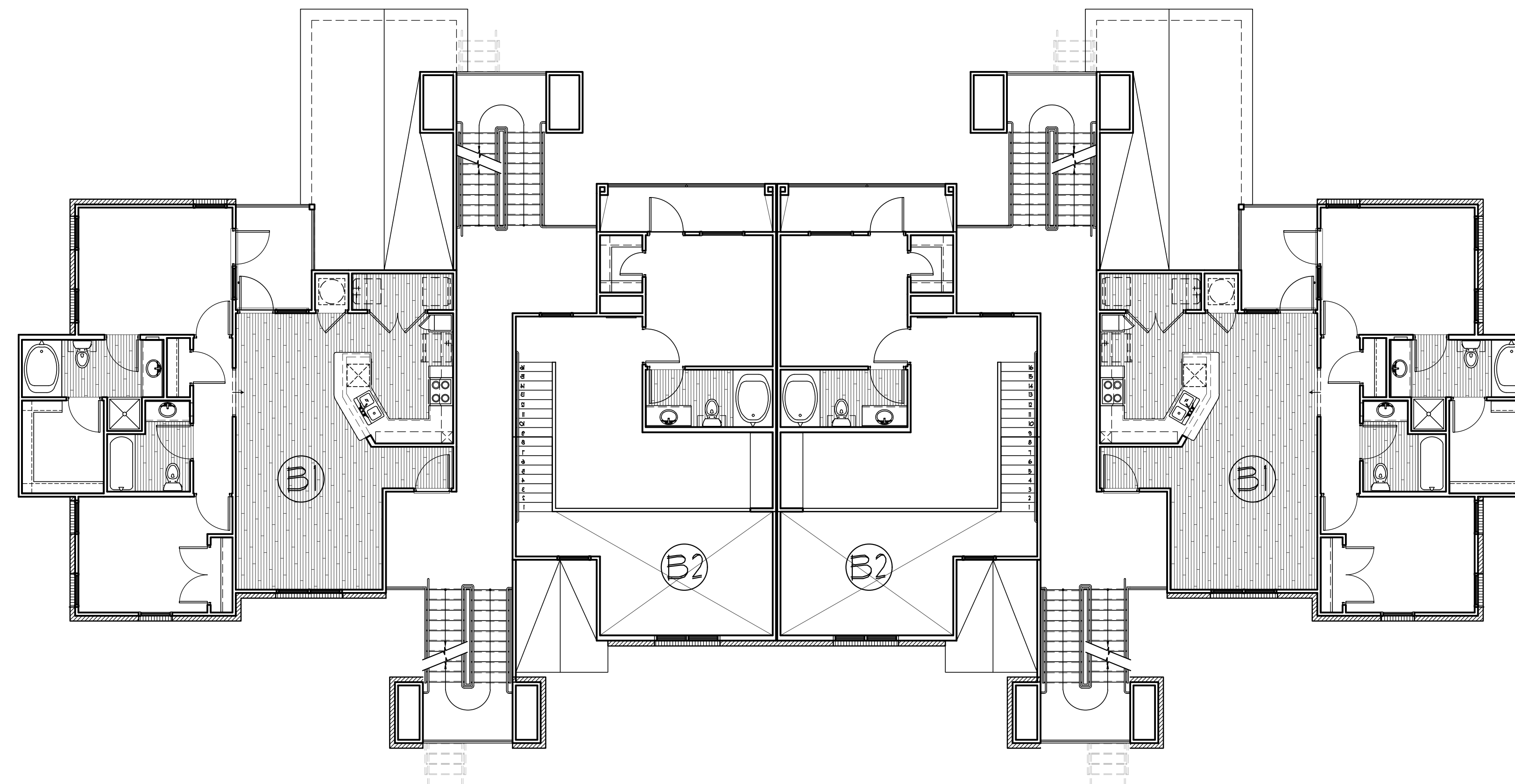
**A3.6**

**APARTMENT BUILDING DATA:**

BUILDING TYPE 2	BREEZEWAY	UTILITY	PATIO STORAGE	PORCHES/PATIOS	TENANT LOCKER
FIRST FLOOR	1092 S.F.	18 S.F.	0 S.F.	130 S.F.	0 S.F.
SECOND FLOOR	1026 S.F.	0 S.F.	0 S.F.	268 S.F.	0 S.F.
THIRD FLOOR	1092 S.F.	0 S.F.	0 S.F.	130 S.F.	0 S.F.
TOTAL	3210 S.F.	18 S.F.	0 S.F.	528 S.F.	0 S.F.



1 | BUILDING TYPE 2 FIRST FLOOR PLAN  
1/8" = 1'-0"



2 | BUILDING TYPE 2 SECOND FLOOR PLAN  
1/8" = 1'-0"

CLIENT:

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9219 KATY FREEWAY #264  
HOUSTON, TX 77024

PROJECT NAME:

THE MEADOWS  
AT CYPRESS CREEK

PROJECT LOCATION:

HARRIS COUNTY,  
TEXAS

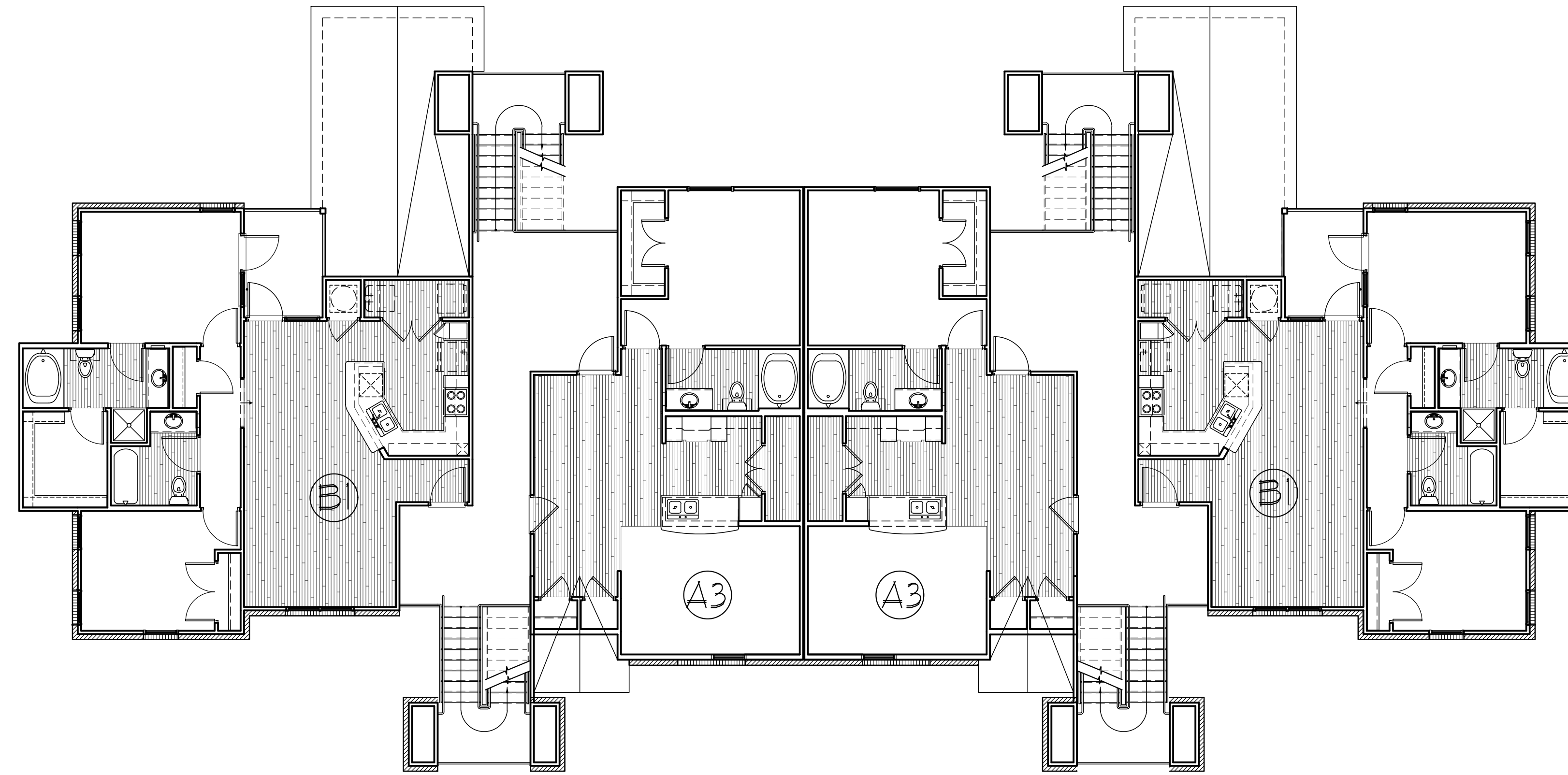
DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	BUILDING TYPE 2 FIRST & SECOND FLOOR PLANS

SHEET NUMBER

A4.1





1 | BUILDING TYPE 2 THIRD FLOOR PLAN  
 1/8" = 1'-0"

CLIENT:  
**BLAZER RESIDENTIAL**  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME:  
**THE MEADOWS**  
 AT CYPRESS CREEK

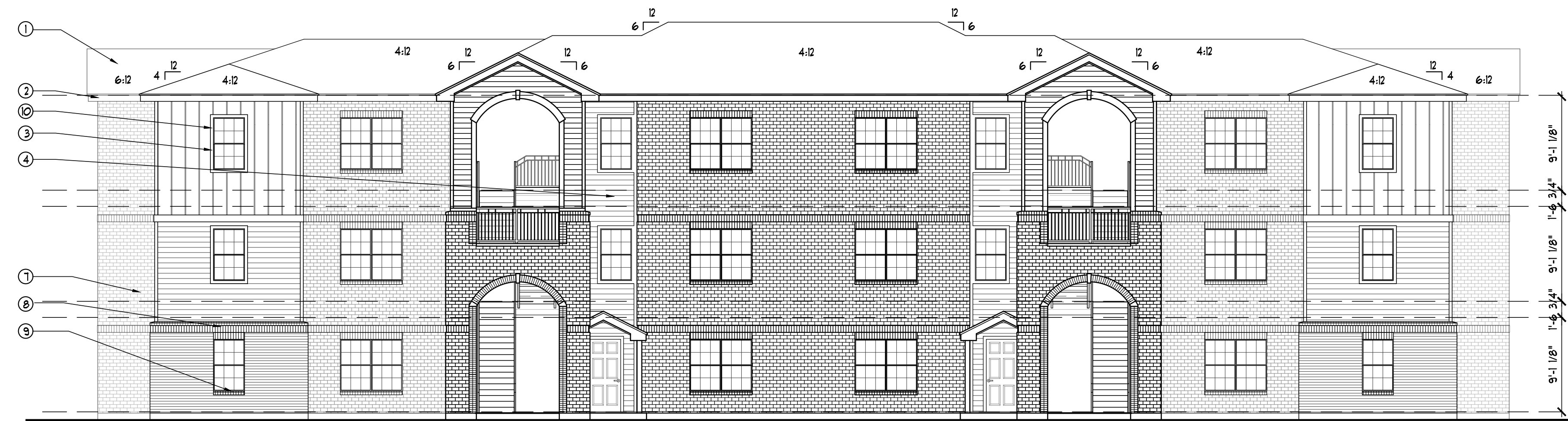
PROJECT LOCATION:  
 HARRIS COUNTY,  
 TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	BUILDING TYPE 2 THIRD FLOOR PLAN

SHEET NUMBER  
**A4.2**





(B1) (B1)  
(B1)

(A3) 3RD FLOOR (A3) 3RD FLOOR  
(B2) 1ST & 2ND FLOOR (B2) 1ST & 2ND FLOOR

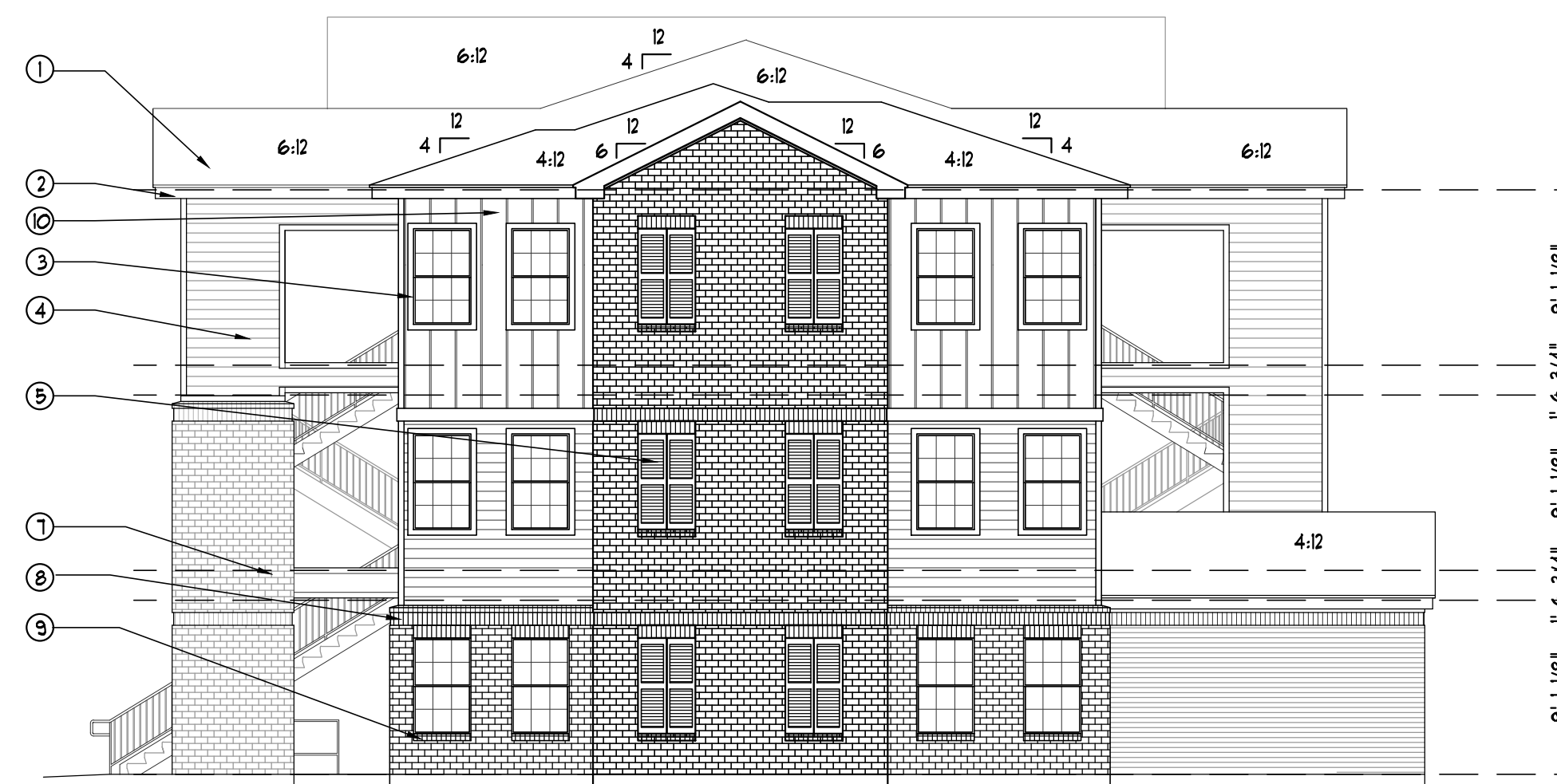
(B1) (B1)  
(B1)

1 | BUILDING TYPE 2: FRONT EXTERIOR ELEVATIONS  
1/8" = 1' - 0"

60% BRICK  
40% FIBER CEMENT SIDING

KEY NOTES

- ① COMPOSITION SHINGLE ROOFING
- ② PAINTED FIBER CEMENT FASCIA
- ③ PAINTED FIBER CEMENT TRIM
- ④ PAINTED FIBER CEMENT SIDING
- ⑤ DECORATIVE SHUTTERS / FALSE WINDOW
- ⑥ 42" HIGH METAL RAILING
- ⑦ BRICK FACING
- ⑧ BRICK SOLDIER COURSE
- ⑨ BRICK ROWLOCK COURSE / SILL
- ⑩ PAINTED FIBER CEMENT VERTICAL PANEL BOARD W / FIBER CEMENT BATTEN TRIM



(B1) (B1)  
(B1)

2 | BUILDING TYPE 2: SIDE EXTERIOR ELEVATIONS  
1/8" = 1' - 0"

CLIENT:

BLAZER RESIDENTIAL  
9219 KATY FREEWAY #264  
HOUSTON, TX 77024

PROJECT NAME:

THE MEADOWS  
AT CYPRESS CREEK

PROJECT LOCATION:

HARRIS COUNTY,  
TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	GGF
SHEET TITLE	BUILDING TYPE 2 EXTERIOR ELEVATIONS

SHEET NUMBER

A4.3



1 | BUILDING TYPE 2: BACK EXTERIOR ELEVATIONS  
1/8" = 1' - 0"

KEY NOTES

- ① COMPOSITION SHINGLE ROOFING
- ② PAINTED FIBER CEMENT FASCIA
- ③ PAINTED FIBER CEMENT TRIM
- ④ PAINTED FIBER CEMENT SIDING
- ⑤ DECORATIVE SHUTTERS / FALSE WINDOW
- ⑥ 42" HIGH METAL RAILING
- ⑦ BRICK FACING
- ⑧ BRICK SOLDIER COURSE
- ⑨ BRICK ROWLOCK COURSE / SILL
- ⑩ PAINTED FIBER CEMENT VERTICAL PANEL BOARD W / FIBER CEMENT BATTEN TRIM

CLIENT:

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9219 KATY FREEWAY #264  
HOUSTON, TX 77024

PROJECT NAME

THE MEADOWS  
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TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE 02.12.14

SCALE 1/8" = 1'-0"

PROJECT NUMBER 1403

DRAWN BY GGF

SHEET TITLE  
BUILDING TYPE 2  
EXTERIOR ELEVATIONS

SHEET NUMBER

A4.4

CLIENT:

BLAZER RESIDENTIAL  
9219 KATY FREEWAY #264  
HOUSTON, TX 77024

PROJECT NAME:

THE MEADOWS  
AT CYPRESS CREEK

PROJECT LOCATION:

HARRIS COUNTY,  
TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE 02.12.14

SCALE 1/8" = 1'-0"

PROJECT NUMBER 1403

DRAWN BY DAA

SHEET TITLE

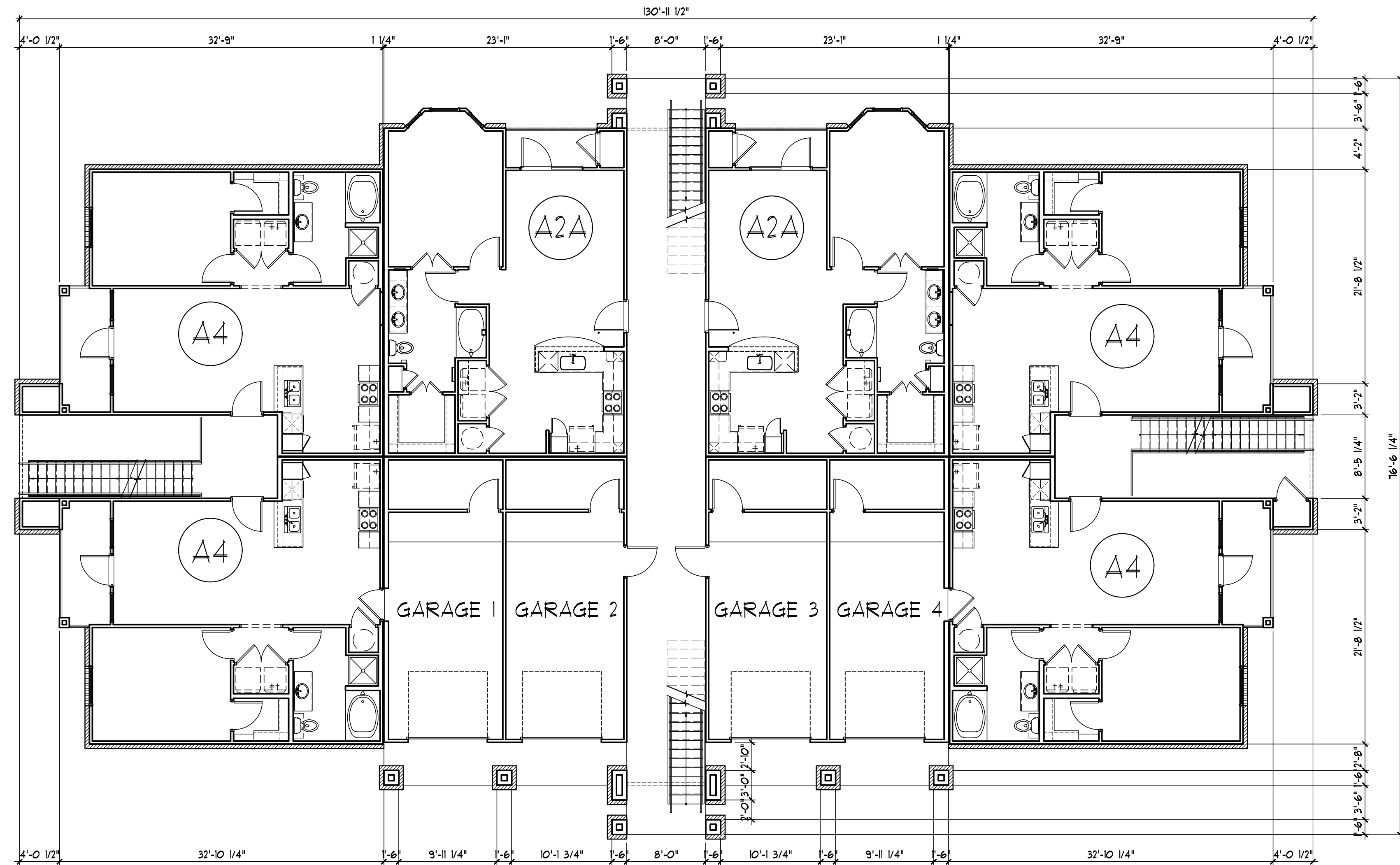
BUILDING TYPE 3  
FIRST & SECOND  
FLOOR PLANS

SHEET NUMBER

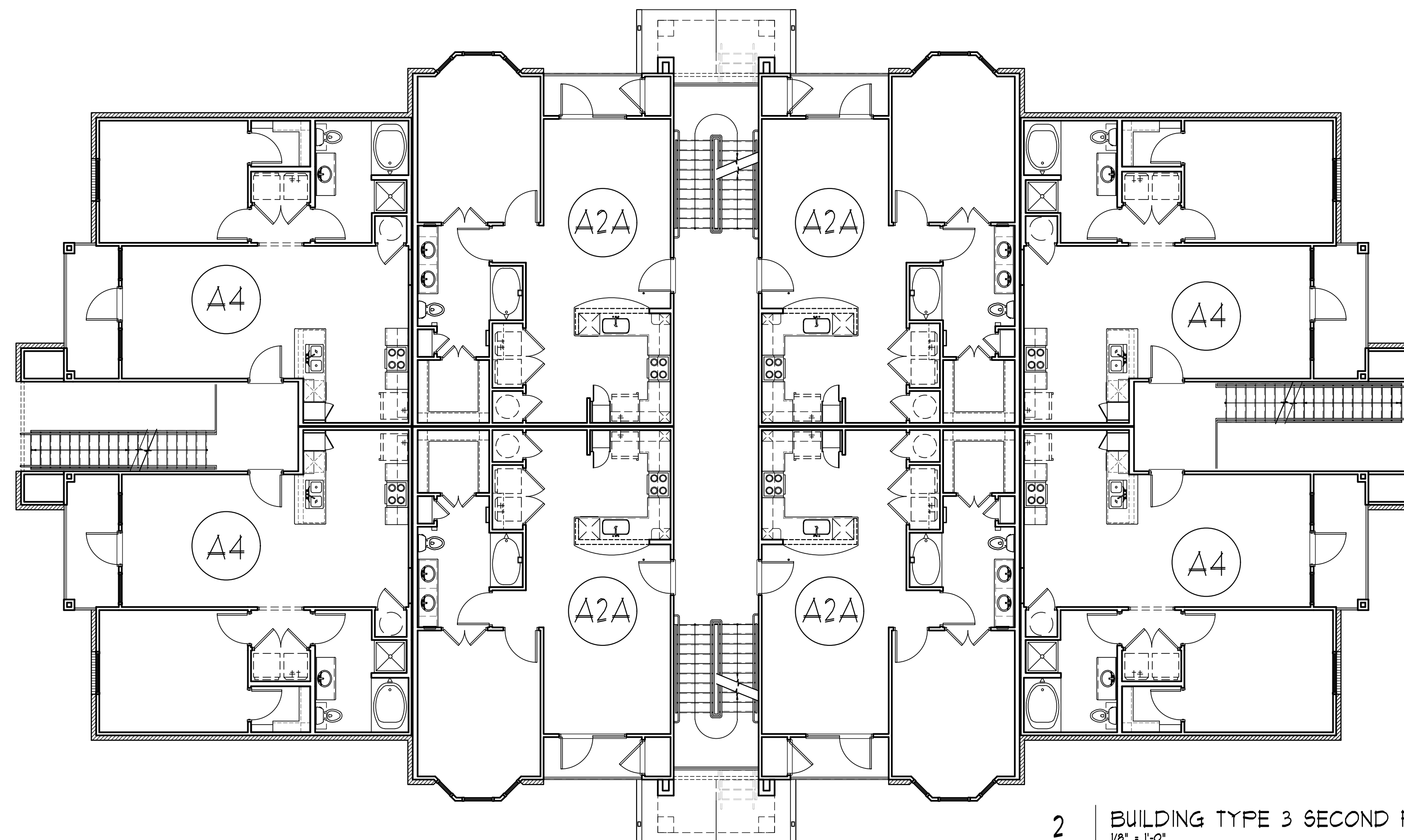
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APARTMENT BUILDING DATA:

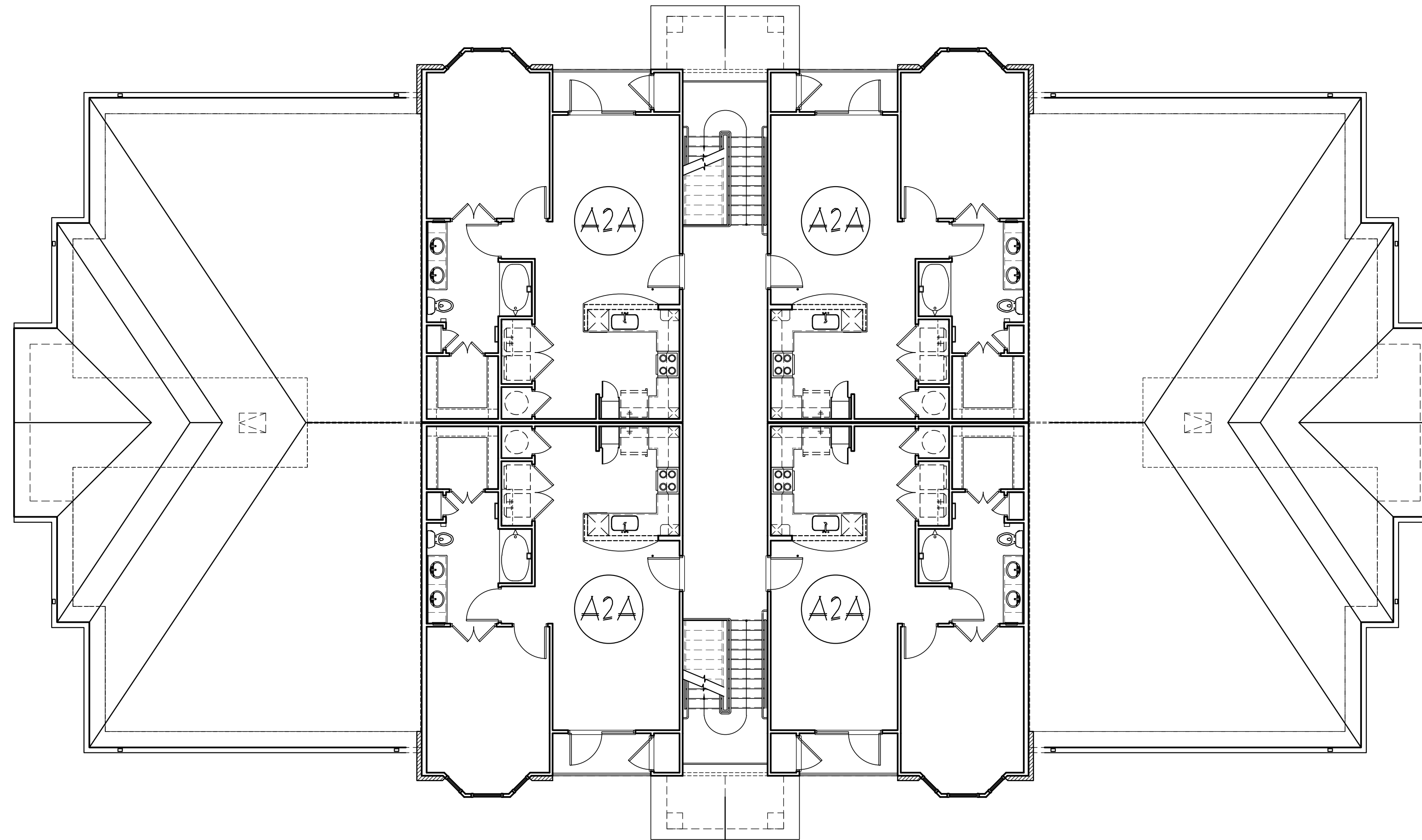
BUILDING TYPE 3	BREEZEWAY	UTILITY/	PATIO STORAGE	PORCHES/PATIOS	TENANT LOCKER
FIRST FLOOR	1664 S.F.	13 S.F.	22 S.F.	344 S.F.	0 S.F.
SECOND FLOOR	1604 S.F.	0 S.F.	44 S.F.	420 S.F.	0 S.F.
THIRD FLOOR	518 S.F.	0 S.F.	44 S.F.	152 S.F.	0 S.F.
TOTAL	3786 S.F.	13 S.F.	110 S.F.	916 S.F.	0 S.F.



1 | BUILDING TYPE 3 FIRST FLOOR PLAN  
1/8" = 1'-0"



2 | BUILDING TYPE 3 SECOND FLOOR PLAN  
1/8" = 1'-0"



1 | BUILDING TYPE 3 THIRD FLOOR PLAN  
1/8" = 1'-0"

**TED TROUT**

**ARCHITECT**

AND ASSOCIATES, LTD.

Architecture · Planning · Interior Design

6363 Woodway Suite 500

Houston, Texas 77057

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CLIENT:

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PROJECT NAME:

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PROJECT LOCATION:

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TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
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DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	BUILDING TYPE 3 THIRD FLOOR PLAN

SHEET NUMBER  
**A5.2**

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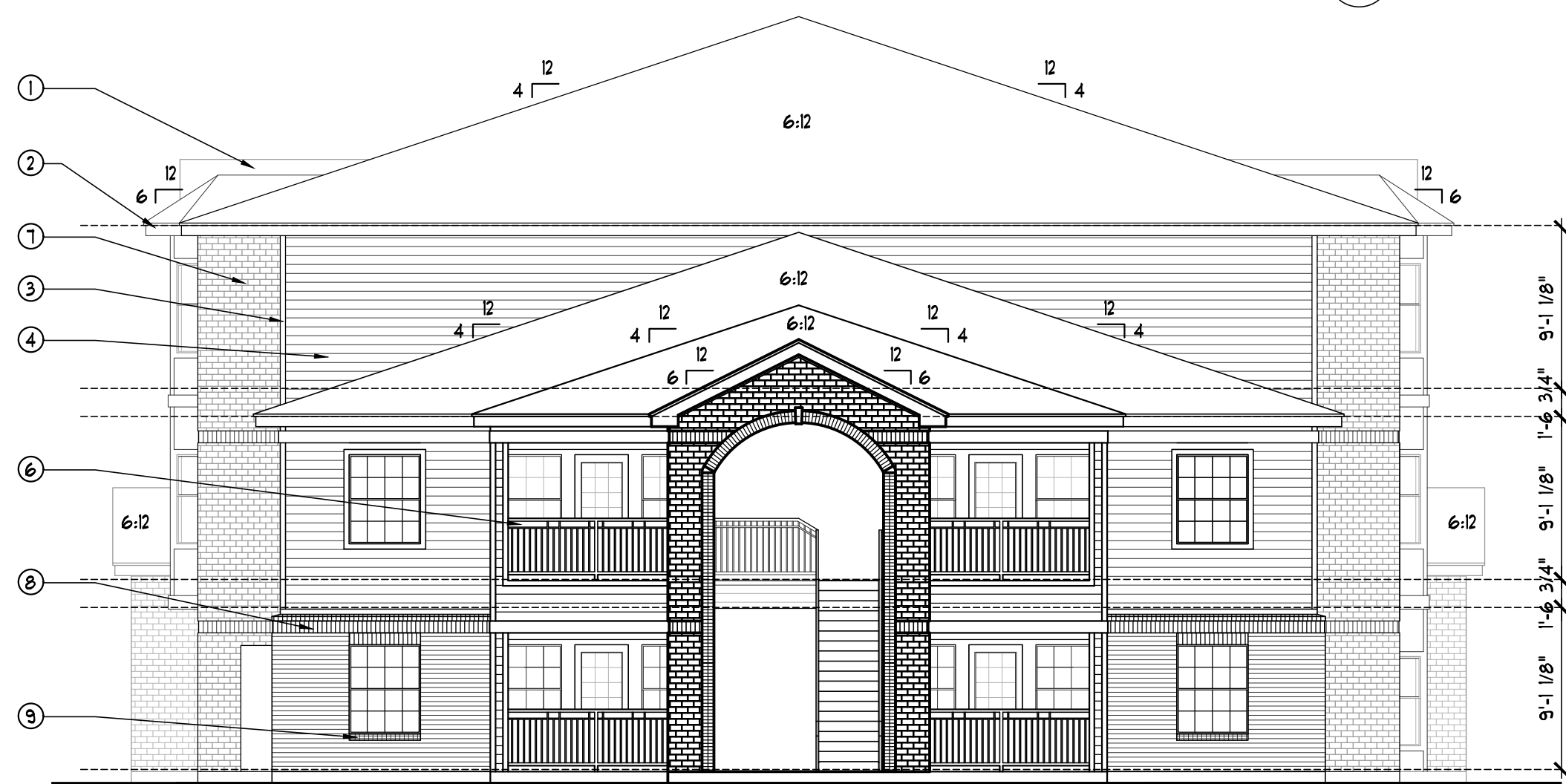


A4      A2A 3RD FLOOR      A2A 3RD FLOOR      A4      60% BRICK  
A4      A2A 2ND FLOOR      A2A 2ND FLOOR      A4      40% FIBER CEMENT SIDING

01 | BLDG. TYPE 3, EXTERIOR ELEVATION - FRONT  
 1/8" = 1'-0"

KEY NOTES

- ① COMPOSITION SHINGLE ROOFING
- ② PAINTED FIBER CEMENT FASCIA
- ③ PAINTED FIBER CEMENT TRIM
- ④ PAINTED FIBER CEMENT SIDING
- ⑤ DECORATIVE SHUTTERS / FALSE WINDOW
- ⑥ 42" HIGH METAL RAILING
- ⑦ BRICK FACING
- ⑧ BRICK SOLDIER COURSE
- ⑨ BRICK ROWLOCK COURSE / BILL



A4      A4  
A4      A4

02 | BLDG. TYPE 3, EXTERIOR ELEVATION - SIDE  
 1/8" = 1'-0"



A4      A2A A2A      A2A A2A      A4  
A4      A2A      A2A      A4

03 | BLDG. TYPE 3, EXTERIOR ELEVATION - BACK  
 1/8" = 1'-0"

CLIENT:  
 BLAZER RESIDENTIAL  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME:  
 THE MEADOWS  
 AT CYPRESS CREEK

PROJECT LOCATION:  
 HARRIS COUNTY,  
 TEXAS

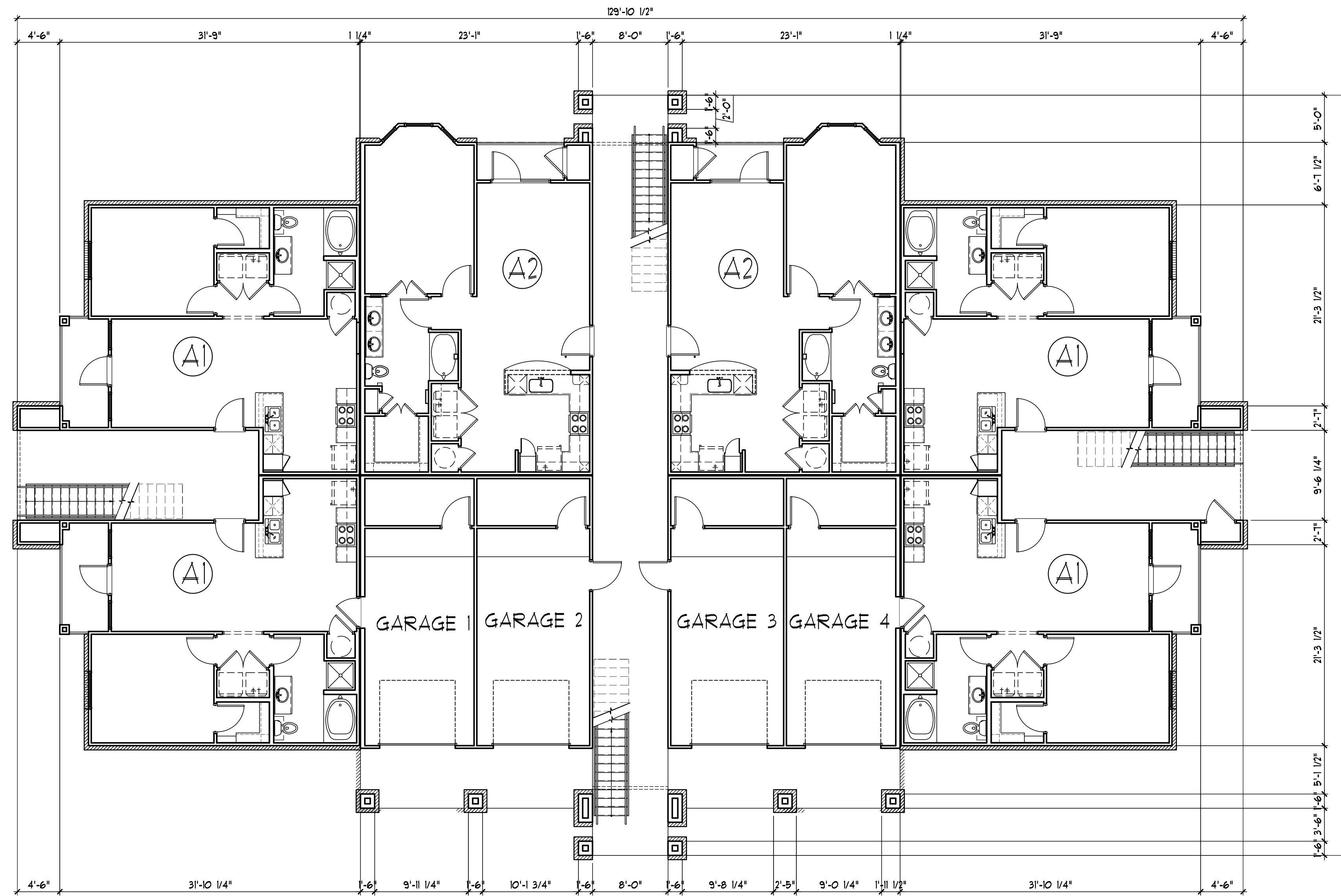
DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	JK
SHEET TITLE	BUILDING TYPE 3 EXTERIOR ELEVATIONS
SHEET NUMBER	A5.3

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APARTMENT BUILDING DATA:

BUILDING TYPE 5	BREEZEWAY	UTILITY/	PATIO STORAGE	PORCHES/PATIOS	TENANT LOCKER
FIRST FLOOR	1716 S.F.	12 S.F.	22 S.F.	332 S.F.	0 S.F.
SECOND FLOOR	1552 S.F.	0 S.F.	44 S.F.	408 S.F.	0 S.F.
THIRD FLOOR	1552 S.F.	0 S.F.	44 S.F.	408 S.F.	0 S.F.
TOTAL	4820 S.F.	12 S.F.	110 S.F.	1148 S.F.	0 S.F.



1 | BUILDING TYPE 5 FIRST FLOOR PLAN  
 1/8" = 1'-0"

CLIENT:  
 BLAZER RESIDENTIAL  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME:  
 THE MEADOWS  
 AT CYPRESS CREEK

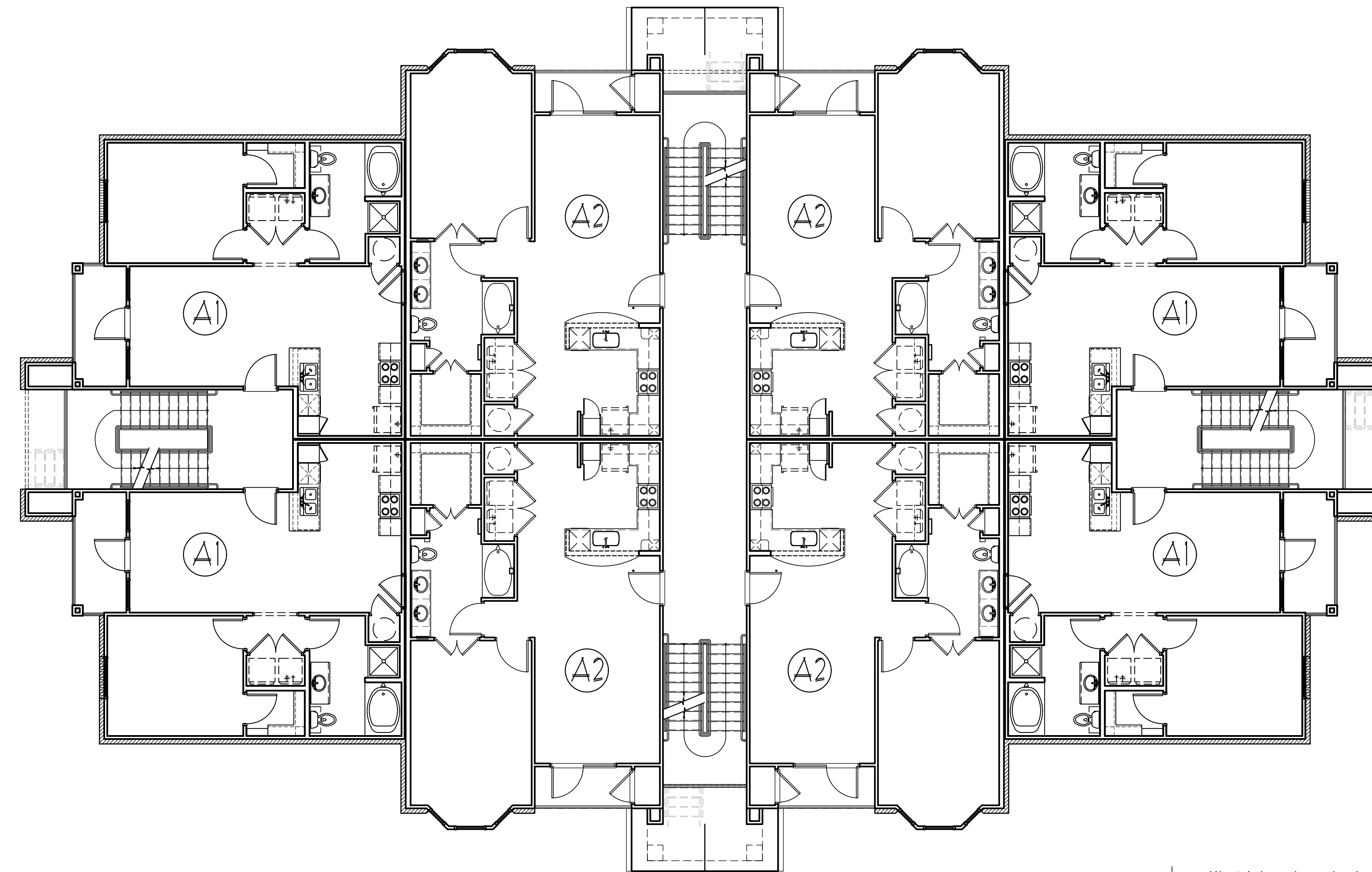
PROJECT LOCATION:  
 HARRIS COUNTY,  
 TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	BUILDING TYPE 5 FIRST FLOOR PLAN

SHEET NUMBER

A6.1



1 | BUILDING TYPE 5 SECOND FLOOR PLAN  
 1/8" = 1'-0"

CLIENT:  
 BLAZER RESIDENTIAL  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME:  
 THE MEADOWS  
 AT CYPRESS CREEK

PROJECT LOCATION:  
 HARRIS COUNTY,  
 TEXAS

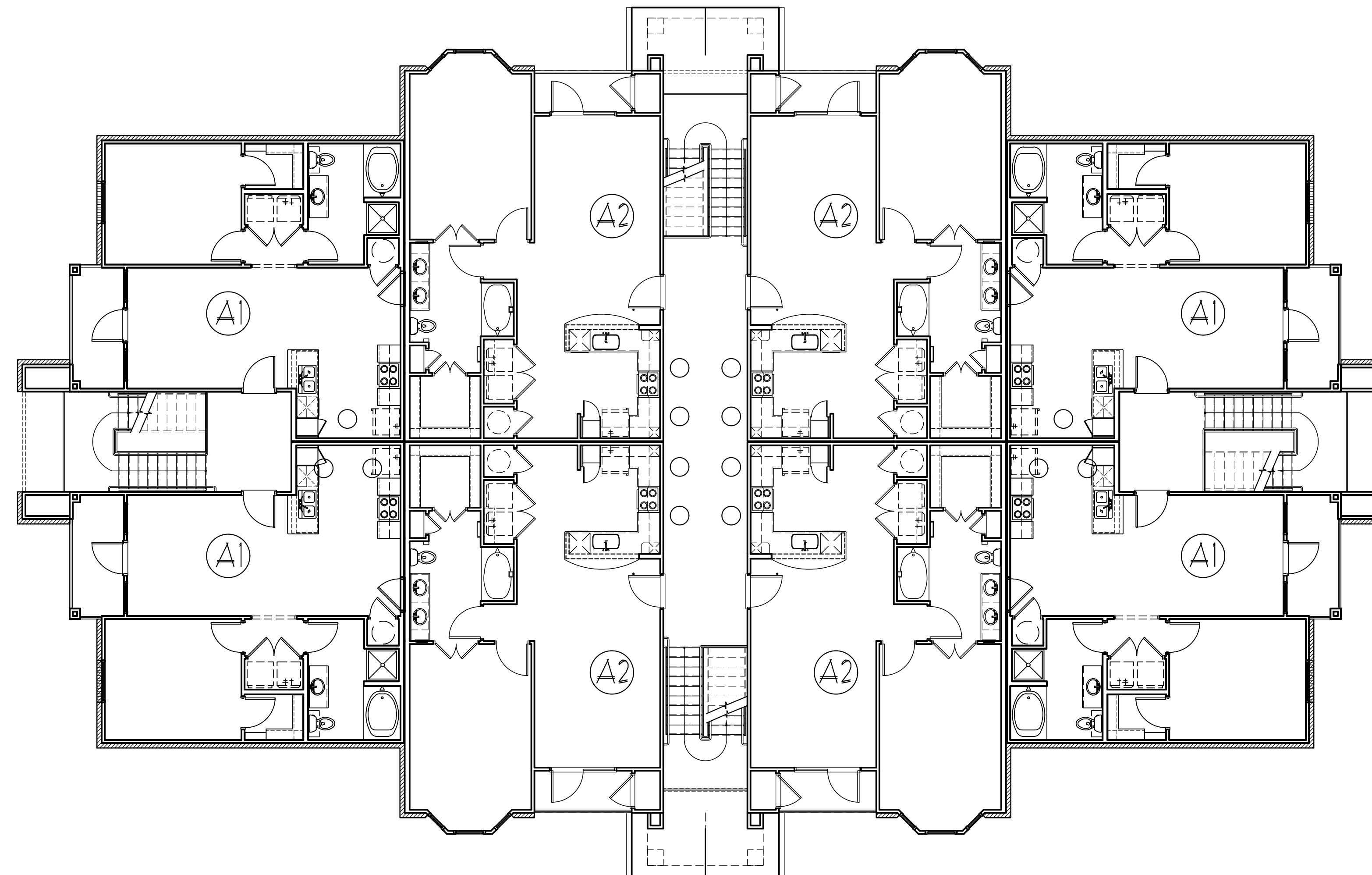
DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	BUILDING TYPE 5 SECOND FLOOR PLAN

SHEET NUMBER  
 A6.2



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1 | BUILDING TYPE 5 THIRD FLOOR PLAN  
 1/8" = 1'-0"

CLIENT:

BLAZER RESIDENTIAL  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME:

THE MEADOWS  
 AT CYPRESS CREEK

PROJECT LOCATION:

HARRIS COUNTY,  
 TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	BUILDING TYPE 5 THIRD FLOOR PLAN

SHEET NUMBER  
**A6.3**





60% BRICK  
40% FIBER CEMENT SIDING

01 | BLDG. TYPE 4, EXTERIOR ELEVATION - FRONT  
1/8" = 1'-0"



02 | BLDG. TYPE 4, EXTERIOR ELEVATION - SIDE  
1/8" = 1'-0"

KEY NOTES

- ① COMPOSITION SHINGLE ROOFING
- ② PAINTED FIBER CEMENT FASCIA
- ③ PAINTED FIBER CEMENT TRIM
- ④ PAINTED FIBER CEMENT SIDING
- ⑤ DECORATIVE SHUTTERS / FALSE WINDOW
- ⑥ 42" HIGH METAL RAILING
- ⑦ BRICK FACING
- ⑧ BRICK SOLDIER COURSE
- ⑨ BRICK ROULOCK COURSE / SILL
- ⑩ PAINTED FIBER CEMENT VERTICAL PANEL BOARD W / FIBER CEMENT BATTEN TRIM

CLIENT:

BLAZER RESIDENTIAL  
9219 KATY FREEWAY #264  
HOUSTON, TX 77024

PROJECT NAME

THE MEADOWS  
AT CYPRESS CREEK

PROJECT LOCATION:

HARRIS COUNTY,  
TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE 02.12.14

SCALE 1/8" = 1'-0"

PROJECT NUMBER 1403

DRAWN BY JK

SHEET TITLE  
BUILDING TYPE 5  
EXTERIOR ELEVATIONS

SHEET NUMBER

A6.6



**KEY NOTES**

- ① COMPOSITION SHINGLE ROOFING
- ② PAINTED FIBER CEMENT FASCIA
- ③ PAINTED FIBER CEMENT TRIM
- ④ PAINTED FIBER CEMENT SIDING
- ⑤ DECORATIVE SHUTTERS / FALSE WINDOW
- ⑥ 42" HIGH METAL RAILING
- ⑦ BRICK FACING
- ⑧ BRICK SOLDIER COURSE
- ⑨ BRICK ROWLOCK COURSE / SILL

01 | BLDG. TYPE 5, EXTERIOR ELEVATION - BACK  
1/8" = 1'-0"

CLIENT:

BLAZER RESIDENTIAL  
9219 KATY FREEWAY #264  
HOUSTON, TX 77024

PROJECT NAME

THE MEADOWS  
AT CYPRESS CREEK

PROJECT LOCATION:

HARRIS COUNTY,  
TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

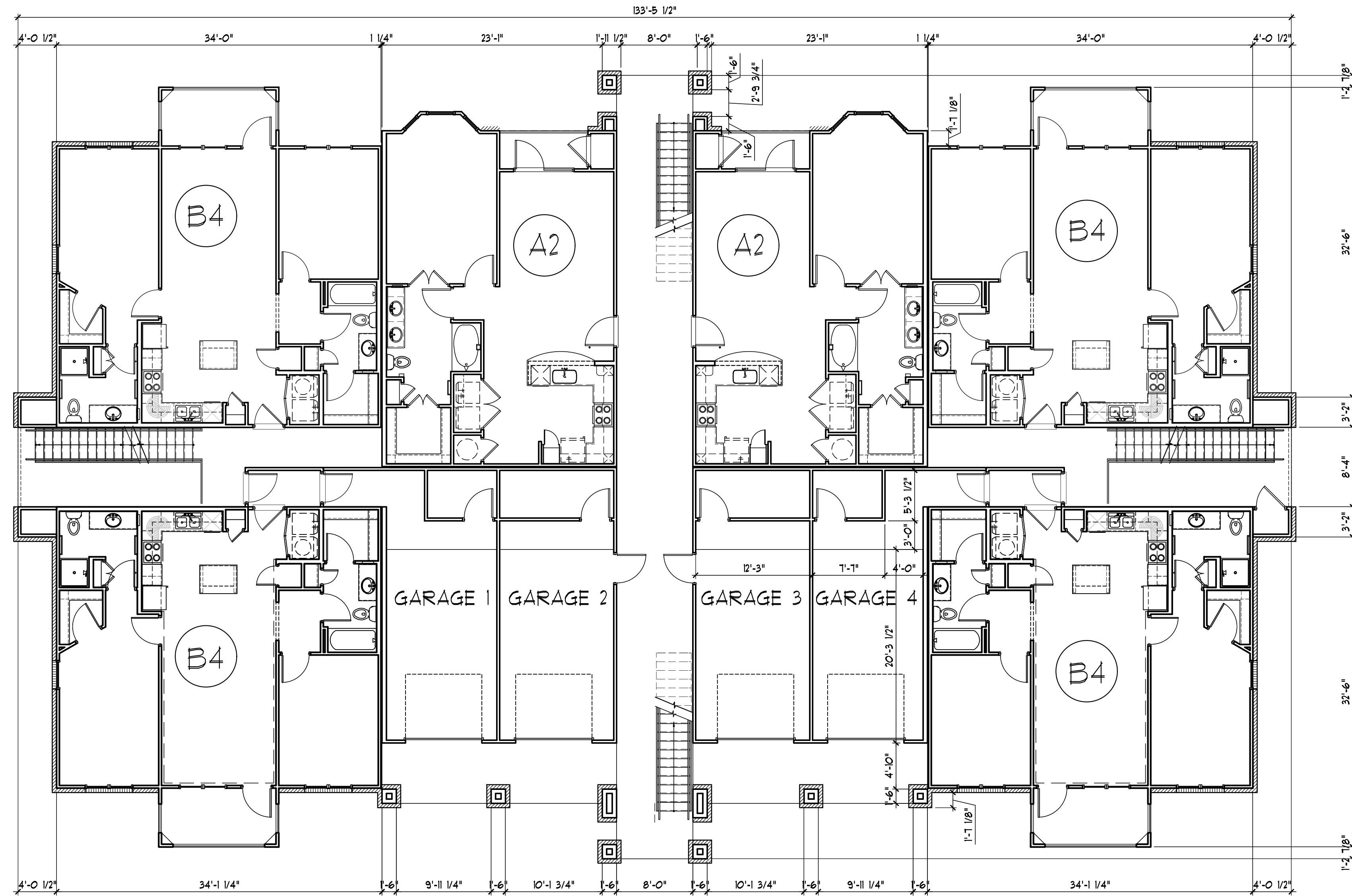
DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	JK
SHEET TITLE	BUILDING TYPE 5 EXTERIOR ELEVATIONS

SHEET NUMBER  
**A6.7**

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APARTMENT BUILDING DATA:

BUILDING TYPE #	BREEZEWAY	UTILITY/	PATIO STORAGE	PORCHES/PATIOS	TENANT LOCKER
FIRST FLOOR	1175 S.F.	13 S.F.	22 S.F.	388 S.F.	0 S.F.
SECOND FLOOR	861 S.F.	0 S.F.	44 S.F.	464 S.F.	0 S.F.
THIRD FLOOR	531 S.F.	0 S.F.	44 S.F.	152 S.F.	0 S.F.
TOTAL	2567 S.F.	13 S.F.	110 S.F.	1004 S.F.	0 S.F.



1 | BUILDING TYPE 6 FIRST FLOOR PLAN  
 1/8" = 1'-0"

CLIENT:

BLAZER RESIDENTIAL  
 9219 KATY FREEWAY #264  
 HOUSTON, TX 77024

PROJECT NAME:

THE MEADOWS  
 AT CYPRESS CREEK

PROJECT LOCATION:

HARRIS COUNTY,  
 TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	BUILDING TYPE 6 FIRST FLOOR PLAN

SHEET NUMBER

A7.1

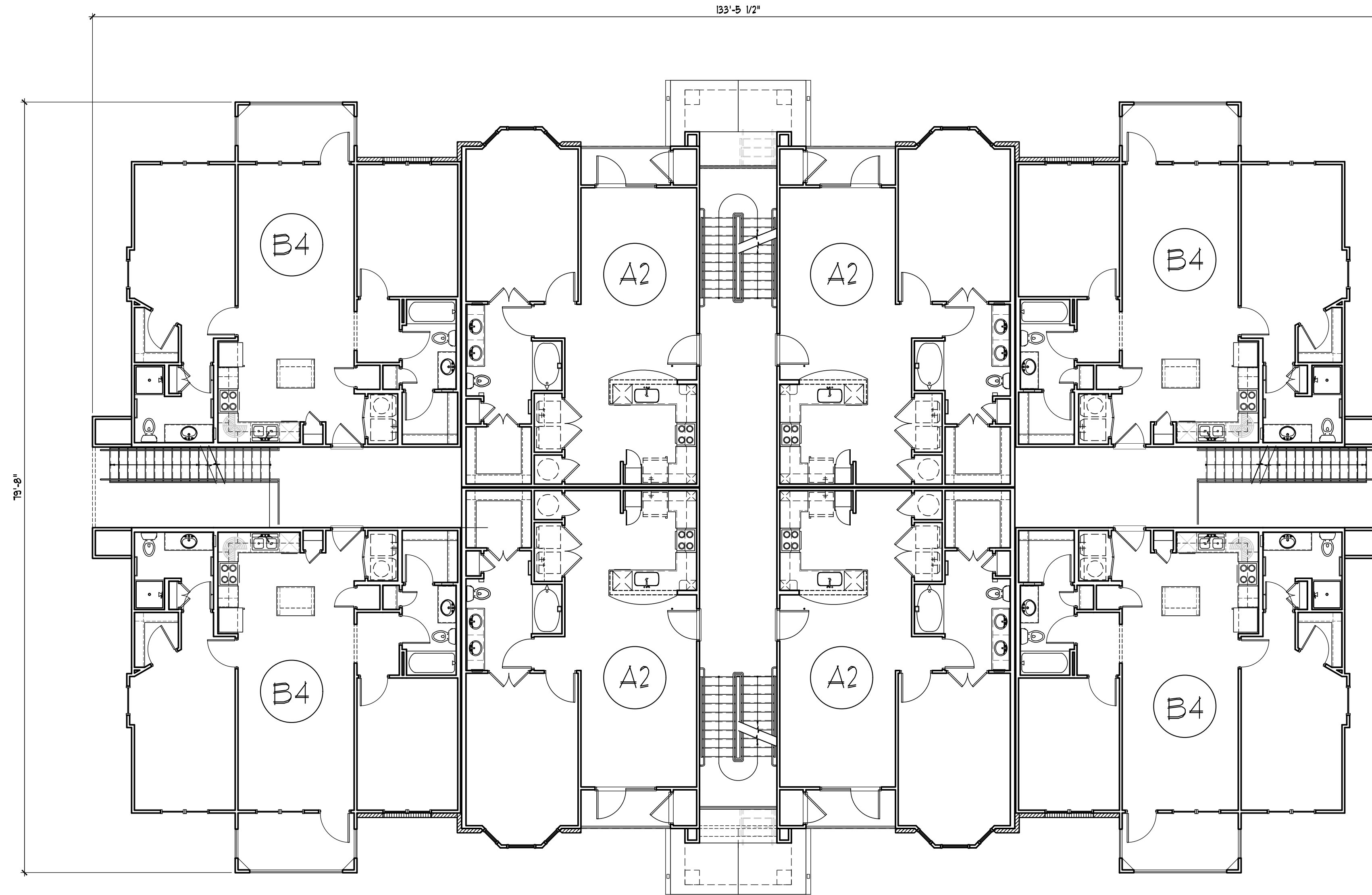
**TED TROUT  
ARCHITECT**

AND ASSOCIATES, LTD.

Architecture · Planning · Interior Design

6363 Woodway Suite 500  
Houston, Texas 77057

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1 | BUILDING TYPE 6 SECOND FLOOR PLAN  
1/8" = 1'-0"

CLIENT:

BLAZER RESIDENTIAL  
9219 KATY FREEWAY #264  
HOUSTON, TX 77024

PROJECT NAME:

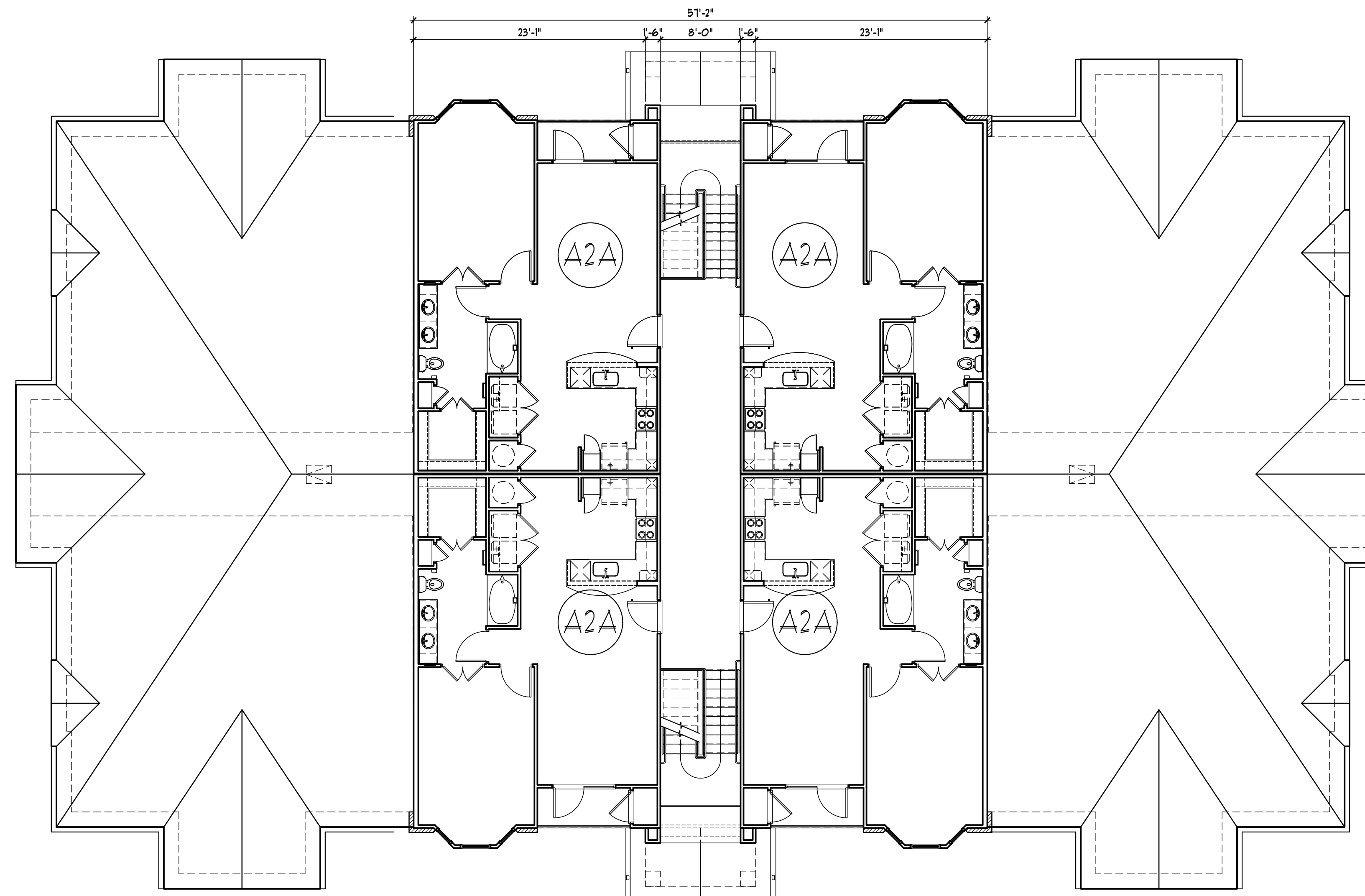
THE MEADOWS  
AT CYPRESS CREEK

PROJECT LOCATION:

HARRIS COUNTY,  
TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	BUILDING TYPE 6 SECOND FLOOR PLAN
SHEET NUMBER	A7.2



1 | BUILDING TYPE 6 THIRD FLOOR PLAN  
1/8" = 1'-0"

**TED TROUT**  
**ARCHITECT**  
AND ASSOCIATES, LTD.  
Architecture - Planning - Interior Design  
6363 Woodway Suite 500  
Houston, Texas 77057  
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CLIENT:

BLAZER RESIDENTIAL  
9219 KATY FREEWAY #264  
HOUSTON, TX 77024

PROJECT NAME:

THE MEADOWS  
AT CYPRESS CREEK

PROJECT LOCATION:

HARRIS COUNTY,  
TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

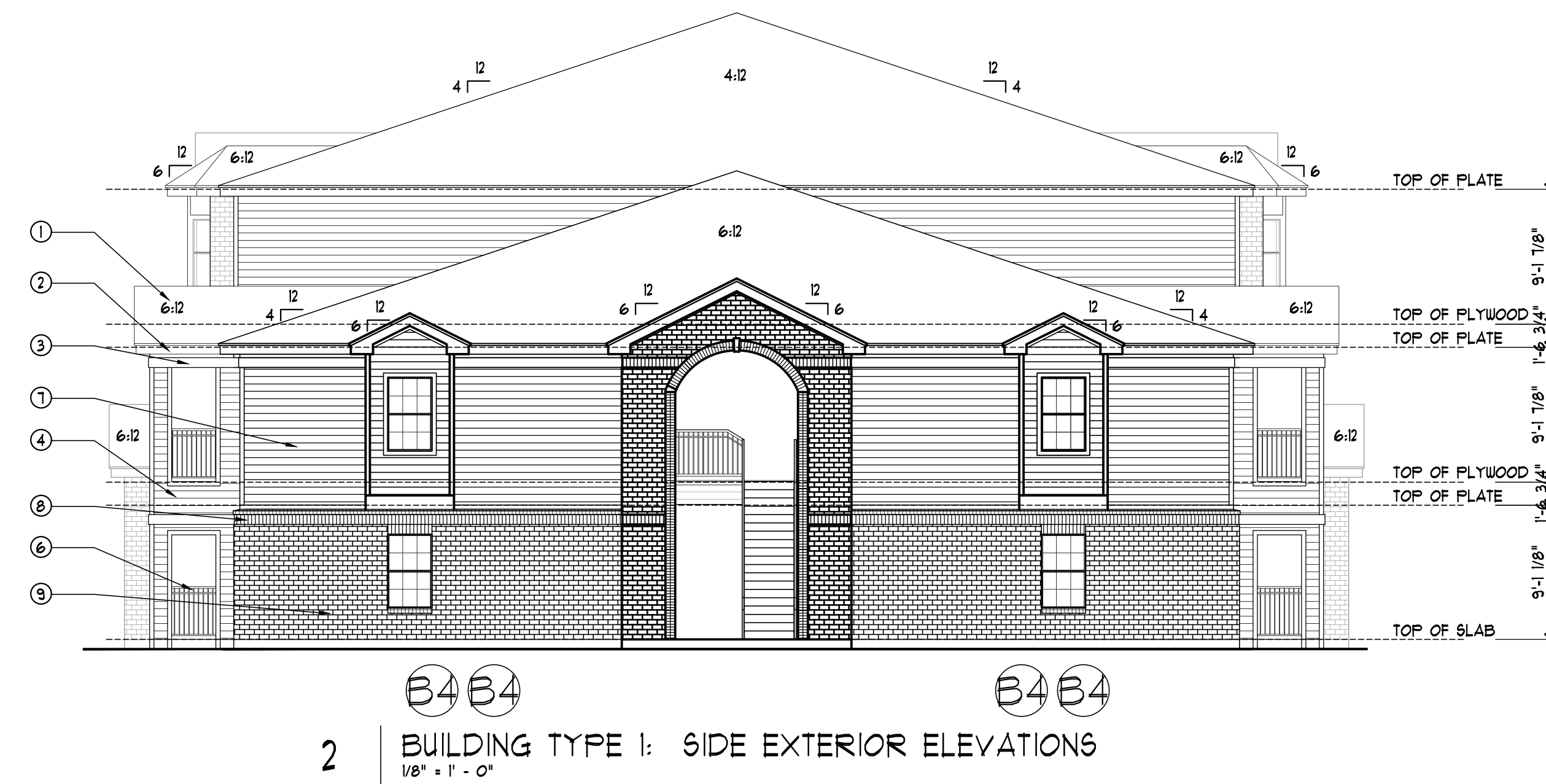
DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	DAA
SHEET TITLE	BUILDING TYPE THIRD FLOOR PLAN

SHEET NUMBER  
**A7.3**



**KEY NOTES**

- ① COMPOSITION SHINGLE ROOFING
- ② PAINTED FIBER CEMENT FASCIA
- ③ PAINTED FIBER CEMENT TRIM
- ④ PAINTED FIBER CEMENT SIDING
- ⑤ DECORATIVE SHUTTERS / FALSE WINDOW
- ⑥ 42" HIGH METAL RAILING
- ⑦ BRICK FACING
- ⑧ BRICK SOLDIER COURSE
- ⑨ BRICK ROULOCK COURSE / SILL



CLIENT:

BLAZER RESIDENTIAL  
9219 KATY FREEWAY #264  
HOUSTON, TX 77024

PROJECT NAME:

THE MEADOWS  
AT CYPRESS CREEK

PROJECT LOCATION:

HARRIS COUNTY,  
TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE	02.12.14
SCALE	1/8" = 1'-0"
PROJECT NUMBER	1403
DRAWN BY	GGF
SHEET TITLE	BUILDING TYPE 6 EXTERIOR ELEVATIONS

SHEET NUMBER

A7.6

**KEY NOTES**

- COMPOSITION SHINGLE ROOFING
- PAINTED FIBER CEMENT FASCIA
- PAINTED FIBER CEMENT TRIM
- PAINTED FIBER CEMENT SIDING
- DECORATIVE SHUTTERS / FALSE WINDOW
- 42" HIGH METAL RAILING
- BRICK FACING
- BRICK SOLDIER COURSE
- BRICK ROULOCK COURSE / SILL



CLIENT:

BLAZER RESIDENTIAL  
9219 KATY FREEWAY #264  
HOUSTON, TX 77024

PROJECT NAME

THE MEADOWS  
AT CYPRESS CREEK

PROJECT LOCATION:

HARRIS COUNTY,  
TEXAS

DATE	ISSUE
02.12.14	PRELIMINARY
04.25.14	REVISION 1

DATE 02.12.14

SCALE 1/8" = 1'-0"

PROJECT NUMBER 1403

DRAWN BY GGF

SHEET TITLE  
BUILDING TYPE 6  
EXTERIOR ELEVATIONS

SHEET NUMBER

A7.7

**EBH-NH Huffmeister LP**

9219 Katy Fwy., Suite 200  
Houston, TX 77024

July 6, 2015

Texas Department of Housing & Community Affairs  
c/o: Lucy Trevino, Asset Manager  
P.O. Box 13941  
Austin, TX 78711-3941

Re: TDHCA #14272, Amendment Request

Dear Ms. Trevino:

We appreciate your attention to our amendment request for TDHCA application #14272, The Lodge at Huffmeister.

We have reviewed our amendment request and believe that the most effective and efficient way to facilitate its review would be to forgo any contractor and developer fee related to the water plant and wastewater treatment plant infrastructure. By removing these costs, our total development budget decreases by \$791,592 dollars. This change also reduces our deferred developer fee to \$673,572 or 26.23%. I have enclosed an updated Development Cost Schedule and Sources & Uses for your reference.

As we've discussed, there are number of ways to evaluate this request and we remain open to discussing those alternatives, if necessary. We are confident that this will be a successful development and request TDHCA's continued support of our efforts by recommending that our credit award remain at \$1,500,000.

Sincerely,

A handwritten signature in blue ink, appearing to read "Nathan Kelley".

Nathan Kelley  
Nantucket Housing, LLC

**Exhibits**

- A** Development Cost Schedule
- B** Sources & Uses









The following calculations are for HTC Applications only.

**Deduct From Basis:**

- Federal grants used to finance costs in Eligible Basis
- Non-qualified non-recourse financing
- Non-qualified portion of higher quality units §42(d)(5)
- Historic Credits (residential portion only)

**Total Eligible Basis**

\*\*High Cost Area Adjustment (100% or 130%)

**Total Adjusted Basis**

Applicable Fraction

**Total Qualified Basis**

Applicable Percentage<sup>6</sup>

**Credits Supported by Eligible Basis**

(May be greater than actual request)

	\$0	\$19,213,736
		130%
	\$0	\$24,977,857
		83.5294%
\$20,863,857	\$0	\$20,863,857
		9.00%
\$1,877,747	\$0	\$1,877,747


Name of contact for Cost Estimate:

James Wanja

Phone Number for Contact:

713-914-9200

**Footnotes:**

- <sup>1</sup> An itemized description of all "other" costs must be included at the end of this exhibit.
- <sup>2</sup> All Off-Site costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Offsite Cost Breakdown form.
- <sup>3</sup> (HTC Only) Site Work expenses, indirect construction costs, developer fees, construction loan financing and other financing costs may or may not be included in Eligible Basis. Site Work costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Site Work Cost Breakdown form.
- <sup>4</sup> (HTC Only) Only fees paid to a consultant for duties which are not ordinarily the responsibility of the developer, can be included in Eligible Basis. Otherwise, consulting fees are included in the calculation of maximum developer fees.
- <sup>5</sup> (HTC Only) Provide **all** costs & Eligible Basis associated with the Development.
- <sup>6</sup> (HTC Only) Use the appropriate Applicable Percentages as defined in §10.3 of the Uniform Mutifamily Rules.

## Financing Narrative and Summary of Sources and Uses of Funds

Describe all sources of funds and total uses of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule). Where funds such as tax credits, loan guarantees, bonds are used, only the proceeds going into the development should be identified so that "sources" match "uses."

Financing Participants	Funding Description	Construction Period		Lien Position	Permanent Period					Lien Position
		Loan/Equity Amount	Interest Rate (%)		Loan/Equity Amount	Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	
<b>Debt</b>										
TDHCA	<a href="#">HOME</a>	\$0	0%		\$ -	0%	0	0		
TDHCA	<a href="#">NSP</a>	\$0	0%		\$ -		0	0		
TDHCA	<a href="#">Mortgage Revenue Bond</a>	\$0	0%							
Bank of America	Conventional Loan	\$17,635,000	3.50%	1st	\$ 7,465,000	5.50%	30	18		1st
Bank of America	Private Loan	\$1,600,000	0.00%	2nd	\$ 1,600,000	0.00%	0	18		2nd
Houston Housing Finance Corp	Local Government Loan	\$710,000	3.00%	CD						
<b>Third Party Equity</b>										
Bank of America	<a href="#">HTC</a>	\$ 1,500,000	\$ 3,862,114		\$ 15,448,455				1.03	
<b>Grant</b>										
<b>Deferred Developer Fee</b>										
Nantucket Housing, LLC	Deferred Developer Fee	\$ 1,379,913	0.00%		\$ 248,572					
<b>Other</b>										
Aqua Texas, LLC	Utility Reimbursement				\$ 425,000					
<b>Total Sources of Funds</b>		\$ 25,187,027			\$ 25,187,027					
<b>Total Uses of Funds</b>					\$ 25,187,027					

Briefly describe the complete financing plan for the Development, including the sources and uses of funds, matching funds (if applicable), and any other financing. The information must be consistent with all other documentation in this section.

\*Bank of America construction loan of \$17,635,000 secured by 1st lien on the real estate & personal property of development. Terms outlined in the attached letter of intent. The construction loan will be repaid via perm loan & the Investor's latter equity installments.

\*Bank of America private loan of \$1,600,000 secured by 2nd lien on real esate and personal property of development. The loan bears no interest and is forgivable at maturity. Terms are outlined in the attached letter of interest.

\*Equity installments from Bank of America of \$15,448,455 or \$1.03 per tax credit dollar. Proceeds from the HTC syndication will provide funding for the construction and placed-in-service periods. Syndicator has issued the attached letter of interest.

\*A permanent loan from Bank of America in the amount of \$7,465,000 with a 30 year amortization and an 18-year term. The Lender has issued a letter of interest, subject to an award of LIHTCs and further due diligence. In anticipation of potential interest rate fluctuations at the rate of lock date and the Lender has utilized an underwriting rate of 5.55% for the permanent loan in the pro-forma exhibits submitted in the Application.

\*Houston Housing Finance Corporation will provide construction financing for the project. The initial funding will equate to \$710K which will be paid off prior to conversion to the permanent loan.

\*Developer fees totaling \$248,572 (9.68%) of the total fee will be deferred into the permanent period.

\*Aqua Texas, LLC, a wholly-owned subsidiary of Aqua America, Inc. (NYSE: WTR), has offered to reimburse the developer \$2,500 per unit in exchange for conveying the to-be-built water and wastewater utility infrastructure. The reimbursement would be paid contemporaneously with closing of the permanent loan.

1h

**BOARD ACTION REQUEST**  
**ASSET MANAGEMENT DIVISION**  
**JULY 30, 2015**

Presentation, Discussion, and Possible Action to ratify a Housing Tax Credit Application Amendment previously approved by the Executive Director for Liberty Trails Townhomes in Liberty Hill (#13112)

**RECOMMENDED ACTION**

**WHEREAS**, Liberty Trails Townhomes received an award of 9% Housing Tax Credits in 2013 to construct 100 new multifamily units in Liberty Hill;

**WHEREAS**, the Development Owner requested approval for an increase of the development site acreage from 9.50 acres to 10.54 acres in order to comply with the water quality and storm water management requirements of the Texas Commission on Environmental Quality (“TCEQ”) and the City of Liberty Hill, respectively;

**WHEREAS**, the increased acreage also decreases the residential density by 9.87%;

**WHEREAS**, Board approval is required for a modification of the residential density of at least 5% under Texas Government Code §2306.6712 and 10 TAC §10.405(a)(4)(F), and the Owner has complied with the amendment requirements in 10 TAC §10.405(a);

**WHEREAS**, the Executive Director of the Department approved the request subject to Board ratification; and

**WHEREAS**, the changes in site acreage and residential density do not negatively affect the Development, impact the viability of the transaction, or affect the amount of tax credits awarded;

**NOW, therefore, it is hereby**

**RESOLVED**, that the Executive Director’s conditional approval, issued on behalf of the Department, of the amendment of the Housing Tax Credit application for Liberty Trails Townhomes is ratified and approved as presented to this meeting.

**BACKGROUND**

Liberty Trails Townhomes was approved for a 9% HTC allocation in 2013 to construct 100 new multifamily units in Liberty Hill. The Development is currently under construction, but at the time of the 10% Test, the Development Owner, Liberty Trails, LP (Robert M. Picerne/Luis Torres), identified several changes to the Development and submitted a request for approval. Among the proposed changes, the Development Owner requested approval for a change in the acreage of the development site from 9.50 acres to 10.54 acres (a 10.95% increase). This change in acreage also resulted in a 9.87% reduction to the residential density of the Development.



The change in acreage is the result of requirements from the TCEQ as well as the City of Liberty Hill's storm water management requirements, as adequate space was not available for both water quality and storm water management facilities within the limits of the original 9.50 acres. The engineer for the Development explained that the natural drainage patterns for the property are generally to the southwest of the main portion of the site and follow an ephemeral stream; however, a significant portion of this stream was not located within the original 9.50 acres. Additionally, the water quality facilities cannot be contained within the natural drainage path and must be separated from the storm water management facilities. The revised site plan does not reflect any buildings within the added acreage. The Owner indicated that the additional acreage was added at no additional cost. However, the seller required an extension fee of \$20,000 due to the need for more time to close the transaction. This increased cost does not impact the viability of the transaction.

A modification of the residential density of at least 5% and an increase or decrease in the site acreage greater than 10% from the original site under control and proposed in the Application are usually considered to be material alterations that require Board approval under 10 TAC, §10.405(a)(4)(F) and (G), unless they are a result of changes required by local government. In this case, the increase in site acreage and resulting modification to residential density was a result of local government requirements. However, because §2306.6712(d)(6) of the Texas Government Code considers a modification of the residential density of the development of at least five percent to be a material alteration requiring Board approval, the Executive Director requests ratification of the approval by the Governing Board.

Staff recommends ratification of the amendment request previously approved by the Executive Director.



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Greg Abbott  
GOVERNOR

**BOARD MEMBERS**  
J. Paul Oxer, *Chair*  
Juan S. Muñoz, PhD, *Vice Chair*  
Leslie Bingham-Escareño  
T. Tolbert Chisum  
Tom H. Gann  
J.B. Goodwin

June 26, 2015

*Writer's direct phone # 512.475.3296*  
*Email: [tim.irvine@tdhca.state.tx.us](mailto:tim.irvine@tdhca.state.tx.us)*

Richard R. Haley  
Executive Vice President  
Liberty Trails, LP  
247 N. Westmonte Drive  
Altamonte Springs, FL 32714

Via E-mail: [rhaley@picernefl.com](mailto:rhaley@picernefl.com)

RE: LIBERTY TRAILS TOWNHOMES, TDHCA #13112/4940 (THE "DEVELOPMENT")  
– APPLICATION AMENDMENT REQUEST

Dear Mr. Haley:

The Texas Department of Housing and Community Affairs received your letter dated August 6, 2014 requesting approval for changes to the application for the above referenced Development. Specifically, you requested approval for the following amendments: a change in the acreage of the development site from 9.50 acres to 10.54 acres, nominal adjustments in the unit sizes, and for the addition of Picerne Investment Corporation as guarantor.

Liberty Trails Townhomes is a new construction project. The Application indicated that the Development would be constructed on 9.50 acres. However, the acreage for the Development has increased to 10.54 acres (a 10.95% increase). Your letter explains that this change is the direct result of requirements from the Texas Commission on Environmental Quality ("TCEQ") as well as the City of Liberty Hill's storm water management requirements. Adequate space was not available for both water quality and storm water management facilities within the limits of the original 9.50 acres; therefore, the additional acreage purchased was necessary in order to comply with these requirements.

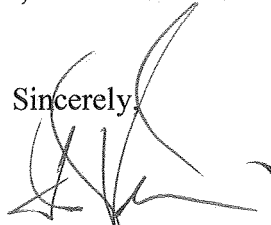
Your letter also explained that there have been nominal adjustments in the unit sizes from what was identified in the original application. The overall result is a 1,158 square feet (1.08%) increase, from 107,115 square feet to 108,273 square feet, to the net rentable area of the Development, but there has been no change to the number of units or bedroom mix of units.



Finally, Picerne Investment Corporation, an affiliate of the developer, was added as a guarantor. Your letter explains that this change is due to requirements from the syndicator, PNC. The original guarantors reflected in the tax credit application have not changed and no issues were identified in the previous participation review for the added guarantor.

This amendment does not materially alter the Development in a negative manner and does not adversely affect the award. Your request for approval is granted subject to ratification by our Board at the next available Board meeting. Please include a copy of this letter in the Development's cost certification documentation. Should you have any questions regarding this property, please contact Rosalio Banuelos, Senior Asset Manager, at 512-475-3357 or via e-mail at [rosalio.banuelos@tdhca.state.tx.us](mailto:rosalio.banuelos@tdhca.state.tx.us).

Sincerely,

A handwritten signature in black ink, appearing to read 'Timothy K. Irvine', with a stylized flourish extending to the right.

Timothy K. Irvine  
Executive Director

TKI/rb

cc: Owen D. Dundee  
Via E-mail: [odundee@picernefl.com](mailto:odundee@picernefl.com)

**LIBERTY TRAILS, LP**  
247 N. WESTMONTE DRIVE  
ALTAMONTE SPRINGS, FLORIDA 32714  
(407) 772-0200 PHONE / (407) 772-0220 FAX

August 6, 2014

**Sent Via Email: [rosalio.banuelos@tdhca.state.tx.us](mailto:rosalio.banuelos@tdhca.state.tx.us)**

Mr. Rosalio Banuelos  
Asset Manager  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, Texas 78701

Re: Revised Request for Approval of Certain Development Changes -  
Liberty Trails Townhomes #13112

Dear Rosalio,

Following up on your recent conversations with Donna Rickenbacker, this letter outlines certain development changes to Liberty Trails Townhomes that occurred during the process of closing our financing and finalizing our site plan since our 2013 Carryover Allocation Agreement. We respectfully request approval of these changes at this time.

In a letter addressed to you from the project's engineer, Martin Stary stated that due to the compact nature of the site, and the requirement for compliance with the Texas Commission on Environmental Quality's (TCEQ) Edward's Aquifer Contributing Zone Plan (CZP) rules, as well as the City of Liberty Hill's storm water management requirements, adequate space was not available within the limits of the original 9.50 acres for both water quality and storm water management facilities. Therefore, we worked with the land seller to acquire additional acreage in order to comply with both state and local storm water management requirements. As a result, the size of the site increased from 9.50 to 10.54 acres. I have attached the letter from KC Engineering, Inc. (project engineer) for your reference.

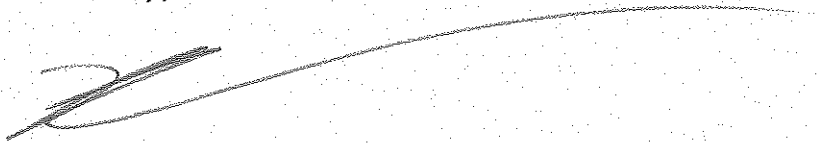
Additionally, there have been nominal adjustments in the unit sizes since the review of our tax credit application. Most of the units increased in size and the total net rentable square footage of 108,273 increased from application by 1,158 square feet. There has been no change to the number of units or bedroom mix of units. I have attached a chart of the unit distribution and sizes proposed at application and as currently proposed for construction.

Lastly, we wanted to notify you that an additional guarantor was added at the request of our syndicator, PNC. A certification from our syndicator has been included in our 10% test submission package showing Picerne Investment Corporation as a guarantor. Please note that the original guarantors reflected in our tax credit application have not changed as shown in the certification of lender also included in our 10% test submission package.

Thank you in advance for your assistance in addressing the current request.

Please do not hesitate to contact me if you have any questions or concerns at (407)772-0200 or via e-mail at [rhaley@picernefl.com](mailto:rhaley@picernefl.com).

Sincerely,



Liberty Trails, LP  
By: Liberty Trails, GP LLC  
By: Richard R. Haley, Executive Vice President

CC: Marquee Real Estate Consultants, Donna Rickenbacker

**Picerne Development Corp.**

Disbursement Account  
247 N. Westmonte Dr.  
Altamonte Springs, Fl 32714

SunTrust Bank Central Fl. N.A.  
SunTrust Center Office  
Orlando, Fl

63-215/631

57396

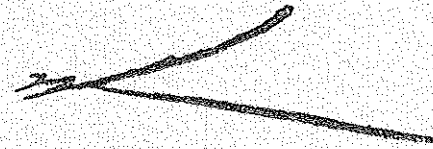
\*\*\*\* TWO THOUSAND FIVE HUNDRED AND 00/100 DOLLARS

TO THE  
ORDER OF

08/05/2014

\$2,500.00\*\*\*

Texas Dept Of Housing & Comm Affairs  
221 East 11th Street  
Austin, TX 78701

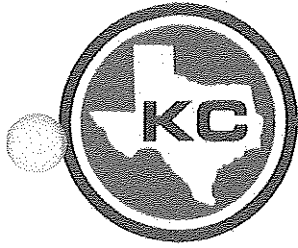


⑈00057396⑈ ⑆06⑆000⑆04⑆02⑆5252036038⑈

DATE:08/05/2014 CK#:57396 TOTAL:\$2,500.00\*\*\* BANK:PDC DISBURSEMENT(sepldish)  
PAYEE:Texas Dept Of Housing & Comm Affairs(setex01)

Property Address - Code	Invoice - Date	Description	Amount
Picerne Development Corporatio -	8/4/2014 LIBERTY - 08/04/14	LIBERTY TRAILS AMENDMENT REQUEST	2,500.00
			2,500.00

Security Features included. Details on back.



# KC ENGINEERING, INC.

705 North Hwy 281 Plaza 1, Suite 103 • Marble Falls, Texas 78654 • Phone 830.693.5635 • Fax 830.693.9664 • www.haleynelson.com

June 26, 2014

Rosalio Banuelos  
Asset Manager  
Texas Department of Housing and Community Affairs  
221 E. 11<sup>th</sup> Street  
Austin, TX 78701

Re: Liberty Trails – Storm Water Detention Facility

Rosalio:

This transmittal by K.C. Engineering, Inc. (KCE) serves as a summary for the reasoning behind the location of the storm water detention facility required for the Liberty Trails project. The site consists of a 100 unit multi-family development located within a 10.54 acre parcel approximately at the southeast corner of the intersection of SH 29 and RM 1869 in Liberty Hill, Texas.

Due to the compact nature of the site, and the requirement for compliance with the Texas Commission on Environmental Quality's (TCEQ) Edward's Aquifer Contributing Zone Plan (CZP) rules, as well as the City of Liberty Hill's storm water management requirements, adequate space was not available within the limits of the original 9.50 acres for both water quality and storm water management facilities. The natural drainage patterns for the property are generally to the southwest of the main portion of the site, and follow an ephemeral stream as delineated in the site plans. A significant portion of this ephemeral stream was not located within the original 9.50 acres. The water quality Best Management Practices (BMPs) must be constructed offline in accordance with CZP requirements, and thus cannot be contained within the natural drainage path within the ephemeral stream. As a result, the water quality and storm water management (detention) facilities must be separated. This can sometimes be achieved through the use of a retaining wall or earthen berm in conjunction with an overflow structure. However, in this case due to the size requirements for the BMP and the detention pond, and the limited space within the original site for both, there was not adequate available area to combine them into a single location.

During the design phase for the project, KCE evaluated options for adjusting the site layout to maximize the area for water quality and detention facilities. Taking into consideration the requirements for drive aisles, driveways, building separation, parking spaces, play areas, easements and setbacks, and drainage and grading components on the site, KCE attempted to maximize the area for water quality and detention facilities. The result of these efforts is the current site layout. In order to achieve the reduction in Total Suspended Solids (TSS) required by the CZP rules, the water quality pond utilized the entire area of open space remaining for water quality and detention facilities. Consequently, through coordination with the owner, it became clear that offsite areas must be utilized to meet detention requirements to comply with the City of Liberty Hill's code of ordinances.

In addition to the need to locate the detention pond offsite, the construction of the facility along an ephemeral stream required coordination and approval from the U.S. Army Corps of Engineers (USACE) due to the fact that it was determined to be waters of the United States. In order to comply with USACE Nation Wide Permit (NWP) requirements, the impacted area to the waters of the United States must be less than 300 linear feet. KCE performed variations on the detention pond design, including hydrologic and hydraulic analyses, to meet this requirement, while also meeting detention requirements for the 2, 5, 10, 25, 50, and 100-year storm events as required by the City of Liberty Hill. The final configuration, as shown in the site plans, required additional offsite area to be incorporated into the site, producing a final site size of 10.54 acres.

If you have any questions, comments, please feel free to contact me at (830) 693-5635.

Sincerely,  
K.C. Engineering, Inc.  
Firm Registration No. F-977

By:



D. Martin Stary, P. E.  
Project Engineer





**13112 - Liberty Trails Townhomes**

**Proposed at Application**

Unit Type	# of Units	# of Bed/Bath	Unit NR Sq.Ft.	Total	
A-1	5	1/1	694	3,470	
A-2	9	1/1	758	6,822	
A-HC	4	1/1	745	2,980	
B-1	33	2/2.5	1115	36,795	
B-3	11	2/2	1070	11,770	
B-HC	11	2/2	1024	11,264	
C-1	15	3/2.5	1298	19,470	
C-3	6	3/2	1241	7,446	
C-HC	6	3/2	1183	7,098	
<b>Total</b>	<b>100</b>			<b>107,115</b>	

**Proposed for Construction**

Unit Type	# of Units	# of Bed/Bath	Unit NR Sq.Ft.	Total	Change from Application
A-1	5	1/1	695	3,475	1-sf increase
A-2	9	1/1	778	7,002	20-sf increase
A-HC	4	1/1	721	2,884	24-sf decrease
B-1	25	2/2.5	1,122	28,050	7-sf increase
B-1E	8	2/2.5	1,122	8,976	New Unit Type
B-3	11	2/2	1,060	11,660	10-sf decrease
B-HC	11	2/2	1,060	11,660	36-sf increase
C-1	15	3/2.5	1,302	19,530	4-sf increase
C-3	6	3/2	1,307	7,842	66-sf increase
C-HC	6	3/2	1,199	7,194	16-sf increase
<b>Total</b>	<b>100</b>			<b>108,273</b>	<b>1158-sf increase</b>



**Rent Schedule (Continued)**

		% of LI	% of Total	
HOUSING TAX CREDITS	TC30%	11%	8%	8
	TC40%			0
	TC50%	40%	30%	30
	TC60%	49%	37%	37
	HTC LI Total			75
	EO			0
	MR			25
MR Total			25	
Total Units				100
MORTGAGE REVENUE BOND	MRB30%			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
	MRB LI Total			0
	MRBMR			0
	MRBMR Total			0
	MRB Total			0

		% of LI	% of Total	
HOUSING TRUST FUND	HTF30%			0
	HTF40%			0
	HTF50%			0
	HTF60%			0
	HTF80%			0
	HTF LI Total			0
	MR			0
MR Total			0	
HTF Total				0
HOME	30%			0
	LH/50%			0
	HH/60%			0
	HH/80%			0
	HOME LI Total			0
	EO			0
	MR			0
MR Total			0	
HOME Total				0
OTHER	Total OT Units			100

BEDROOMS				
0				0
1				18
2				55
3				27
4				0
5				0

Cost Per Square Foot Table	Development is Rehabilitation			No	Cost Per Sq. Ft. =	N/A
	If not "Rehabilitation," select "Yes" if the Development is one of the following:					
(Building Costs)	Elevator served	Supportive Housing	Single Family	No	Cost Per Sq. Ft. =	N/A
	No	No	No			
\$ 6,951,120	Cost Per Sq. Ft. =	Cost Per Sq. Ft. =	Cost Per Sq. Ft. =	← If "Yes" above, these elections do not apply. See manual for instructions.		
	N/A	N/A	N/A			
	Development is New Construction, Reconstruction, or Adaptive Reuse			Yes	Cost Per Sq. Ft. = \$	64.71

# Liberty Trails Townhomes

## Rent Schedule

Unit Type	Income Level Served	# of Units (A)	# of Bedrooms	# of Bathrooms	HUD Paint to Paint/SF	Rentable SF Market (B)	Max Gross Rent / Unit (C)	Tenant Utility Allowance (D)	Max Net Rent / Unit (C) - (D) = (E)	Proforma Rent / Unit (F)	Total Rent / Month (A) * Min(E), (F)	
<b>Rent Restricted</b>												
TC30 A1	30%	1	1	1.0	655	695	\$424	\$75	\$349	\$349	\$349	
TC30 B3	30%	2	2	2.0	1,007	1,060	\$509	\$97	\$412	\$412	\$824	
TC30 B1-E	30%	3	2	2.5	1,049	1,122	\$509	\$107	\$402	\$402	\$1,206	
TC30 C3	30%	1	3	2.0	1,250	1,307	\$588	\$122	\$466	\$466	\$466	
TC30 C1	30%	1	3	2.5	1,218	1,302	\$588	\$140	\$448	\$448	\$448	
TC50 A1	50%	3	1	1.0	655	695	\$707	\$75	\$632	\$632	\$1,896	
TC50 A2	50%	3	1	1.0	731	778	\$707	\$75	\$632	\$632	\$1,896	
TC50 B3	50%	5	2	2.0	1,007	1,060	\$848	\$97	\$751	\$751	\$3,755	
TC50 B-HC	50%	5	2	2.0	1,017	1,060	\$848	\$97	\$751	\$751	\$3,755	
TC50 B1-E	50%	5	2	2.5	1,049	1,122	\$848	\$107	\$741	\$741	\$3,705	
TC50 C3	50%	2	3	2.0	1,250	1,307	\$980	\$122	\$858	\$858	\$1,716	
TC50 C1	50%	7	3	2.5	1,218	1,302	\$980	\$140	\$840	\$840	\$5,880	
TC60 A1	60%	1	1	1.0	655	695	\$849	\$75	\$774	\$675	\$675	
TC60 A1-HC	60%	4	1	1.0	680	721	\$849	\$75	\$774	\$675	\$2,700	
TC60 A2	60%	1	1	1.0	731	778	\$849	\$75	\$774	\$675	\$675	
TC60 B3	60%	4	2	2.0	1,007	1,060	\$1,018	\$97	\$921	\$775	\$3,100	
TC60 B-HC	60%	6	2	2.0	1,017	1,060	\$1,018	\$97	\$921	\$775	\$4,650	
TC60 B1	60%	10	2	2.5	1,049	1,122	\$1,018	\$107	\$911	\$775	\$7,750	
TC60 C3	60%	1	3	2.0	1,250	1,307	\$1,176	\$122	\$1,054	\$875	\$875	
TC60 C-HC	60%	6	3	2.0	1,153	1,199	\$1,176	\$122	\$1,054	\$875	\$5,250	
TC60 C1	60%	4	3	2.5	1,218	1,302	\$1,176	\$140	\$1,036	\$875	\$3,500	
<b>Total</b>	--	<b>75</b>	<b>--</b>	<b>--</b>	<b>76,599</b>	<b>81,033</b>	<b>\$17,665</b>	<b>\$2,164</b>	<b>\$15,501</b>	<b>\$14,257</b>	<b>\$55,071</b>	
<b>Market Rate</b>												
MR A2	n/a	5	1	1.0	731	778	\$0	n/a	\$725	\$725	\$3,625	
MR B1	n/a	15	2	2.5	1049	1,122	\$0	n/a	\$825	\$825	\$12,375	
MR C3	n/a	2	3	2.0	1250	1,307	\$0	n/a	\$975	\$975	\$1,950	
MR C1	n/a	3	3	2.0	1218	1,302	\$0	n/a	\$975	\$975	\$2,925	
<b>Market Rate Total</b>	--	<b>25</b>	<b>--</b>	<b>--</b>	<b>25,544</b>	<b>27,240</b>	<b>\$0</b>	<b>--</b>	<b>\$3,500</b>	<b>\$3,500</b>	<b>\$20,875</b>	
<b>PROJECT TOTAL</b>		<b>100</b>	<b>--</b>	<b>--</b>	<b>102,143</b>	<b>108,273</b>					<b>\$75,946</b>	



NOTES:

- PRIOR TO CONSTRUCTION, THE CONTRACTOR SHALL MAKE CERTAIN THAT ALL REQUIRED PERMITS AND APPROVALS HAVE BEEN OBTAINED. NO CONSTRUCTION OR FABRICATION SHALL BEGIN UNTIL THE CONTRACTOR HAS RECEIVED AND THOROUGHLY REVIEWED ALL PLANS AND OTHER DOCUMENTS APPROVED BY ALL OF THE PERMITTING AUTHORITIES.
- PRIOR TO CONSTRUCTION, THE CONTRACTOR SHALL CONTACT THE UTILITY COMPANIES TO LOCATE EXISTING FACILITIES.
- PRIOR TO CONSTRUCTION, THE CONTRACTOR SHALL CONDUCT A SITE WORK PRE-CONSTRUCTION CONFERENCE BETWEEN THE CITY, CONSULTING ENGINEER, CONTRACTOR(S), UTILITY COMPANIES AND ANY OTHER AFFECTED PARTIES.
- ALL CONSTRUCTION OPERATIONS SHALL BE ACCOMPLISHED IN ACCORDANCE WITH APPLICABLE REGULATIONS OF THE U.S. OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION. COPIES OF OSHA STANDARDS MAY BE PURCHASED FROM THE U.S. GOVERNMENT PRINTING OFFICE. INFORMATION AND RELATED REFERENCE MATERIALS MAY BE PURCHASED FROM OSHA, 903 SAN JACINTO, RM 319, AUSTIN, TEXAS, 78701.
- NECESSARY BARRICADES, SUFFICIENT LIGHTS, SIGNS, AND OTHER TRAFFIC CONTROL METHODS AS MAY BE NECESSARY FOR THE PROTECTION AND SAFETY OF THE PUBLIC, SHALL BE PROVIDED BY THE CONTRACTOR IN ACCORDANCE WITH THE LATEST EDITION OF THE MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES AND MAINTAINED AT ALL TIMES (24 HRS. PER DAY) DURING THE CONSTRUCTION PROCESS. NO OPEN TRENCHES OR UNPROTECTED EXCAVATION PITS SHALL BE PERMITTED AT THE END OF EACH WORK DAY.
- THE INFORMATION CONTAINED ON THESE DRAWINGS IN REGARDS TO EXISTING UTILITIES, TOPOGRAPHY, CONTOURS, HYDROGRAPHY, OR SUBSURFACE CONDITIONS IS FURNISHED SOLELY AS THE INFORMATION AVAILABLE AT THIS TIME. ITS ACCURACY IS NOT GUARANTEED AND ITS USE IN NO WAY RELIEVES THE CONTRACTOR OF ANY RESPONSIBILITY FOR DAMAGES DUE TO ANY INACCURACIES.
- THE CONTRACTOR IS RESPONSIBLE FOR PROTECTING EXISTING FACILITIES FROM DAMAGE AND COST OF REPAIR TO EXISTING FACILITIES AND IMPROVEMENTS AS A RESULT OF CONTRACTOR'S WORK. THE CONTRACTOR SHALL NOTIFY ALL UTILITY OFFICES PRIOR TO STARTING WORK AND SHALL COORDINATE THEIR WORK WITH THE UTILITY OFFICES.
- DURING CONSTRUCTION, THE OWNER MAY ELECT TO PROVIDE A CONSTRUCTION MATERIALS TESTING FIRM TO PERFORM MATERIALS TESTING DURING THE CONSTRUCTION. THE CONTRACTOR SHALL PROVIDE A MINIMUM 24 HOURS NOTICE TO THE OWNER AND/OR THE TESTING FIRM FOR ALL REQUIRED TESTING.
- THE CONTRACTOR SHALL KEEP THE COMPLETE APPROVED SET OF PLANS ON SITE AT ALL TIMES. THE CONTRACTOR SHALL REDLINE THE ACTUAL LOCATIONS AND DIMENSIONS (VERTICAL AND HORIZONTAL) OF UTILITIES, STRUCTURES, SERVICES, AND OTHER DETAILS DIFFERING FROM OR NOT SHOWN ON THE ORIGINAL DRAWINGS. UPON COMPLETION OF THE WORK, THE CONTRACTOR SHALL SUBMIT THE RECORD DRAWINGS TO THE ENGINEER OF RECORD.
- REFER TO GENERAL NOTES FOR ADDITIONAL INFORMATION.

KEYED NOTES:

- INSTALL 4' WIDE CONCRETE SIDEWALK PER DETAIL SHEET (TYP.)
- INSTALL 5' WIDE CONCRETE SIDEWALK PER DETAIL SHEET
- INSTALL 4" WIDE WHITE STRIPING (TYPE II TRAFFIC PAINT PER TxDOT SPECIFICATIONS) (TYP.)
- INSTALL CONCRETE WHEELSTOPS PER DETAIL
- INSTALL CONCRETE CURB AND GUTTER PER DETAIL SHEET (TYP.)
- INSTALL RIBBON CURB PER DETAIL SHEET (TYPICAL AT HANDICAP ZONES)
- TRANSITION BETWEEN BARRIER CURB AND RIBBON CURB/CURB TERMINATION PER DETAIL
- INSTALL HANDICAP PARKING SIGNS, & STRIPING PER DETAILS
- INSTALL VARIABLE WIDTH CONCRETE SIDEWALK PER DETAIL SHEET
- INSTALL RETAINING WALL PER STRUCTURAL PLANS AND DETAILS
- INSTALL SIDEWALK RAMP - NO HANDRAIL
- INSTALL SIDEWALK DRAINAGE CROSSING PER DETAILS
- INSTALL SIDEWALK RAMP WITH PEDESTRIAN HANDRAIL PER DETAIL
- INSTALL CONCRETE STEPS PER DETAILS (SEE GRADING PLAN FOR ELEVATIONS)
- INSTALL SLOPE STABILIZATION PER DETAILS
- INSTALL WATER QUALITY/RETENTION PONDS (SEE WATER QUALITY/RETENTION FACILITIES FOR DETAILED DESIGN)
- INSTALL DUMPSTER PAD AND ENCLOSURE (PER ARCHITECT DETAIL)
- CURB CUT - 1.5' WIDTH (TYP.)
- INSTALL CROSSWALK PER DETAILS
- INSTALL FENCE - IRON
- INSTALL FENCE - LIFT STATION (SEE DETAILS)
- INSTALL FENCE - WOOD
- INSTALL FENCE - CHAIN LINK (VINYL COATED)
- INSTALL TRAFFIC RAIL PER DETAILS
- INSTALL PEDESTRIAN GUARDRAIL

PARKING SUMMARY:

PARKING LOT SPACES = 45  
(14 TO BE ASSIGNED TO UNIT TYPE A)

HANDICAPPED PARKING LOT SPACES = 8  
(4 TO BE ASSIGNED TO UNIT TYPE A)

GARAGE SPACES = 82

DRIVEWAY SPACES = 82

TOTAL = 217

LEGAL DESCRIPTION

BEING A 9.500 ACRE TRACT OF LAND, OUT OF THE HENRY FIELD SURVEY, ABSTRACT NO. 233, WILLIAMSON COUNTY, TEXAS, FURTHER BEING OUT OF A 4.241 ACRE TRACT KNOWN AS TRACT I AND A 14.055 ACRE TRACT KNOWN AS TRACT II AS CONVEYED TO R & G LIBERTY HILLS PROPERTIES, LLC IN DOCUMENT NO. 2013026849 OF THE OFFICIAL PUBLIC RECORDS OF WILLIAMSON COUNTY, TEXAS, ALSO BEING A 1.033 ACRE TRACT OF LAND, OUT OF THE HENRY FIELD SURVEY, ABSTRACT NO. 233, WILLIAMSON COUNTY, TEXAS, FURTHER BEING OUT OF A 4.241 ACRE TRACT KNOWN AS TRACT I AND A 14.055 ACRE TRACT KNOWN AS TRACT II AS CONVEYED TO R & G LIBERTY HILLS PROPERTIES, LLC IN DOCUMENT NO. 2013026849 OF THE OFFICIAL PUBLIC RECORDS OF WILLIAMSON COUNTY, TEXAS

BENCHMARKS

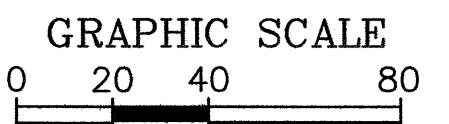
NAME	NORTHING	EASTING	ELEVATION	DESCRIPTION
BM #1	10215583.66	3059474.80	1,047.13	TOP OF 1/2" IRON PIN
BM #2	10214588.61	3058749.56	1,036.77	TOP OF 1/2" IRON PIN
BM #3	10214868.38	3059538.88	1,041.72	60D NAIL

RIGHT OF WAY  
EXISTING 6" FORCE MAIN  
EXISTING 8" WATER LINE

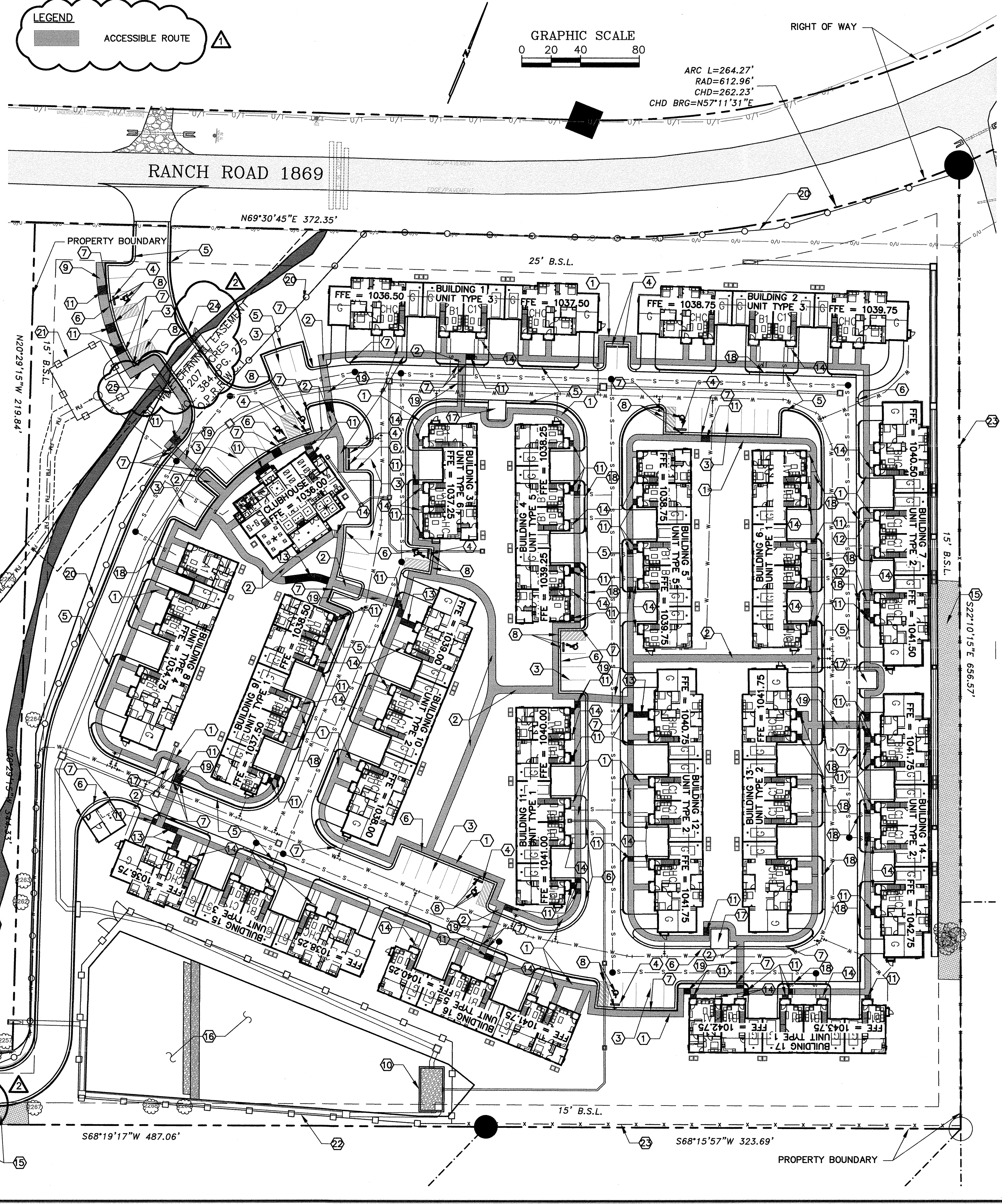
ADDED BEARINGS AND DISTANCES  
EXISTING AND PROPOSED EASEMENTS

DETENTION/DRAINAGE EASEMENT  
1.03 ACRES

Date: May 14, 2014, 5:09pm User ID: baar  
File: K:\13-126 Liberty Trails\Design\PLAN SHEETS\SITE PLAN.dwg



ARC L=264.27'  
RAD=612.96'  
CHD=262.23'  
CHD BRG=N57°11'31"E



**K.C. ENGINEERING, INC.**  
CONSULTING ENGINEERS  
705 HWY. 281 NORTH, PLAZA I, SUITE 103  
MARBLE FALLS, TEXAS 78654  
OFFICE: 830-693-5635 FAX: 830-693-9664  
Email: info @ kceengineering.com  
REGISTRATION # F-000977



**SITE PLAN**  
**LIBERTY TRAILS**  
**LIBERTY HILL, TEXAS**



D. Martin Star  
os1518

Rev. No.	Date	Revisions PER REVIEW COMMENTS
1	05-09-14	REVISIONS PER REVIEW COMMENTS
2	05-15-14	REVISIONS PER REVIEW COMMENTS
3		
4		

**SHEET**  
**C3.0**



1i

**BOARD ACTION REQUEST**

**ASSET MANAGEMENT**

**JULY 30, 2015**

Presentation, Discussion, and Possible Action to approve the transfer of the HUB Managing General Partnership interest to a non-HUB general partner and a material amendment to the Housing Tax Credit Land Use Restriction Agreement (“LURA”) for El Patrimonio Apartments (File No. 00010)

**RECOMMENDED ACTION**

**WHEREAS**, El Patrimonio Apartments received an award of 9% Housing Tax Credits in 2000 to construct 192 new multifamily units in McAllen;

**WHEREAS**, the tax credit application for the Development received points and/or other preferences for having a Historically Underutilized Business (“HUB”), namely Charissa Seipp Interiors & Associates (“Seipp”), participate in the ownership of the Development;

**WHEREAS**, the LURA for the Development requires that throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall remain the Managing General Partner and maintain regular, continuous, and substantial participation in the operation and ownership of the Development;

**WHEREAS**, the Development is within the Compliance Period, as defined in the LURA;

**WHEREAS**, the current sole members of the General Partner, including the HUB Managing General Partner, have entered into a purchase and sale agreement to sell their interest in the general partnership to a new entity;

**WHEREAS**, the Development Owner requests approval to amend the LURA for the Development to eliminate the HUB requirement; and

**WHEREAS**, 10 TAC §10.406(e) allows for a HUB general partner to sell its interest to a non-HUB general partner as long as the LURA does not require such continual ownership or a material LURA amendment is approved, and the Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board;

**NOW, therefore, it is hereby**

**RESOLVED**, that the ownership transfer and material LURA amendment for El Patrimonio Apartments is approved, as presented to this meeting and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

## **BACKGROUND**

El Patrimonio Apartments was approved in 2000 for the construction of 192 new multifamily units in McAllen. The LURA for the Development has a 40-year term and a 25-year compliance period. On June 18, 2015, the Development Owner requested approval for the elimination of the requirement for a HUB to remain the Managing General Partner throughout the Compliance Period and maintain regular, continuous, and substantial participation in the development, operation and ownership of the project.

The current ownership structure of the Owner's general partner, El Patrimonio Apartments I, LLC, is jointly held by Seipp and P. Rowan Smith, Jr. Trust. The request is to transfer and replace the joint owners of the general partner with Vesta Equity El Patrimonio LLC and its affiliates. Simultaneous with the request for general partner transfer, a request for material amendment to the LURA for removal of the HUB requirement was also submitted to the Department.

Pursuant to 10 TAC §10.405(b)(4), the Owner held a public hearing on July 9, 2015. No public comment about the amendment was made.

Staff determined that the transfer of Seipp's interest in the general partner to the Vesta Equity affiliate will be done out of Seipp's own volition and that Seipp's participation in the Development has been substantive and meaningful, enabling it to realize not only financial benefit but to add to its skills relating to the ownership and operation of affordable housing. The Owner has complied with the ownership transfer, amendment and notification requirements under the Department's rule at Government Code §2306.6712, 10 TAC §10.405(b) and 10 TAC §10.406(e).

Staff recommends approval of the transfer of the HUB Managing General Partnership interest to the non-HUB general partner and amendment to the LURA to eliminate the requirement for participation of a HUB in the ownership structure and operation of the Development.



**El Patrimonio Apartments I, L.L.C.**  
17336 West Little York Road  
Houston, Texas 77084

June 17, 2015

**VIA HAND DELIVERY**

Colton Sanders  
Texas Department of Housing and Community Affairs  
221 East 11th Street  
Austin, Texas 78701-2410

Re: El Patrimonio (the "**Property**")  
TDHCA File No. 00010

Dear Colton:

We, the undersigned, are the Managers (herein so called) of El Patrimonio Apartments I, L.L.C., a Texas limited liability company ("**General Partner**"), which is the general partner of the current owner of the Property, El Patrimonio Apartments, L.P., a Texas limited partnership ("**Owner**"). This letter constitutes notice of an ownership transfer in accordance with Section 10.406(e) of the Uniform Multifamily Rules (the "**Rules**") and a request for a material LURA amendment in accordance with Section 10.405(b) of the Rules. Specifically, the LURA for this Property requires ownership participation by an historically underutilized business (a "**HUB**"). The Managers and the Members (hereinafter defined), acting on behalf of the General Partner, request elimination of that requirement for the reasons set forth below.

**Background Information**

The General Partner was originally formed with joint ownership by Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**") and P. Rowan Smith, Jr. ("**Smith**"; collectively, the "**Members**"). Seipp is a HUB that has participated in the tax credit program for several years with strong personal ties to the original developer of the Property. Smith, seeking to obtain the full economic value of his ownership interest in the Property, has entered into a purchase contract (the "**Contract**") with Vesta Corporation, a Connecticut corporation ("**Vesta**") to effectuate a portfolio sale of various assets. With no business affiliation to the incoming parties, Seipp concluded it would be in her best economic interest to sell her ownership interest as a party to the Contract.

**Request**

Based upon recent changes to Section 10.406(e) of the Rules, the General Partner requests that TDHCA remove the HUB requirement from its LURA thereby allowing Vesta to take ownership control of the General Partner. In accordance with the Rules:

- (1) Seipp, as the selling HUB, acted of her own volition in choosing to sell her interest to Vesta. Seipp was not removed from her position. If verification is required from Seipp, that can be obtained.

- (2) The participation of Seipp as the HUB with regard to the Property is substantive and meaningful, and will continue to be so until the sale of her interest. TDHCA is well-familiar with Seipp and the way in which she has actively participated when owning properties for multiple years.

**LURA Amendment**

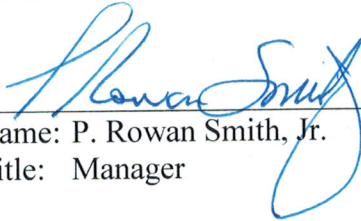
In accordance with Section 10.405(b) of the Rules, the General Partner is delivering a fee in the amount of \$2500. In addition, the General Partner commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the General Partner will proceed to set a date and time for the Public Hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the General Partner requests staff recommendation, in support of this request, to be considered at the July 30, 2015 TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

El Patrimonio Apartments I, L.L.C.,  
general partner

By:

  
Name: P. Rowan Smith, Jr.  
Title: Manager

By:

\_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

- (2) The participation of Seipp as the HUB with regard to the Property is substantive and meaningful, and will continue to be so until the sale of her interest. TDHCA is well-familiar with Seipp and the way in which she has actively participated when owning properties for multiple years.

**LURA Amendment**

In accordance with Section 10.405(b) of the Rules, the General Partner is delivering a fee in the amount of \$2500. In addition, the General Partner commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the General Partner will proceed to set a date and time for the Public Hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the General Partner requests staff recommendation, in support of this request, to be considered at the July 30, 2015 TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.


Sincerely,

El Patrimonio Apartments I, L.L.C.,  
general partner

By:

\_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

By:

  
\_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

Attachments

cc: Tom Gouris  
Patricia Murphy  
*TDHCA w/ encl.*

Lewis Brown  
Steven Rice  
*Vesta w/encl.*

Cynthia L. Bast  
*Vesta Counsel w/encl.*

J. Michael Pruitt  
*General Partner Counsel w/encl.*

**El Patrimonio Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

[Date]

Dear Resident:

El Patrimonio Apartments (the "**Community**") is owned by El Patrimonio Apartments, L.P. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)).

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**"), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on [Date] at [Time].

Please note that this proposal would not affect your current lease agreement, your rent payment, or your security deposit. You would *not* be required to move out of your home or take any other action because of this change. If the Department approves Owner's request, the Community will not change at all from its current form.

We appreciate that El Patrimonio Apartments is your home and we invite you to attend and give your input on this proposal.

Thank you for choosing El Patrimonio Apartments as your home.

Sincerely,

El Patrimonio Apartments I, L.L.C.,  
general partner

By: \_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

By: \_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

**El Patrimonio Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

[Elected Official]

[Date]

Dear [Addressee]:

El Patrimonio Apartments, L.P. (the "**Owner**") is the owner of El Patrimonio Apartments (the "**Community**") which is located 2601 Sarah Avenue, McAllen, Texas 78503. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**"), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on [Date] at [Time].

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

El Patrimonio Apartments I, L.L.C.,  
general partner

By: \_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

By: \_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

**El Patrimonio Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

[Date]

[Investor/Lender]

Dear [Addressee]:

El Patrimonio Apartments, L.P. (the "**Owner**") is the owner of El Patrimonio Apartments (the "**Community**") which is located at 2601 Sarah Avenue, McAllen, Texas 78503. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**"), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community, its elected representatives and the Owner's other financing partners. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on [Date] at [Time].

We invite you to attend and give your input on this proposal.

Sincerely,

El Patrimonio Apartments I, L.L.C.,  
general partner

By: \_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

By: \_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

**El Patrimonio Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

July 1, 2015

Dear Resident:

El Patrimonio Apartments (the "**Community**") is owned by El Patrimonio Apartments, L.P. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)).

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**"), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Thursday, July 9, 2015 at 9:00 a.m..

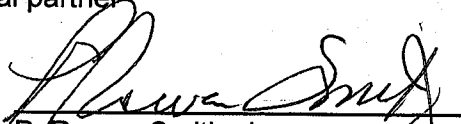
Please note that this proposal would not affect your current lease agreement, your rent payment, or your security deposit. You would *not* be required to move out of your home or take any other action because of this change. If the Department approves Owner's request, the Community will not change at all from its current form.

We appreciate that El Patrimonio Apartments is your home and we invite you to attend and give your input on this proposal.

Thank you for choosing El Patrimonio Apartments as your home.

Sincerely,

El Patrimonio Apartments I, L.L.C.,  
general partner

By:   
Name: P. Rowan Smith, Jr.  
Title: Manager

By:   
Name: Charissa S. Smith  
Title: Manager



**BOARD ACTION REQUEST**

**ASSET MANAGEMENT**

**JULY 30, 2015**

Presentation, Discussion, and Possible Action to approve the transfer of the HUB Managing General Partnership interest to a non-HUB general partner and a material amendment to the Housing Tax Credit Land Use Restriction Agreement (“LURA”) for El Pueblo Dorado (File No. 02003)

**RECOMMENDED ACTION**

**WHEREAS**, El Pueblo Dorado received an award of 9% Housing Tax Credits in 2002 to construct 176 new multifamily units in Pharr;

**WHEREAS**, the tax credit application for the Development received points and/or other preferences for having a Historically Underutilized Business (“HUB”), namely Charissa Seipp Interiors & Associates (“Seipp”), participate in the ownership of the Development;

**WHEREAS**, the LURA for the Development requires that throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall remain the Managing General Partner and maintain regular, continuous, and substantial participation in the operation and ownership of the Development;

**WHEREAS**, the Development is within the Compliance Period, as defined in the LURA;

**WHEREAS**, the current sole members of the General Partner, including the HUB Managing General Partner, have entered into a purchase and sale agreement to sell their interest in the general partnership to a new entity;

**WHEREAS**, the Development Owner requests approval to amend the LURA for the Development to eliminate the HUB requirement; and

**WHEREAS**, 10 TAC §10.406(e) allows for a HUB general partner to sell its interest to a non-HUB general partner as long as the LURA does not require such continual ownership or a material LURA amendment is approved, and the Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board;

**NOW, therefore, it is hereby**

**RESOLVED**, that the ownership transfer and material LURA amendment for El Pueblo Dorado is approved, as presented to this meeting and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

## **BACKGROUND**

El Pueblo Dorado was approved in 2002 for the construction of 176 new multifamily units in Pharr. The LURA for the Development has a 40-year term and a 25-year compliance period. On June 18, 2015, the Development Owner requested approval for the elimination of the requirement for a HUB to remain the Managing General Partner throughout the Compliance Period and maintain regular, continuous, and substantial participation in the development, operation and ownership of the project.

The current ownership structure of the Owner's general partner, El Pueblo Dorado I, LLC, is jointly held by Seipp and P. Rowan Smith, Jr. Trust. The request is to transfer and replace the joint owners of the general partner with Vesta Equity EL Pueblo Dorado LLC and its affiliates. Simultaneous with the request for general partner transfer, a request for material amendment to the LURA for removal of the HUB requirement was also submitted to the Department.

Pursuant to 10 TAC §10.405(b)(4), the Owner held a public hearing on July 9, 2015. No public comment was made.

Staff determined that the transfer of Seipp's interest in the general partner to the Vesta Equity affiliate will be done out of Seipp's own volition and that Seipp's participation in the Development has been substantive and meaningful, enabling it to realize not only financial benefit but to add to its skills relating to the ownership and operation of affordable housing. The Owner has complied with the ownership transfer, amendment and notification requirements under the Department's rule at Government Code §2306.6712, 10 TAC §10.405(b) and 10 TAC §10.406(e).

Staff recommends approval of the transfer of the HUB Managing General Partnership interest to the non-HUB new general partner and amendment to the LURA to eliminate the requirement for participation of a HUB in the ownership structure and operation of the Development.

**El Pueblo Dorado Apartments I, L.L.C.**  
17336 West Little York Road  
Houston, Texas 77084

June 17, 2015

**VIA HAND DELIVERY**

Colton Sanders  
Texas Department of Housing and Community Affairs  
221 East 11th Street  
Austin, Texas 78701-2410

Re: El Pueblo Dorado (the "**Property**")  
TDHCA File No. 02003

Dear Colton:

We, the undersigned, are Managers (herein so called) of El Pueblo Dorado Apartments I, L.L.C., a Texas limited liability company ("**General Partner**"), which is the general partner of the current owner of the Property, El Pueblo Dorado Apartments, L.P., a Texas limited partnership ("**Owner**"). This letter constitutes notice of an ownership transfer in accordance with Section 10.406(e) of the Uniform Multifamily Rules (the "**Rules**") and a request for a material LURA amendment in accordance with Section 10.405(b) of the Rules. Specifically, the LURA for this Property requires ownership participation by an historically underutilized business (a "**HUB**"). The Managers and the Members (hereinafter defined), acting on behalf of the General Partner, request elimination of that requirement for the reasons set forth below.

**Background Information**

The General Partner was originally formed with joint ownership by Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**") and P. Rowan Smith, Jr. ("**Smith**"; collectively, the "**Members**"). Seipp is a HUB that has participated in the tax credit program for several years with strong personal ties to the original developer of the Property. Smith, seeking to obtain the full economic value of his ownership interest in the Property, has entered into a purchase contract (the "**Contract**") with Vesta Corporation, a Connecticut corporation ("**Vesta**") to effectuate a portfolio sale of various assets. With no business affiliation to the incoming parties, Seipp concluded it would be in her best economic interest to sell her ownership interest as a party to the Contract.

**Request**

Based upon recent changes to Section 10.406(e) of the Rules, the General Partner requests that TDHCA remove the HUB requirement from its LURA thereby allowing Vesta to take ownership control of the General Partner. In accordance with the Rules:

- (1) Seipp, as the selling HUB, acted of her own volition in choosing to sell her interest to Vesta. Seipp was not removed from her position. If verification is required from Seipp, that can be obtained.

- (2) The participation of Seipp as the HUB with regard to the Property is substantive and meaningful, and will continue to be so until the sale of her interest. TDHCA is well-familiar with Seipp and the way in which she has actively participated when owning properties for multiple years.

**LURA Amendment**

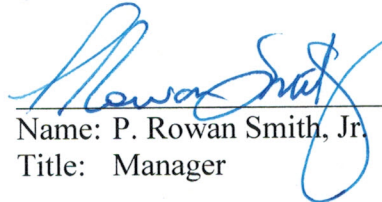
In accordance with Section 10.405(b) of the Rules, the General Partner is delivering a fee in the amount of \$2500. In addition, the General Partner commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the General Partner will proceed to set a date and time for the Public Hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the General Partner requests staff recommendation, in support of this request, to be considered at the July 30, 2015 TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

El Pueblo Dorado Apartments I, L.L.C.,  
general partner

By:

  
Name: P. Rowan Smith, Jr.  
Title: Manager

By:

\_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

- (2) The participation of Seipp as the HUB with regard to the Property is substantive and meaningful, and will continue to be so until the sale of her interest. TDHCA is well-familiar with Seipp and the way in which she has actively participated when owning properties for multiple years.

**LURA Amendment**


In accordance with Section 10.405(b) of the Rules, the General Partner is delivering a fee in the amount of \$2500. In addition, the General Partner commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the General Partner will proceed to set a date and time for the Public Hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the General Partner requests staff recommendation, in support of this request, to be considered at the July 30, 2015 TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

El Pueblo Dorado Apartments I, L.L.C.,  
general partner

By: \_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

By:   
Name: Charissa S. Smith  
Title: Manager

June 17, 2015

Page 3

Attachments

cc: Tom Gouris  
Patricia Murphy  
*TDHCA w/ encl.*

Lewis Brown  
Steven Rice  
*Vesta w/encl.*

Cynthia L. Bast  
*Vesta Counsel w/encl.*

J. Michael Pruitt  
*General Partner Counsel w/encl.*

**El Pueblo Dorado Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

[Date]

Dear Resident:

El Pueblo Dorado Apartments (the "**Community**") is owned by El Pueblo Dorado Apartments, L.P. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)).

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**"), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on [Date] at [Time].

Please note that this proposal would not affect your current lease agreement, your rent payment, or your security deposit. You would *not* be required to move out of your home or take any other action because of this change. If the Department approves Owner's request, the Community will not change at all from its current form.

We appreciate that El Pueblo Dorado Apartments is your home and we invite you to attend and give your input on this proposal.

Thank you for choosing El Pueblo Dorado Apartments as your home.

Sincerely,

El Pueblo Dorado Apartments I, L.L.C.,  
general partner

By: \_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

By: \_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

**El Pueblo Dorado Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

[Elected Official]

[Date]

Dear [Addressee]:

El Pueblo Dorado Apartments, L.P. (the "**Owner**") is the owner of El Pueblo Dorado Apartments (the "**Community**") which is located 901 E. Thomas Drive, Pharr, Texas 78577. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**"), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on [Date] at [Time].

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

El Pueblo Dorado Apartments I, L.L.C.,  
general partner

By: \_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

By: \_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager



**El Pueblo Dorado Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

[Date]

[Investor/Lender]

Dear [Addressee]:

El Pueblo Dorado Apartments, L.P. (the "**Owner**") is the owner of El Pueblo Dorado Apartments (the "**Community**") which is located at 901 E. Thomas Drive, Pharr, Texas 78577. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**"), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community, its elected representatives and the Owner's other financing partners. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on [Date] at [Time].

We invite you to attend and give your input on this proposal.

Sincerely,

El Pueblo Dorado Apartments I, L.L.C.,  
general partner

By: \_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

By: \_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

**El Pueblo Dorado Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

July 1, 2015

Dear Resident:

El Pueblo Dorado Apartments (the "**Community**") is owned by El Pueblo Dorado Apartments, L.P. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)).

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**"), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Thursday, July 9, 2015 at 9:00 a.m..

Please note that this proposal would not affect your current lease agreement, your rent payment, or your security deposit. You would *not* be required to move out of your home or take any other action because of this change. If the Department approves Owner's request, the Community will not change at all from its current form.

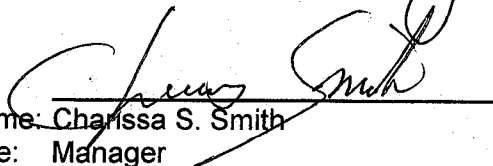
We appreciate that El Pueblo Dorado Apartments is your home and we invite you to attend and give your input on this proposal.

Thank you for choosing El Pueblo Dorado Apartments as your home.

Sincerely,

El Pueblo Dorado Apartments I, L.L.C.,  
general partner

By:   
Name: P. Rowan Smith, Jr.  
Title: Manager

By:   
Name: Charissa S. Smith  
Title: Manager

**BOARD ACTION REQUEST**

**ASSET MANAGEMENT**

**JULY 30, 2015**

Presentation, Discussion, and Possible Action to approve the transfer of the HUB Managing General Partnership interest to a non-HUB general partner and a material amendment to the Housing Tax Credit Land Use Restriction Agreement (“LURA”) for Padre de Vida (File No. 03002)

**RECOMMENDED ACTION**

**WHEREAS**, Padre de Vida received an award of 9% Housing Tax Credits in 2003 to construct 180 new multifamily units in McAllen;

**WHEREAS**, the tax credit application for the Development received points and/or other preferences for having a Historically Underutilized Business (“HUB”), namely Charissa Seipp Interiors & Associates (“Seipp”), participate in the ownership of the Development;

**WHEREAS**, the LURA for the Development requires that throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall remain the Managing General Partner and maintain regular, continuous, and substantial participation in the operation and ownership of the Development;

**WHEREAS**, the Development is within the Compliance Period, as defined in the LURA;

**WHEREAS**, the current sole members of the General Partner, including the HUB Managing General Partner, have entered into a purchase and sale agreement to sell their interest in the general partnership to a new entity;

**WHEREAS**, the Development Owner requests approval to amend the LURA for the Development to eliminate the HUB requirement; and

**WHEREAS**, 10 TAC §10.406(e) allows for a HUB general partner to sell its interest to a non-HUB general partner as long as the LURA does not require such continual ownership or a material LURA amendment is approved, and the Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board;

**NOW, therefore, it is hereby**

**RESOLVED**, that the ownership transfer and material LURA amendment for Padre de Vida is approved, as presented to this meeting and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

## **BACKGROUND**

Padre de Vida was approved in 2003 for the construction of 180 new multifamily units in McAllen. The LURA for the Development has a 55-year term and a 30-year compliance period. On June 18, 2015, the Development Owner requested approval for the elimination of the requirement for a HUB to remain the Managing General Partner throughout the Compliance Period and maintain regular, continuous, and substantial participation in the development, operation and ownership of the project.

The current ownership structure of the Owner's general partner, Padre de Vida I, LLC, is jointly held by Seipp and P. Rowan Smith, Jr. Trust. The request is to transfer and replace the joint owners of the general partner with Vesta Equity Padre de Vida LLC and its affiliates. Simultaneous with the request for general partner transfer, a request for material amendment to the LURA for removal of the HUB requirement was also submitted to the Department.

Pursuant to 10 TAC §10.405(b)(4), the Owner held a public hearing on July 9, 2015. No public comment about the amendment was made.

Staff determined that the transfer of Seipp's interest in the general partner to the Vesta Equity affiliate will be done out of Seipp's own volition and that Seipp's participation in the Development has been substantive and meaningful, enabling it to realize not only financial benefit but to add to its skills relating to the ownership and operation of affordable housing. The Owner has complied with the ownership transfer, amendment and notification requirements under the Department's rule at Government Code §2306.6712, 10 TAC §10.405(b) and 10 TAC §10.406(e).

Staff recommends approval of the transfer of the HUB Managing General Partnership interest to the non-HUB general partner and amendment to the LURA to eliminate the requirement for participation of a HUB in the ownership structure and operation of the Development.

**Padre de Vida Apartments I, L.L.C.**  
17336 West Little York Road  
Houston, Texas 77084

June 17, 2015

**VIA HAND DELIVERY**

Colton Sanders  
Texas Department of Housing and Community Affairs  
221 East 11th Street  
Austin, Texas 78701-2410

Re: Padre de Vida (the "**Property**")  
TDHCA File No. 03002

Dear Colton:

We, the undersigned, are the Managers (herein so called) of Padre Vida Apartments I, L.L.C., a Texas limited liability company ("**General Partner**"), which is the general partner of the current owner of the Property, Padre de Vida Apartments, L.P., a Texas limited partnership ("**Owner**"). This letter constitutes notice of an ownership transfer in accordance with Section 10.406(e) of the Uniform Multifamily Rules (the "**Rules**") and a request for a material LURA amendment in accordance with Section 10.405(b) of the Rules. Specifically, the LURA for this Property requires ownership participation by an historically underutilized business (a "**HUB**"). The Managers and the Members (hereinafter defined), acting on behalf of the General Partner, request elimination of that requirement for the reasons set forth below.

**Background Information**

The General Partner was originally formed with joint ownership by Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**") and P. Rowan Smith, Jr. Revocable Trust (the "**Trust**"; collectively, the "**Members**"). Seipp is a HUB that has participated in the tax credit program for several years with strong personal ties to the original developer of the Property. The Trust, and its affiliates, seeking to obtain the full economic value of its ownership interest in the Property, has entered into a purchase contract (the "**Contract**") with Vesta Corporation, a Connecticut corporation ("**Vesta**") to effectuate a portfolio sale of its assets. With no business affiliation to the incoming parties, Seipp concluded it would be in her best economic interest to sell her ownership interest as a party to the Contract.

**Request**

Based upon recent changes to Section 10.406(e) of the Rules, the General Partner requests that TDHCA remove the HUB requirement from its LURA thereby allowing Vesta to take ownership control of the General Partner. In accordance with the Rules:

- (1) Seipp, as the selling HUB, acted of her own volition in choosing to sell her interest to Vesta. Seipp was not removed from her position. If verification is required from Seipp, that can be obtained.
- (2) The participation of Seipp as the HUB with regard to the Property is substantive and meaningful, and will continue to be so until the sale of her interest. TDHCA is well-familiar with Seipp and the way in which she has actively participated when owning properties for multiple years.

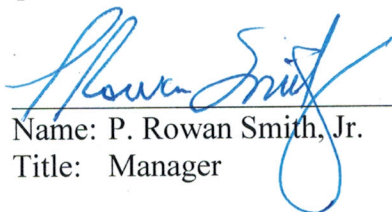
**LURA Amendment**

In accordance with Section 10.405(b) of the Rules, the General Partner is delivering a fee in the amount of \$2500. In addition, the General Partner commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the General Partner will proceed to set a date and time for the Public Hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the General Partner requests staff recommendation, in support of this request, to be considered at the July 30, 2015 TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

Padre de Vida Apartments I, L.L.C.,  
general partner

By:   
Name: P. Rowan Smith, Jr.  
Title: Manager

By: \_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

- (1) Seipp, as the selling HUB, acted of her own volition in choosing to sell her interest to Vesta. Seipp was not removed from her position. If verification is required from Seipp, that can be obtained.
- (2) The participation of Seipp as the HUB with regard to the Property is substantive and meaningful, and will continue to be so until the sale of her interest. TDHCA is well-familiar with Seipp and the way in which she has actively participated when owning properties for multiple years.

**LURA Amendment**

In accordance with Section 10.405(b) of the Rules, the General Partner is delivering a fee in the amount of \$2500. In addition, the General Partner commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the General Partner will proceed to set a date and time for the Public Hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the General Partner requests staff recommendation, in support of this request, to be considered at the July 30, 2015 TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.


Sincerely,

Padre de Vida Apartments I, L.L.C.,  
general partner

By:

\_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

By:

  
\_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

June 17, 2015

Page 3

Attachments

cc: Tom Gouris  
Patricia Murphy  
*TDHCA w/ encl.*

Lewis Brown  
Steven Rice  
*Vesta w/encl.*

Cynthia L. Bast  
*Vesta Counsel w/encl.*

J. Michael Pruitt  
*General Partner Counsel w/encl.*



**Padre de Vida Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

[Date]

Dear Resident:

Padre de Vida Apartments (the “**Community**”) is owned by Padre de Vida Apartments, L.P. (the “**Owner**”). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the “**Department**”) (Phone: 512-475-3800; Website: [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)).

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates (“**Seipp**”), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a “**HUB**”). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner’s request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community’s management office/clubhouse on [Date] at [Time].

Please note that this proposal would not affect your current lease agreement, your rent payment, or your security deposit. You would *not* be required to move out of your home or take any other action because of this change. If the Department approves Owner’s request, the Community will not change at all from its current form.

We appreciate that Padre de Vida Apartments is your home and we invite you to attend and give your input on this proposal.

Thank you for choosing Padre de Vida Apartments as your home.

Sincerely,

Padre de Vida Apartments I, L.L.C.,  
general partner

By: \_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

By: \_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

**Padre de Vida Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

[Elected Official]

[Date]

Dear [Addressee]:

Padre de Vida Apartments, L.P. (the "**Owner**") is the owner of Padre de Vida Apartments (the "**Community**") which is located 3900 S. Ware Road, McAllen, Texas 78503. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**"), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on [Date] at [Time].

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

Padre de Vida Apartments I, L.L.C.,  
general partner

By: \_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

By: \_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

**Padre de Vida Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

[Date]

[Investor/Lender]

Dear [Addressee]:

Padre de Vida Apartments, L.P. (the "**Owner**") is the owner of Padre de Vida Apartments (the "**Community**") which is located at 3900 S. Ware Road, McAllen, Texas 78503. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**"), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community, its elected representatives and the Owner's other financing partners. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on [Date] at [Time].

We invite you to attend and give your input on this proposal.

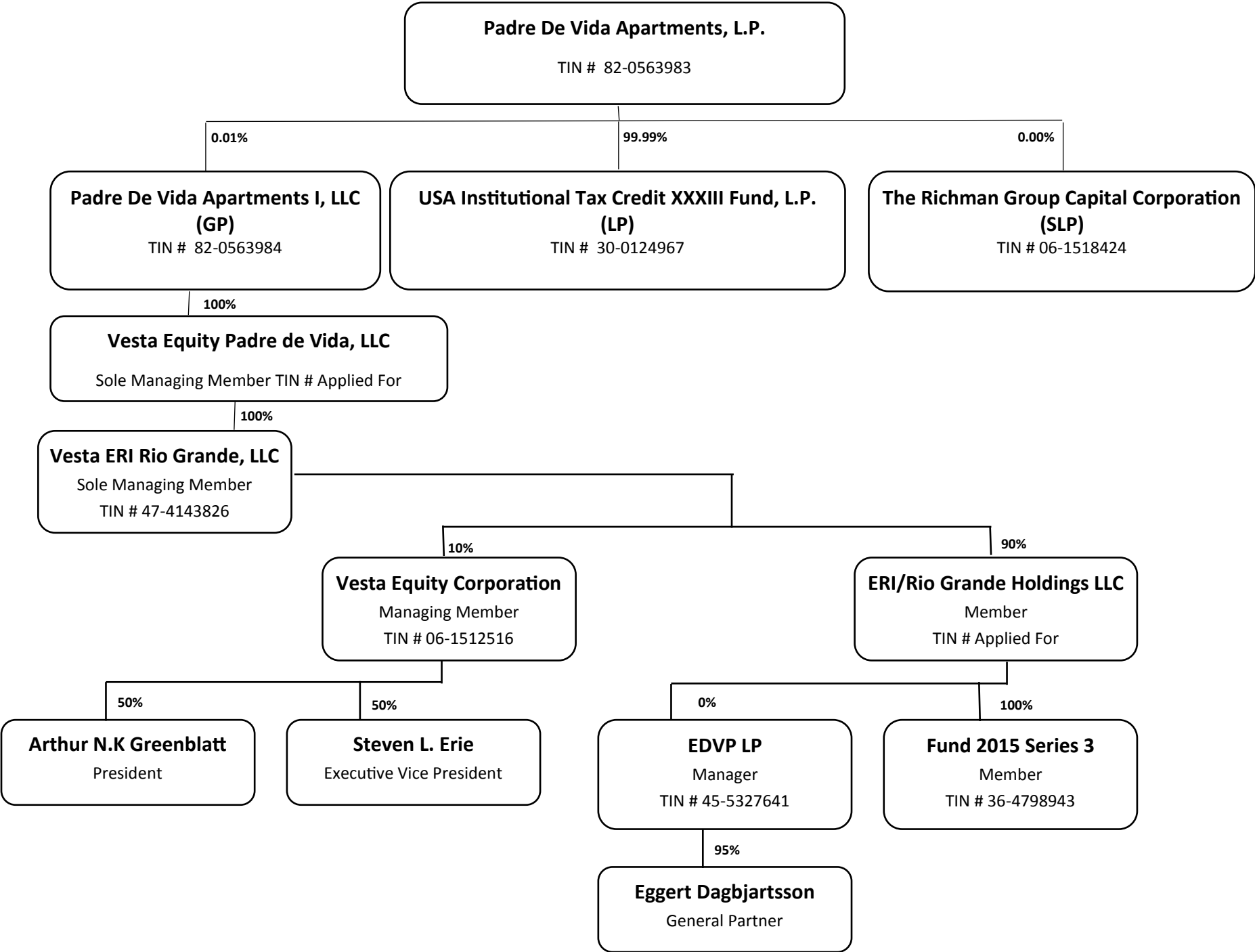
Sincerely,

Padre de Vida Apartments I, L.L.C.,  
general partner

By: \_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

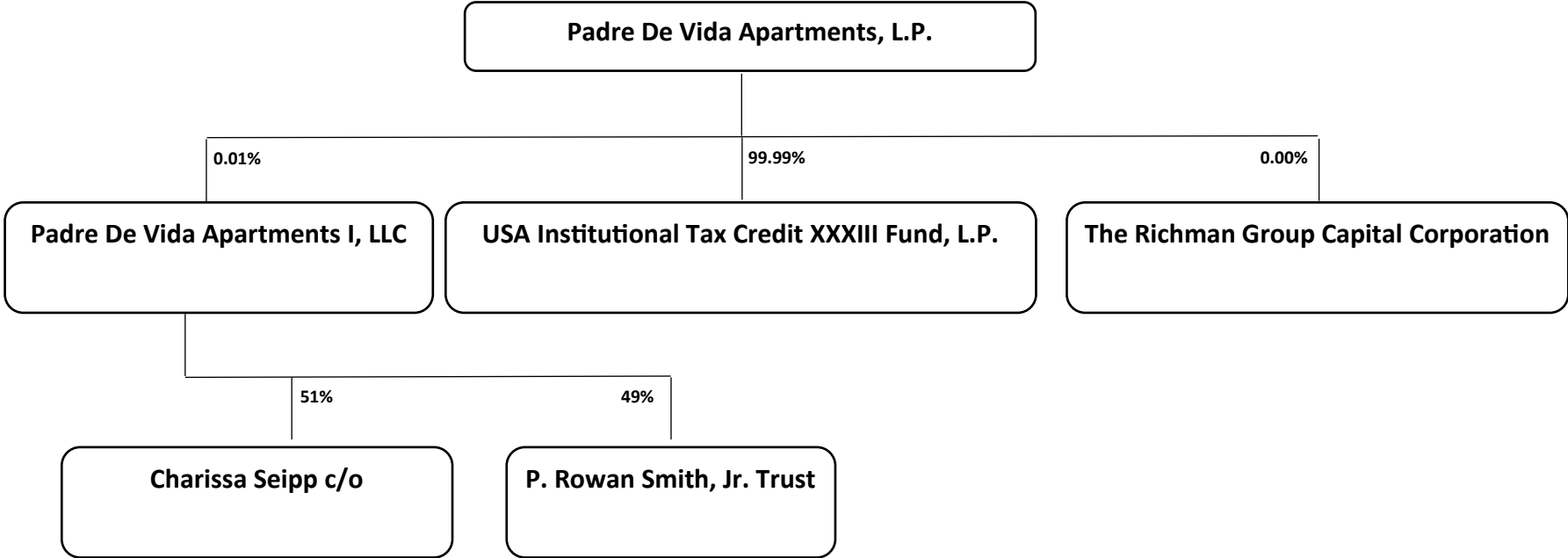
By: \_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

**After**



**Before**

**Padre De Vida Apartments**



**Padre de Vida Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

July 1, 2015

Dear Resident:

Padre de Vida Apartments (the "**Community**") is owned by Padre de Vida Apartments, L.P. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)).

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**"), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Thursday, July 9, 2015 at 9:00 a.m..

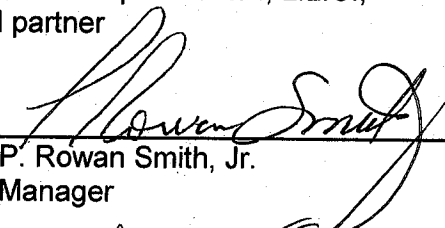
Please note that this proposal would not affect your current lease agreement, your rent payment, or your security deposit. You would *not* be required to move out of your home or take any other action because of this change. If the Department approves Owner's request, the Community will not change at all from its current form.

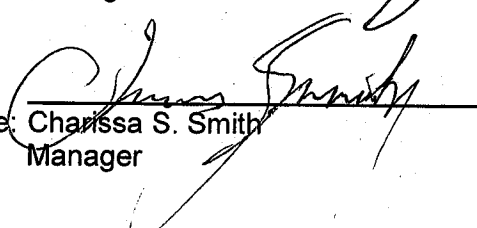
We appreciate that Padre de Vida Apartments is your home and we invite you to attend and give your input on this proposal.

Thank you for choosing Padre de Vida Apartments as your home.

Sincerely,

Padre de Vida Apartments I, L.L.C.,  
general partner

By:   
Name: P. Rowan Smith, Jr.  
Title: Manager

By:   
Name: Charissa S. Smith  
Title: Manager

**BOARD ACTION REQUEST**

**ASSET MANAGEMENT**

**JULY 30, 2015**

Presentation, Discussion, and Possible Action to approve the transfer of the HUB Managing General Partnership interest to a non-HUB general partner and a material amendment to the Housing Tax Credit Land Use Restriction Agreement (“LURA”) for Galilean Apartments (File No. 03036)

**RECOMMENDED ACTION**

**WHEREAS**, Galilean Apartments received an award of 9% Housing Tax Credits in 2003 to construct 208 new multifamily units in Edinburg;

**WHEREAS**, the tax credit application for the Development received points and/or other preferences for having a Historically Underutilized Business (“HUB”), namely Charissa Seipp Interiors & Associates (“Seipp”), participate in the ownership of the Development;

**WHEREAS**, the LURA for the Development requires that throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall remain the Managing General Partner and maintain regular, continuous, and substantial participation in the operation and ownership of the Development;

**WHEREAS**, the Development is within the Compliance Period, as defined in the LURA;

**WHEREAS**, the current sole members of the General Partner, including the HUB Managing General Partner, have entered into a purchase and sale agreement to sell their interest in the general partnership to a new entity;

**WHEREAS**, the Development Owner requests approval to amend the LURA for the Development to eliminate the HUB requirement; and

**WHEREAS**, 10 TAC §10.406(e) allows for a HUB general partner to sell its interest to a non-HUB general partner as long as the LURA does not require such continual ownership or a material LURA amendment is approved, and the Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board;

**NOW, therefore, it is hereby**

**RESOLVED**, that the ownership transfer and material LURA amendment for Galilean Apartments is approved, as presented to this meeting and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

## **BACKGROUND**

Galilean Apartments was approved in 2003 for the construction of 208 new multifamily units in Edinburg. The LURA for the Development has a 40-year term and a 25-year compliance period. On June 18, 2015, the Development Owner requested approval for the elimination of the requirement for a HUB to remain the Managing General Partner throughout the Compliance Period and maintain regular, continuous, and substantial participation in the development, operation and ownership of the project.

The current ownership structure of the Owner's general partner, The Galilean Apartments I, LLC, is jointly held by Seipp and P. Rowan Smith, Jr. Trust. The request is to transfer and replace the joint owners of the general partner with Vesta Equity Galilean LLC and its affiliates. Simultaneous with the request for general partner transfer, a request for material amendment to the LURA for removal of the HUB requirement was also submitted to the Department.

Pursuant to 10 TAC §10.405(b)(4), the Owner held a public hearing on July 9, 2015. No public comment about the amendment was made.

Staff determined that the transfer of Seipp's interest in the general partner to the Vesta Equity affiliate will be done out of Seipp's own volition and that Seipp's participation in the Development has been substantive and meaningful, enabling it to realize not only financial benefit but to add to its skills relating to the ownership and operation of affordable housing. The Owner has complied with the ownership transfer, amendment and notification requirements under the Department's rule at Government Code §2306.6712, 10 TAC §10.405(b) and 10 TAC §10.406(e).

Staff recommends approval of the transfer of the HUB Managing General Partnership interest to the non-HUB general partner and amendment to the LURA to eliminate the requirement for participation of a HUB in the ownership structure and operation of the Development.



**The Galilean Apartments I, L.L.C.**  
17336 West Little York Road  
Houston, Texas 77084

June 17, 2015

**VIA HAND DELIVERY**

Colton Sanders  
Texas Department of Housing and Community Affairs  
221 East 11th Street  
Austin, Texas 78701-2410

Re: The Galilean (the "**Property**")  
TDHCA File No. 03036

Dear Colton:

We, the undersigned, are the Managers (herein so called) of The Galilean Apartments I, L.L.C., a Texas limited liability company ("**General Partner**"), which is the general partner of the current owner of the Property, The Galilean Apartments, L.P., a Texas limited partnership ("**Owner**"). This letter constitutes notice of an ownership transfer in accordance with Section 10.406(e) of the Uniform Multifamily Rules (the "**Rules**") and a request for a material LURA amendment in accordance with Section 10.405(b) of the Rules. Specifically, the LURA for this Property requires ownership participation by an historically underutilized business (a "**HUB**"). The Managers and the Members (hereinafter defined), acting on behalf of the General Partner, request elimination of that requirement for the reasons set forth below.

**Background Information**

The General Partner was originally formed with joint ownership by specifically Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**") and P. Rowan Smith, Jr. ("**Smith**"; collectively, the "**Members**"). Seipp is a HUB that has participated in the tax credit program for several years with strong personal ties to the original developer of the Property. Smith, seeking to obtain the full economic value of his ownership interest in the Property, has entered into a purchase contract (the "**Contract**") with Vesta Corporation, a Connecticut corporation ("**Vesta**") to effectuate a portfolio sale of various assets. With no business affiliation to the incoming parties, Seipp concluded it would be in her best economic interest to sell her ownership interest as a party to the Contract.

**Request**

Based upon recent changes to Section 10.406(e) of the Rules, the General Partner requests that TDHCA remove the HUB requirement from its LURA thereby allowing Vesta to take ownership control of the General Partner. In accordance with the Rules:

- (1) Seipp, as the selling HUB, acted of her own volition in choosing to sell her interest to Vesta. Seipp was not removed from her position. If verification is required from Seipp, that can be obtained.
- (2) The participation of Seipp as the HUB with regard to the Property is substantive and meaningful, and will continue to be so until the sale of her interest. TDHCA is well-familiar with Seipp and the way in which she has actively participated when owning properties for multiple years.

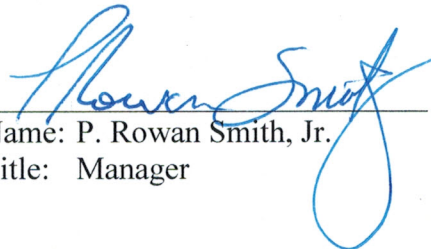
**LURA Amendment**

In accordance with Section 10.405(b) of the Rules, the General Partner is delivering a fee in the amount of \$2500. In addition, the General Partner commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the General Partner will proceed to set a date and time for the Public Hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the General Partner requests staff recommendation, in support of this request, to be considered at the July 30, 2015 TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

The Galilean Apartments I, L.L.C.,  
general partner

By:   
Name: P. Rowan Smith, Jr.  
Title: Manager

By: \_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

- (1) Seipp, as the selling HUB, acted of her own volition in choosing to sell her interest to Vesta. Seipp was not removed from her position. If verification is required from Seipp, that can be obtained.
- (2) The participation of Seipp as the HUB with regard to the Property is substantive and meaningful, and will continue to be so until the sale of her interest. TDHCA is well-familiar with Seipp and the way in which she has actively participated when owning properties for multiple years.

**LURA Amendment**

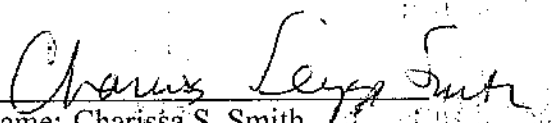
In accordance with Section 10.405(b) of the Rules, the General Partner is delivering a fee in the amount of \$2500. In addition, the General Partner commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the General Partner will proceed to set a date and time for the Public Hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the General Partner requests staff recommendation, in support of this request, to be considered at the July 30, 2015 TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

The Galilean Apartments I, L.L.C.,  
general partner

By: \_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

By:   
Name: Charissa S. Smith  
Title: Manager

June 17, 2015

Page 3

Attachments

cc: Tom Gouris  
Patricia Murphy  
*TDHCA w/ encl.*

Lewis Brown  
Steven Rice  
*Vesta w/encl.*

Cynthia L. Bast  
*Vesta Counsel w/encl.*

J. Michael Pruitt  
*General Partner Counsel w/encl.*

**The Galilean Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

[Date]

Dear Resident:

The Galilean Apartments (the "**Community**") is owned by The Galilean Apartments, L.P. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)).

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**"), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on [Date] at [Time].

Please note that this proposal would not affect your current lease agreement, your rent payment, or your security deposit. You would *not* be required to move out of your home or take any other action because of this change. If the Department approves Owner's request, the Community will not change at all from its current form.

We appreciate that The Galilean Apartments is your home and we invite you to attend and give your input on this proposal.

Thank you for choosing The Galilean Apartments as your home.

Sincerely,

The Galilean Apartments I, L.L.C.,  
general partner

By: \_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

By: \_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

**The Galilean Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

[Elected Official]

[Date]

Dear [Addressee]:

The Galilean Apartments, L.P. (the "**Owner**") is the owner of The Galilean Apartments (the "**Community**") which is located 3817 S. Veterans Boulevard, Edinburg, Texas 78539. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**"), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on [Date] at [Time].

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

The Galilean Apartments I, L.L.C.,  
general partner

By: \_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

By: \_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

**The Galilean Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

[Date]

[Investor/Lender]

Dear [Addressee]:

The Galilean Apartments, L.P. (the "**Owner**") is the owner of The Galilean Apartments (the "**Community**") which is located at 3817 S. Veterans Boulevard, Edinburg, Texas 78539. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**"), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community, its elected representatives and the Owner's other financing partners. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on [Date] at [Time].

We invite you to attend and give your input on this proposal.

Sincerely,

The Galilean Apartments I, L.L.C.,  
general partner

By: \_\_\_\_\_  
Name: P. Rowan Smith, Jr.  
Title: Manager

By: \_\_\_\_\_  
Name: Charissa S. Smith  
Title: Manager

**The Galilean Apartments, L.P.**  
17336 West Little York Road  
Houston, Texas 77084

July 1, 2015

Dear Resident:

The Galilean Apartments (the "**Community**") is owned by The Galilean Apartments, L.P. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)).

Owner was originally structured with a general partner that included Charissa Seipp d/b/a Charissa Seipp Interiors & Associates ("**Seipp**"), a sole proprietor that is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. Seipp decided to sell her interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting TDHCA approval to remove the ongoing HUB requirement from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Thursday, July 9, 2015 at 9:00 a.m..

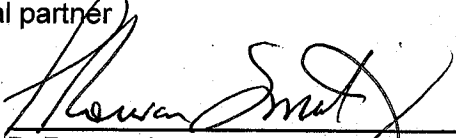
Please note that this proposal would not affect your current lease agreement, your rent payment, or your security deposit. You would *not* be required to move out of your home or take any other action because of this change. If the Department approves Owner's request, the Community will not change at all from its current form.

We appreciate that The Galilean Apartments is your home and we invite you to attend and give your input on this proposal.

Thank you for choosing The Galilean Apartments as your home.

Sincerely,

The Galilean Apartments I, L.L.C.,  
general partner

By:   
Name: P. Rowan Smith, Jr.  
Title: Manager

By:   
Name: Charissa S. Smith  
Title: Manager



1j

BOARD ACTION REQUEST  
TEXAS HOMEOWNERSHIP DIVISION  
JULY 30, 2015

Presentation, Discussion, and Possible Action on the Release of an Invitation for Bid ("IFB") to procure a Third Party to Administer the Texas Statewide Homebuyer Education Program ("TSHEP") and Authorization for Staff to Subsequently Award and Contract with the Successful Third Party

RECOMMENDED ACTION

WHEREAS, TSHEP was created to fulfill the requirements of §2306.253 of the Texas Government Code;

WHEREAS, the TSHEP Administrator is responsible for performing as, or contracting with, a qualified education provider to conduct at least five days training annually for pre- and post- purchase homebuyer education classes to eligible entities and to certify participants as providers;

WHEREAS, the TSHEP Administrator is also encouraged to offer foreclosure intervention and/or continuing education classes as deemed necessary to meet the training needs of the TSHEP providers;

WHEREAS, TSHEP has been administered in recent years by the Texas State Affordable Housing Corporation ("TSAHC") through a Memorandum of Understanding ("MOU") authorized by the Board in March 2012, and the MOU expires on August 31, 2015 and

WHEREAS, Governor Abbott has directed state agencies to utilize open and transparent procurement processes and utilize a competitive bidding process whenever possible;

NOW, therefore, it is hereby

RESOLVED, that a competitive bidding process in the form of a Request for Invitation to Bid is a more appropriate process than extending the MOU and

FURTHER RESOLVED, that the Executive Director and his designee(s) be, and each of them are, authorized for and on behalf of the Department to publish an Invitation to Bid for the Texas Statewide Homebuyer Education Program and to proceed with the selection and awarding of a contract for a qualified Third Party Administrator in accordance with that IFB and to advise the Board of any firms so selected.

## BACKGROUND

In 1997, the 75<sup>th</sup> Texas Legislature passed HB 2577, which charged the Department with the development and implementation of a statewide homebuyer education program, designed to provide information and counseling to prospective homebuyers about the home buying process. In accordance with Section 2306.253 of the Texas Government Code, TSHEP was created to fill this mandate. TSHEP provides training to nonprofit organizations through the state of Texas.

Subsequently, TSHEP was operated collaboratively between TSAHC and the Department. To leverage the funds contributed by the Department, other monies were donated to the program to offset the cost of training; however TDHCA did not have specific statutory authority to receive donations for the purpose of administering TSHEP so an MOU was put in place that allowed TSAHC to serve as the nonprofit sponsor of monies donated. In 2012, to improve efficiency the Board authorized the Department to expand the MOU so that TSAHC would actually administer the program and TDHCA would provide the partial payment of funds. The existing MOU expires on August 31, 2015.

Governor Abbott recently directed state agencies to utilize open and transparent procurement processes and utilize a competitive bidding process whenever possible. To ensure concurrence an Invitation to Bid will be released and an Administrator selected with experience in the provision of homeownership training and leveraging of funds for that activity.

The responses in the IFB will be reviewed, analyzed, scored by Department staff and then a contract will be executed with the successful respondent.

1k

BOARD ACTION REQUEST  
COMMUNITY AFFAIRS DIVISION  
JULY 30, 2015

Presentation, Discussion, and Possible Action on the draft Section 8 Program 5-Year and 2016 Annual Public Housing Agency ("PHA") Plan for the Housing Choice Voucher Program.

RECOMMENDED ACTION

WHEREAS, the TDHCA is designated as a PHA; and

WHEREAS, 42 U.S.C §1437(c-1) (a) and (b) requires a PHA to submit an annual PHA Plan;

Now, therefore, it is hereby

RESOLVED, that the Department's 5-Year and 2016 Annual PHA Plan ("Plan(s)") is hereby approved in the form presented to this meeting to be released for public comment;

FURTHER RESOLVED, that there will be a public hearing at the October 15, 2015, Board meeting to accept comments and for final adoption of the Plan.

BACKGROUND

Section 511 of the Quality Housing and Work Responsibility Act of 1998 created the requirement for submission of PHA Plans. The PHA Plans are a guide to PHA policies, programs, operations, and strategies for meeting local housing needs and goals. The Annual Plan, which is prepared and submitted to HUD every year, provides information about program operations and services for the upcoming fiscal year. There are two parts to the PHA Plan: the 5-Year Plan and the Annual Plan. These Plans are simple straightforward form-fillable documents provided by HUD.

The 5-Year Plan, which each PHA reviews and updates once every 5th year, describes the mission of the agency and the long range goals and objectives for achieving the mission over the subsequent 5 years. The Annual Plan, which is prepared and submitted to HUD every year, provides information about program operations and services for the upcoming fiscal year.

The 2016 Annual Plan affirms the two local preferences below to the Project Access voucher program that applies to applicants who are eligible for admission at the time they are applying for assistance. These two considerations already exist in TDHCA rules, but have been clarified in the Plan as a preference.

- An applicant on the pilot program referenced at 10 TAC Chapter 5, Subchapter H, §5.801 with a disability transitioning out of a State Psychiatric Hospital.
- The applicant is a person with a disability transitioning from a nursing home intermediate care facility, or board and care facility.

To ensure public participation, the Department will has appointed a Resident Advisory Board, which will consist of all tenants with active Section 8 contracts, to review and comment on the proposed 2016 Annual Plan. The Plan will also be available for review at the Department's Administrative Office on weekdays between 8:00 am and 5:00 pm; and the Department's website at: [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us). Upon Board approval, the Department will schedule a public hearing to receive further public comment. The plan will be resubmitted back to the Board for final approval.

<b>1.0</b>	<b>PHA Information</b> PHA Name: <u>Texas Department of Housing and Community Affair</u> PHA Code: <u>TX-901</u> PHA Type: <input type="checkbox"/> Small <input type="checkbox"/> High Performing <input checked="" type="checkbox"/> Standard <input checked="" type="checkbox"/> HCV (Section 8) PHA Fiscal Year Beginning: (MM/YYYY): <u>01/2016</u>																								
<b>2.0</b>	<b>Inventory</b> (based on ACC units at time of FY beginning in 1.0 above) Number of PH units: _____                    Number of HCV units: <u>1591</u>																								
<b>3.0</b>	<b>Submission Type</b> <input checked="" type="checkbox"/> 5-Year and Annual Plan <input type="checkbox"/> Annual Plan Only <input type="checkbox"/> 5-Year Plan Only																								
<b>4.0</b>	<b>PHA Consortia</b> <input type="checkbox"/> PHA Consortia: (Check box if submitting a joint Plan and complete table below.)																								
<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 15%;">Participating PHAs</th> <th style="width: 10%;">PHA Code</th> <th style="width: 20%;">Program(s) Included in the Consortia</th> <th style="width: 20%;">Programs Not in the Consortia</th> <th style="width: 15%;">No. of Units in Each Program - PH</th> <th style="width: 20%;">No. of Units in Each Program - HCV</th> </tr> </thead> <tbody> <tr> <td>PHA 1:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>PHA 2:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>PHA 3:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Participating PHAs	PHA Code	Program(s) Included in the Consortia	Programs Not in the Consortia	No. of Units in Each Program - PH	No. of Units in Each Program - HCV	PHA 1:						PHA 2:						PHA 3:					
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PHA 2:																									
PHA 3:																									
<b>5.0</b>	<b>5-Year Plan.</b> Complete items 5.1 and 5.2 only at 5-Year Plan update.																								
<b>5.1</b>	<b>Mission.</b> State the PHA's Mission for serving the needs of low-income, very low-income, and extremely low income families in the PHA's jurisdiction for the next five years: The mission of TDHCA's Section 8 Housing Choice Voucher Program is to provide financial rental assistance on behalf of low income individuals and families, including the elderly and persons with disabilities, for decent, safe, sanitary and affordable housing.																								
<b>5.2</b>	<b>Goals and Objectives.</b> Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low-income and very low-income, and extremely low-income families for the next five years. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan.  See 6.0 Below																								
<b>6.0</b>	<b>PHA Plan Update</b>  (a) Identify all PHA Plan elements that have been revised by the PHA since its last Annual Plan submission: <ul style="list-style-type: none"> <li>• the ability to receive and/or program VASH and Project-Based Vouchers</li> <li>• Implement HUD revised guidance regarding Violence Against Woman Act (VAWA).</li> <li>• The ability to seeking additional vouchers through the HCV Program and other special programs that may be available.</li> <li>• Promote freedom of housing choice and integrated housing for low income families.</li> <li>• Expand housing choice vouchers opportunities in areas not currently being served.</li> <li>• Increase the availability of property owners through outreach to increase opportunities for safe and decent housing for participants.</li> <li>• Conduct biennial inspection, providing utility allowances for the lesser of a voucher size or a bedroom size.</li> </ul> (b) Identify the specific location(s) where the public may obtain copies of the 5-Year and Annual PHA Plan. For a complete list of PHA Plan elements, see Section 6.0 of the instructions. <ul style="list-style-type: none"> <li>• Main administrative office: 221 East 11<sup>th</sup> Street, Austin, TX 78701</li> <li>• TDHCA Website: <a href="http://www.tdhca.state.tx.us">http://www.tdhca.state.tx.us</a></li> </ul>																								
<b>7.0</b>	<b>Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers.</b> <i>Include statements related to these programs as applicable.</i>																								
<b>8.0</b>	<b>Capital Improvements.</b> Please complete Parts 8.1 through 8.3, as applicable.																								
<b>8.1</b>	<b>Capital Fund Program Annual Statement/Performance and Evaluation Report.</b> As part of the PHA 5-Year and Annual Plan, annually complete and submit the <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i> , form HUD-50075.1, for each current and open CFP grant and CFFP financing.																								
<b>8.2</b>	<b>Capital Fund Program Five-Year Action Plan.</b> As part of the submission of the Annual Plan, PHAs must complete and submit the <i>Capital Fund Program Five-Year Action Plan</i> , form HUD-50075.2, and subsequent annual updates (on a rolling basis, e.g., drop current year, and add latest year for a five year period). Large capital items must be included in the Five-Year Action Plan.																								
<b>8.3</b>	<b>Capital Fund Financing Program (CFFP).</b> <input type="checkbox"/> Check if the PHA proposes to use any portion of its Capital Fund Program (CFP)/Replacement Housing Factor (RHF) to repay debt incurred to finance capital improvements.																								

<p><b>9.0</b></p>	<p><b>Housing Needs.</b> Based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data, make a reasonable effort to identify the housing needs of the low-income, very low-income, and extremely low-income families who reside in the jurisdiction served by the PHA, including elderly families, families with disabilities, and households of various races and ethnic groups, and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location.</p> <p style="text-align: center;"><b>Housing Need Analysis – Section 8</b> July 2015</p> <p>When analyzing local housing markets and developing strategies for meeting housing challenges, HUD suggests the consideration of several factors. These factors include how much a household spends on housing costs, the physical condition of housing and whether or not the household is overcrowded.</p> <p>An excess cost burden is identified when a household pays more than 30 percent of its gross income for housing costs. When so much is spent on housing, other basic household needs may suffer.</p> <p>The measure of physical inadequacy is the number of units lacking complete kitchen and/ or plumbing facilities. While this is not a complete measure of physical inadequacy, the lack of plumbing and/ or kitchen facilities can serve as a strong indication of one type of housing inadequacy.</p> <p>Overcrowded housing conditions may occur when a residence accommodates more than one person per each room in the dwelling. Overcrowding may indicate a general lack of affordable housing in a community where households have been forced to share space, either because other housing units are not available or because the units are too expensive.</p> <p>The following table estimates the number of low-income households with housing needs for the 37 TDHCA Section 8 service areas. The figures are adjusted to 2013 levels based on population growth estimates.</p> <table border="1" data-bbox="588 806 1134 1032"> <thead> <tr> <th>Housing Needs for Section 8</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Population</td> <td>309,296</td> </tr> <tr> <td>Number of Individuals in Poverty</td> <td>45,916</td> </tr> <tr> <td>Number of Cost Burdened Households</td> <td>15,769</td> </tr> <tr> <td>Number of Overcrowded Households</td> <td>1,879</td> </tr> <tr> <td>Number of Substandard Housing Units</td> <td>830</td> </tr> </tbody> </table> <p style="text-align: center;"><small>2013 American Community Survey 5 year estimate</small></p> <p>The TDHCA waiting list currently consists of 749 applications. The waiting list figure is a composite of several statewide jurisdictional waiting lists, as well as the Project Access waiting list.</p>	Housing Needs for Section 8	Number	Population	309,296	Number of Individuals in Poverty	45,916	Number of Cost Burdened Households	15,769	Number of Overcrowded Households	1,879	Number of Substandard Housing Units	830
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<p><b>9.1</b></p>	<p><b>Strategy for Addressing Housing Needs.</b> Provide a brief description of the PHA’s strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. <b>Note: Small, Section 8 only, and High Performing PHAs complete only for Annual Plan submission with the 5-Year Plan.</b></p> <p><b>The Department’s strategy to address the housing needs of families in our jurisdiction and on our waiting list is to:</b></p> <ul style="list-style-type: none"> <li>• Continue to maintain safe and decent housing for participants</li> <li>• Establish effective payment standards that will enable families to rent throughout our jurisdiction</li> <li>• The Department will continue to commit to Project Access vouchers and expand direct assistance statewide</li> <li>• Maintain or increase lease-up rates by effectively screening Section 8 applicants to increase owner acceptance of the program</li> <li>• Applying for additional Section 8 vouchers as they become available</li> <li>• Increase awareness of the Departments Section 8 voucher program by updating website</li> </ul>												



<p><b>10.0</b></p>	<p><b>Additional Information.</b> Describe the following, as well as any additional information HUD has requested.</p> <p>(a) Progress in Meeting Mission and Goals. Provide a brief statement of the PHA’s progress in meeting the mission and goals described in the 5- Year Plan.</p> <p>The Department will continue to strive for maximum utilization of Section 8 vouchers in areas served by the state program.</p> <ul style="list-style-type: none"> <li>• Administrative processes have been updated to ensure property owner and tenant payments are processed and paid in a timely manner.</li> <li>• Throughout the state, jurisdiction payment standards have been established to enable families to rent decent and affordable housing.</li> <li>• A notice of Disaster Preference has been established to allow the Department to provide housing choice voucher to individuals and families in our program area that are impacted by a disaster, which will include, but not be limited to, communities with a state of Texas declared or documented extenuating circumstances such as imminent threat to health and safety.</li> <li>• TDHCA currently identifies 140 Project Access Housing Choice Vouchers to assist low-income persons with disabilities to transition from institutions into the community by providing access to affordable housing. The allocation will remain at 140 for calendar Year 2015. TDHCA has adopted a tenant selection preference for admissions for person with a specific disability.</li> <li>• The two preferences have been implemented. An applicant on the pilot program referenced at 10 TAC Chapter 5, Subchapter H, §5.801 with a disability transitioning out of a State Psychiatric Hospital. The applicant is a person with a disability transitioning from a nursing home intermediate care facility, or board and care facility.</li> </ul> <p>The Department is taking, and will continue to take, the necessary steps required to develop and implement procedures that will demonstrate our determination to ensure compliance with Section 8 program requirements. TDHCA will continue exploring ways to make additional safe, sanitary and decent housing available in some of the smaller areas, which do not have adequate housing stock. The Department will also continue to work closely with the State’s local PHAs to address the affordable housing needs of the citizens of Texas.</p> <p>(b) Significant Amendment and Substantial Deviation/Modification. Provide the PHA’s definition of “significant amendment” and “substantial deviation/modification”</p> <ul style="list-style-type: none"> <li>• Substantive changes to calculation of rent payments, programs eligibility requirements, or organization of the waiting list;</li> <li>• Additions of new activities are not presently in the plan.</li> </ul> <p>If a substantive change is made, TDHCA will submit a revised plan that has met full public process requirements. The amendment or modification will not be implemented until accepted by HUD.</p>
<p><b>11.0</b></p>	<p><b>Required Submission for HUD Field Office Review.</b> In addition to the PHA Plan template (HUD-50075), PHAs must submit the following documents. Items (a) through (g) may be submitted with signature by mail or electronically with scanned signatures, but electronic submission is encouraged. Items (h) through (i) must be attached electronically with the PHA Plan. <b>Note:</b> Faxed copies of these documents will not be accepted by the Field Office.</p> <ul style="list-style-type: none"> <li>(a) Form HUD-50077, <i>PHA Certifications of Compliance with the PHA Plans and Related Regulations</i> (which includes all certifications relating to Civil Rights)</li> <li>(b) Form HUD-50070, <i>Certification for a Drug-Free Workplace</i> (PHAs receiving CFP grants only)</li> <li>(c) Form HUD-50071, <i>Certification of Payments to Influence Federal Transactions</i> (PHAs receiving CFP grants only)</li> <li>(d) Form SF-LLL, <i>Disclosure of Lobbying Activities</i> (PHAs receiving CFP grants only)</li> <li>(e) Form SF-LLL-A, <i>Disclosure of Lobbying Activities Continuation Sheet</i> (PHAs receiving CFP grants only)</li> <li>(f) Resident Advisory Board (RAB) comments. Comments received from the RAB must be submitted by the PHA as an attachment to the PHA</li> <li>(g) Plan. PHAs must also include a narrative describing their analysis of the recommendations and the decisions made on these recommendations.</li> <li>(h) Challenged Elements</li> <li>(i) Form HUD-50075.1, <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i> (PHAs receiving CFP grants only)</li> <li>(j) Form HUD-50075.2, <i>Capital Fund Program Five-Year Action Plan</i> (PHAs receiving CFP grants only)</li> </ul>

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced 5-Year and Annual PHA Plans. The 5-Year and Annual PHA plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission and strategies for serving the needs of low-income and very low-income families. This form is to be used by all PHA types for submission of the 5-Year and Annual Plans to HUD. Public reporting burden for this information collection is estimated to average 12.68 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

**Privacy Act Notice.** The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated there under at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality

## Instructions form HUD-50075

**Applicability.** This form is to be used by all Public Housing Agencies (PHAs) with Fiscal Year beginning April 1, 2008 for the submission of their 5-Year and Annual Plan in accordance with 24 CFR Part 903. The previous version may be used only through April 30, 2008.

### **1.0 PHA Information**

Include the full PHA name, PHA code, PHA type, and PHA Fiscal Year Beginning (MM/YYYY).

### **2.0 Inventory**

Under each program, enter the number of Annual Contributions Contract (ACC) Public Housing (PH) and Section 8 units (HCV).

### **3.0 Submission Type**

Indicate whether this submission is for an Annual and Five Year Plan, Annual Plan only, or 5-Year Plan only.

### **4.0 PHA Consortia**

Check box if submitting a Joint PHA Plan and complete the table.

### **5.0 Five-Year Plan**

Identify the PHA's Mission, Goals and/or Objectives (24 CFR 903.6). Complete only at 5-Year update.

**5.1 Mission.** A statement of the mission of the public housing agency for serving the needs of low-income, very low-income, and extremely low-income families in the jurisdiction of the PHA during the years covered under the plan.

**5.2 Goals and Objectives.** Identify quantifiable goals and objectives that will enable the PHA to serve the needs of low income, very low-income, and extremely low-income families.

**6.0 PHA Plan Update.** In addition to the items captured in the Plan template, PHAs must have the elements listed below readily available to the public. Additionally, a PHA must:

- (a) Identify specifically which plan elements have been revised since the PHA's prior plan submission.
- (b) Identify where the 5-Year and Annual Plan may be obtained by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on its official website. PHAs are also encouraged to provide each resident council a copy of its 5-Year and Annual Plan.

#### **PHA Plan Elements.** (24 CFR 903.7)

1. **Eligibility, Selection and Admissions Policies, including Deconcentration and Wait List Procedures.** Describe the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV and unit assignment policies for public housing; and procedures for maintaining waiting lists for admission to public housing and address any site-based waiting lists.

2. **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA Operating, Capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources.

3. **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units.

4. **Operation and Management.** A statement of the rules, standards, and policies of the PHA governing maintenance management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA.

5. **Grievance Procedures.** A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants.

6. **Designated Housing for Elderly and Disabled Families.** With respect to public housing projects owned, assisted, or operated by the PHA, describe any projects (or portions thereof), in the upcoming fiscal year, that the PHA has designated or will apply for designation for occupancy by elderly and disabled families. The description shall include the following information: **1)** development name and number; **2)** designation type; **3)** application status; **4)** date the designation was approved, submitted, or planned for submission, and; **5)** the number of units affected.

7. **Community Service and Self-Sufficiency.** A description of: **(1)** Any programs relating to services and amenities provided or offered to assisted families; **(2)** Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS; **(3)** How the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. **(Note: applies to only public housing).**

8. **Safety and Crime Prevention.** For public housing only, describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must include: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities.

9. **Pets.** A statement describing the PHAs policies and requirements pertaining to the ownership of pets in public housing.
10. **Civil Rights Certification.** A PHA will be considered in compliance with the Civil Rights and AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction.
11. **Fiscal Year Audit.** The results of the most recent fiscal year audit for the PHA.
12. **Asset Management.** A statement of how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory.
13. **Violence Against Women Act (VAWA).** A description of: **1)** Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; **2)** Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and **3)** Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families.

**7.0 Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers**

- (a) **Hope VI or Mixed Finance Modernization or Development.**
  - 1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Mixed Finance Modernization or Development; and
  - 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI, Mixed Finance Modernization or Development, is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>
- (b) **Demolition and/or Disposition.** With respect to public housing projects owned by the PHA and subject to ACCs under the Act: **(1)** A description of any housing (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and **(2)** A timetable for the demolition or disposition. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD's website at: [http://www.hud.gov/offices/pih/centers/sac/demo\\_dispo/index.cfm](http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm)  
**Note:** This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed.
- (c) **Conversion of Public Housing.** With respect to public housing owned by a PHA: **1)** A description of any building or buildings (including project number and unit count) that the PHA is required to convert to tenant-based assistance or that the public housing agency plans to voluntarily convert;

**2)** An analysis of the projects or buildings required to be converted; and **3)** A statement of the amount of assistance received under this chapter to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>

- (d) **Homeownership.** A description of any homeownership (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval.
- (e) **Project-based Vouchers.** If the PHA wishes to use the project-based voucher program, a statement of the projected number of project-based units and general locations and how project basing would be consistent with its PHA Plan.

**8.0 Capital Improvements.** This section provides information on a PHA's Capital Fund Program. With respect to public housing projects owned, assisted, or operated by the public housing agency, a plan describing the capital improvements necessary to ensure long-term physical and social viability of the projects must be completed along with the required forms. Items identified in 8.1 through 8.3, must be signed where directed and transmitted electronically along with the PHA's Annual Plan submission.

**8.1 Capital Fund Program Annual Statement/Performance and Evaluation Report.** PHAs must complete the *Capital Fund Program Annual Statement/Performance and Evaluation Report* (form HUD-50075.1), for each Capital Fund Program (CFP) to be undertaken with the current year's CFP funds or with CFFP proceeds. Additionally, the form shall be used for the following purposes:

- (a) To submit the initial budget for a new grant or CFFP;
- (b) To report on the Performance and Evaluation Report progress on any open grants previously funded or CFFP; and
- (c) To record a budget revision on a previously approved open grant or CFFP, e.g., additions or deletions of work items, modification of budgeted amounts that have been undertaken since the submission of the last Annual Plan. The Capital Fund Program Annual Statement/Performance and Evaluation Report must be submitted annually.

Additionally, PHAs shall complete the Performance and Evaluation Report section (see footnote 2) of the *Capital Fund Program Annual Statement/Performance and Evaluation* (form HUD-50075.1), at the following times:

1. At the end of the program year; until the program is completed or all funds are expended;
2. When revisions to the Annual Statement are made, which do not require prior HUD approval, (e.g., expenditures for emergency work, revisions resulting from the PHAs application of fungibility); and
3. Upon completion or termination of the activities funded in a specific capital fund program year.

**8.2 Capital Fund Program Five-Year Action Plan**

PHAs must submit the *Capital Fund Program Five-Year Action Plan* (form HUD-50075.2) for the entire PHA portfolio for the first year of participation in the CFP and annual update thereafter to eliminate the previous year and to add a new fifth year (rolling basis) so that the form always covers the present five-year period beginning with the current year.

**8.3 Capital Fund Financing Program (CFFP).** Separate, written HUD approval is required if the PHA proposes to pledge any portion of its CFP/RHF funds to repay debt incurred to finance capital improvements. The PHA must identify in its Annual and 5-

year capital plans the amount of the annual payments required to service the debt. The PHA must also submit an annual statement detailing the use of the CFFP proceeds. See guidance on HUD's website at:

<http://www.hud.gov/offices/pih/programs/ph/capfund/cffp.cfm>

**9.0 Housing Needs.** Provide a statement of the housing needs of families residing in the jurisdiction served by the PHA and the means by which the PHA intends, to the maximum extent practicable, to address those needs. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**

**9.1 Strategy for Addressing Housing Needs.** Provide a description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**

**10.0 Additional Information.** Describe the following, as well as any additional information requested by HUD:

- (a) **Progress in Meeting Mission and Goals.** PHAs must include (i) a statement of the PHAs progress in meeting the mission and goals described in the 5-Year Plan; (ii) the basic criteria the PHA will use for determining a significant amendment from its 5-year Plan; and a significant amendment or modification to its 5-Year Plan and Annual Plan. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**
- (b) **Significant Amendment and Substantial Deviation/Modification.** PHA must provide the definition of "significant amendment" and "substantial deviation/modification". **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan.)**

- (c) PHAs must include or reference any applicable memorandum of agreement with HUD or any plan to improve performance. **(Note: Standard and Troubled PHAs complete annually).**

**11.0 Required Submission for HUD Field Office Review.** In order to be a complete package, PHAs must submit items (a) through (g), with signature by mail or electronically with scanned signatures. Items (h) and (i) shall be submitted electronically as an attachment to the PHA Plan.

- (a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations*
- (b) Form HUD-50070, *Certification for a Drug-Free Workplace (PHAs receiving CFP grants only)*
- (c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions (PHAs receiving CFP grants only)*
- (d) Form SF-LLL, *Disclosure of Lobbying Activities (PHAs receiving CFP grants only)*
- (e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet (PHAs receiving CFP grants only)*
- (f) Resident Advisory Board (RAB) comments.
- (g) Challenged Elements. Include any element(s) of the PHA Plan that is challenged.
- (h) Form HUD-50075.1, *Capital Fund Program Annual Statement/Performance and Evaluation Report (Must be attached electronically for PHAs receiving CFP grants only)*. See instructions in 8.1.
- (i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan (Must be attached electronically for PHAs receiving CFP grants only)*. See instructions in 8.2.

11

**BOARD ACTION REQUEST**

**OFFICE OF COLONIA INITIATIVES**

**JULY 30, 2015**

Presentation, Discussion, and Possible Action on Colonia Self Help Center (“Colonia SHC”) Program Award to Starr County in accordance with Section 2306.582 of the Texas Government Code through Community Development Block Grant (“CDBG”) Funding.

**RECOMMENDED ACTION**

**WHEREAS**, the Department is required to establish Colonia SHCs in Cameron/Willacy, El Paso, Hidalgo, Starr and Webb counties;

**WHEREAS**, in 2001 the Department opened two additional Colonia SHCs in Maverick and Val Verde counties as authorized by Section 2306.582 of the Texas Government Code to address the needs of colonias in these counties;

**WHEREAS**, in accordance with Section 2306.585(b) of the Texas Government Code the Department is required to meet with the Colonia Resident Advisory Committee (“C-RAC”) at least 30 days prior to the Board’s consideration of a Colonia SHC award;

**WHEREAS**, on May 7, 2015, the Department met with the C-RAC to discuss the funding proposal for Starr County and the C-RAC recommended awarding funds to Starr County;

**WHEREAS**, the awardee has been recommended by the Executive Award and Review Advisory Committee for funding and

**WHEREAS**, this award will make available CDBG funding to serve Starr County with the Colonia SHC Program;

**NOW, therefore, it is hereby**

**RESOLVED**, that the Executive Director is hereby authorized to make an award of CDBG funding under the Colonia SHC Program to Starr County in the amount of \$700,000 from Program Year (PY) 2014 and deobligated funds from previous years.

## **BACKGROUND**

### **Colonia Self-Help Centers Program**

The Colonia SHC Program was created in 1995 by the 74<sup>th</sup> Texas Legislature. The purpose of a Colonia SHC is to assist individuals and families of low-income and very low-income to finance, refinance, construct, improve or maintain a safe, suitable home in the designated colonia service area or in another area that the Department has determined is suitable. Pursuant to Subchapter Z of Chapter 2306 of the Texas Government Code, the Department established Colonia SHCs in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties. Statute allows for Colonia SHCs to be established in any other county if TDHCA deems it necessary and appropriate and if the county is designated an economically distressed area under Chapter 17 of the Water Code. In 2001, TDHCA established additional centers in Maverick and Val Verde counties.

The Department allocates no more than \$1,000,000 per Colonia SHC contract in accordance with 10 TAC §25.5. If there are insufficient funds available from an award year to fund a county's proposal fully, the county may accept the amount available at that time and wait for the remainder to be funded utilizing the allocation from the subsequent year.

In consultation with the C-RAC and the counties, TDHCA designates five colonias in each county service area to receive concentrated attention from that Colonia SHC. The C-RAC advises the TDHCA Governing Board regarding the needs of the colonia residents, programs that are appropriate and effective for Colonia SHCs, and activities that may be undertaken to better serve colonia residents. Counties submitting Colonia SHC funding proposals must include a needs assessment for each identified colonia, accompanied by a customized scope of work based on the assessment and the eligible activities defined in statute and the Program Rules. On May 7, 2015, C-RAC convened at the Starr County Colonia SHC for a presentation by Starr County of its proposal and scope of work.

### **Colonia SHC Funding**

The Colonia SHCs are funded through a 2.5% set-aside (approximately \$1.5 million per year) of the annual Texas Community Development Block Grant ("TxCDBG") non-entitlement allocation to the state of Texas. The Texas Department of Agriculture ("TDA") receives the allocation from the U.S. Department of Housing and Urban Development, and TDA and TDHCA together manage TxCDBG funds and implement the Colonia SHC Program through a Memorandum of Understanding. The Colonia SHC contracts are four years long per §2306.587 of the Texas Government Code. Administrators that complete all contractual requirements before the end of the contract period may submit proposals for new funding depending on funding availability.

**Colonia SHC Award Description for Starr County**

**Contractor:** Starr County

**Contact:** The Honorable Eloy Vera, County Judge

**Purpose of Contract:** Starr County shall serve the following five colonias: Mesquite #1, Treviño’s, Share 52, Venencia, and Victoria. The county proposes the following housing and community development activities:

<b>Performance Activity</b>	<b>Proposed</b>	<b>Budget</b>
<b>Public Service</b>		<b>\$56,000</b>
<i>Technology Access</i>	<b>400 visits</b>	
<i>Tool Library</i>	<b>400 checkouts</b>	
<i>Technology Classes</i>	<b>15 classes</b>	
<i>Construction Skills Classes</i>	<b>15 classes</b>	
<b>Residential Rehabilitation</b>	<b>18 homes</b>	<b>\$539,000</b>
<b>Administration</b>		<b>\$105,000</b>
<b>Total</b>		<b>\$700,000</b>

The Colonia SHC contract will benefit an estimated 1,746 persons, of which 1,746 or 100% are of low-to-moderate income. This is Starr County’s fifth Colonia SHC contract.



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BOARD ACTION REQUEST  
COMMUNITY AFFAIRS DIVISION  
JULY 30, 2015

Presentation, Discussion, and Possible Action on the Federal Fiscal Year 2016-2017 Community Services Block Grant Application and State Plan and Awards for submission to the U.S. Department of Health and Human Services.

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs ("TDHCA") develops and submits an Application and State Plan to the U.S. Department of Health and Human Services ("USHHS") every other year to administer the Community Services Block Grant ("CSBG");

WHEREAS, the Department received grant guidance on development of the Application and State Plan plan from USHHS on May 20, 2015, and presented a Draft Federal Fiscal Year ("FFY") 2016-2017 Application and State Plan to the June 16, 2015, TDHCA Board meeting to release for public comment and

WHEREAS, the Department has prepared the Final FFY 2016-2017 CSBG Application and State Plan to include authorization to award funds and to reflect public comment received, non-substantive corrections, and USHHS guidance;

NOW, therefore, it is hereby

RESOLVED, that the Final FFY 2016-2017 CSBG Application and State Plan, in the form presented to this meeting, is hereby approved for submission to the USHHS and

FURTHER RESOLVED, that the Executive Director or his designee are hereby authorized, empowered, and directed, for and on behalf of this Board to contract for the awards represented in the Plan and in connection therewith to execute, deliver, and cause to be performed such amendments, documents, and other writings as they or any of them may deem necessary or advisable to effectuate the foregoing.

BACKGROUND

The Department develops and submits a CSBG Application and State Plan every other year on or before September 1 to USHHS. USHHS provides a model plan to guide the format and content. Upon approval by the Board on June 16, 2015, the draft was released for public comment. The public comment period was open from June 16, 2015, to July 14, 2015, and public hearings were held in several locations around the state. The Department received comment from several organizations; a summary with Department response follows.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter A, §1.5) requires a review of CSBG awards prior to recommendation to the Board. Except as noted below, the Executive Award and Review Advisory Committee (“EARAC”) has approved all of the awards in the Plan conditioned on receipt of any required Single Audit and resolution of any findings noted in the Single Audit Report to the satisfaction of the Department. EARAC has not reviewed the award, or has conditioned the award for the following entities:

Table 1: Agency Recommendation Status

Agency	Recommendation Status
Cameron and Willacy County Community Projects, Inc.	EARAC has not yet considered a recommendation for an award.
Community Services Agency of South Texas	Approved for an award conditioned on their provision of proof of insurance and proof of being current on taxes (or possessing a valid tax exemption) on HOME multifamily loan numbers 539110, 535253 and 530201 prior to contract execution.
Community Services Inc	Approved for an award conditioned on Department receipt and approval of cost allocation plan prior to contract execution.
Northeast Texas Opportunities, Inc.	EARAC has not yet considered a recommendation for an award.
South East Texas Regional Planning Commission	Approved for an award conditioned on Department confirmation that all compliance findings have been corrected prior to contract execution.
South Plains Community Action Association, Inc.	EARAC has not yet considered a recommendation for an award.
Urban League of Greater Dallas, Inc.	EARAC has not yet considered a recommendation for an award.
Webb County Community Action Agency	EARAC has not yet considered a recommendation for an award.

While the information above reflects five specific agencies that have not yet been recommended for an award, the funding table of the Plan does provide for their formula derived funding to be reserved for those areas of the state. When the awards are reviewed, EARAC may impose conditions up to and including suspension of funding access pending resolution of material compliance matters and/or initiation of proceedings to reduce funding and/or terminate eligible entity status, if warranted.

Attachment A: Summary of Public Comments and Staff Recommendations Related to FFY 2016 and 2017 Community Services Block Grant ("CSBG") Application and State Plan

SUMMARY OF PUBLIC COMMENT AND STAFF RECOMMENDATIONS.

Comments were accepted at public hearings held across the State from July 7 thru 13<sup>th</sup> and comments were also accepted in writing. Public comments were accepted beginning June 17, 2015 through July 14, 2015. The Department's response to all comments received is set out below. The comments and responses include both administrative clarifications and corrections and the corresponding Departmental responses. Comments and responses are presented in order as they appear in the CSBG State Plan, with comments received from:

- (1) Stella Rodriguez, Executive Director, Texas Association of Community Action Agencies
- (2) Mark Bethune, Executive Director, Concho Valley Community Action Agency
- (3) Bobby Deike, Executive Director, Community Council of South Central Texas
- (4) Karen Swenson, Executive Director, Greater East Texas Community Action Program
- (5) Kristie Smith, Executive Director, Economic Action Committee of the Gulf Coast
- (6) Emma Vasquez, Executive Director, Big Bend Community Action Agency
- (7) Sonia Singleton, Assistant Director, City of Fort Worth, Parks and Community Services Department
- (8) Kelly Franke, Executive Director, Combined Community Action
- (9) Vicki Smith, Executive Director, Community Action Committee of Victoria Texas
- (10) Sunny Erwin, Director of Community Services, Texas Neighborhood Services
- (11) Deborah Vasquez, Social Services Manager, City of San Antonio, Department of Human Services
- (12) Rick Chavana, Mis Cuentas, Inc., Austin, Texas
- (13) Jenny Dunston, citizen of Houston, Texas

Section 3 State Plan Development and Statewide Goals

3.2 State Plan Goals

COMMENT SUMMARY (1, 2, 3, 4, 5, 7, 8, 9, 10, 12): Commenters recommend that Subrecipients not be mandated to address homelessness, especially if the need was not identified in their local community needs assessment. Commenters stated that other funding such as the Emergency Solutions Grant is utilized to serve those who are homeless; that homelessness is not prevalent in many rural areas of Texas

STAFF RESPONSE: The language included in the Draft State Plan identified the homeless populations served by Community Affairs Division Programs, which includes CSBG and other homeless grants administered by the Division. Staff has amended the plan to remove reference to the homeless population and to only encompass CSBG-specific activities.

Section 6 Organizational Standards for Eligible Entities

6.4 Assessment of Eligible Entities against Organizational Standards

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11): Commenters requested that staff insert an explanation to the "Other" box which is selected, since the Department is asked to assess eligible entities against organizational standards.

STAFF RESPONSE: Staff has amended the plan to add an explanation that “Other” refers to desk and monitoring reviews.

#### 6.4a Description of the Assessment Process.

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11): Commenters recommend that staff amend the language so that desk reviews of documents will be conducted electronically, allow a 30 day advance notice along with a list of documents to be requested prior to desk reviews and on-site monitoring visits; and that monitoring reports will be provided to Subrecipients within 30 days after completion of a desk review or an on-site monitoring.

STAFF RESPONSE: Staff has amended the plan to include: assurance of a 30-day advance notice of the desk review with the caveat that due to extenuating circumstances, this may not apply to all reviews; assurance that the Department will provide subrecipients with a list of documents required for the review prior to the commencement of the desk review; assurance that the Department will provide the list to the Subrecipients within 10 business days of the review; assurance that the Subrecipient will then have a minimum of 5 business days to submit the requested documents; assurance that upon completion of the review, the Department will issue a report of the results of the assessment of compliance with Organizational Standards within 30 days of the completion of the review, with the caveat that if extenuating circumstances are present, the report will be submitted within 60 days of the completion of the review.

Staff further amended the plan to delete the paragraph that discussed peer review. The Department will continue to study the feasibility of a peer review process.

### Section 7 State Use of Funds

#### 7.9 Remainder/Discretionary Funds

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11): Commenters recommend that the Department not utilize discretionary funds for state staff to provide training and technical assistance and should utilize discretionary funds to financially support eight certified ROMA trainers from the network of Subrecipients for travel and training and technical assistance activities offered to their peers.

STAFF RESPONSE: The Department has two certified ROMA trainers and will soon have an additional ROMA trainer on staff. Subrecipients who desire training for ROMA can submit requests for training from Department staff at no cost to their program. Subrecipients are free to procure certified ROMA trainers other than Department staff. The CSBG ACT allows for the use of their CSBG allocation to pay for the services of a certified ROMA trainer.

Staff recommends no change to the plan based on this comment.

### Section 8 State Training and Technical Assistance

#### 8.3 Types of Training and/or Technical Assistance Providers

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11): Commenters request that staff include an explanation for the "Other" box which is selected.

STAFF RESPONSE: The box was selected in error. Staff has amended the State Plan to remove the check box from "Other."

## Section 9 State Linkages and Communication

### 9.9 Communication with Eligible Entities and the State Community Action Association

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11): Commenters suggested that though the "Meetings/Presentation" box is selected in several columns of the Communication Plan table, it is highly recommended that in-person statewide meetings be held with the network.

STAFF RESPONSE: In a state the size of Texas, it is logistically difficult for staff to hold statewide, in-person meetings with subrecipient agencies. Staff takes advantage of many opportunities to meet in person with the network. Department executives and the Community Affairs Division Director meet with the Texas Association of Community Action Agencies ("TACAA") board of directors at their quarterly meetings. Department executives and staff attend and participate in TACAA's annual conference where most CSBG subrecipients are present. Staff uses technology to communicate with subrecipients, including quarterly phone conferences with the network, communications sent to the network via e-mail, and through one-on-one training and technical assistance over the phone.

Staff recommends no change to the plan based on this comment.

## Section 13 ROMA System

### 13.1, 13.1a, 13.1b ROMA Participation

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11): Commenters recommend that staff clarify this section. The response to 13.1a and 13.1b will vary depending on the boxes checked in 13.1.

STAFF RESPONSE: Staff has amended the plan to remove the check box for "an alternative system" and to check the box for "ROMA." No change was made to 13.1a. Staff removed the text that was in 13.1b.

## Section 14 CSBG Programmatic Assurances and Information Narrative

### 14.1a Use of Funds Supporting Local Activities

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11): Commenters recommend that, in an effort for Subrecipients ensure proper implementation of their Community Action Plans ("CAP"), the Department should include a statement in the CSBG State Plan that the Department will review and officially accept CAPs with notification to the Subrecipient one month prior to execution of a contract.

STAFF RESPONSE: Two requests are being made here – first, that the Department will review the CAP. Staff in the Community Affairs Division does receive and review CAPs and will continue to do so. The other part of the request is that we ensure proper implementation. While staff does provide technical

assistance to ensure that the proposed activities are eligible activities, ensuring proper implementation of the CAP is an after-the-fact determination that is accomplished through the Department's monitoring function, not something that can be approved in advance. This section of the plan requests a statement regarding the first issue.

Staff recommends no change to the plan based on this comment.

#### 14.4 Eligible Entity Emergency Food and Nutrition Services

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10): Commenters recommend that congregate and home-delivered senior nutrition meal services be an included activity for CSBG resulting in reporting of these services.

STAFF RESPONSE: This assurance relates to subrecipients providing nutritious food and related services on an emergency basis. CSBG funds may be utilized to support congregate and home-delivered senior nutrition meals. While the CSBG National Performance Indicators, which are created at the national level, do not have an indicator to report this specific activity, there are indicators that capture the amount of food distributed.

Staff recommends no change to the plan based on this comment.

#### General Comments on State Plan

COMMENT SUMMARY (12): Commenter states that Section 13 does not address the absolute and the relative poverty issues. Commenter recommends that the Department implement some metrics that allow for those measurements. Commenter recommends implementation of a bill-paying management program for clients, so that persons can begin to understand and manage their bills. The commenter further recommends client access to credit reports and education to help them understand the reports and how to report disputes and manage their scores effectively. The commenter further recommends that an asset-building component that allows for matching dollars to Individual Development Accounts be a part of the plan. Lastly, the commenter recommends a component that allows for an outreach program for individuals to receive counseling to discuss their stresses in regards to their money.

STAFF RESPONSE: Staff appreciates the recommendations presented. CSBG funds may be utilized by subrecipients to support any of the recommended activities and thinks each subrecipient should provide these types of solutions via their CAP and based on their Needs Assessment. Staff will continue to explore resources to share with CSBG Eligible Entities related to financial empowerment.

COMMENT SUMMARY (13): Commenter suggests that the CSBG be used to assist community residents who are U.S. citizens seeking to transition out of poverty by providing technical programs and training that will aid the community in getting entry-level jobs. Commenter suggests such training as welding, commercial truck driving, petrochemical, or other jobs that do not require two years of education.

STAFF RESPONSE: Staff appreciates the comments and encourages CSBG subrecipients to utilize CSBG

funds to assist persons to transition out of poverty in a manner that meets the needs of the clients. CSBG funds may be utilized by subrecipients to pay for educational programs and job training suggested by the commenter. Each subrecipient should provide these types of solutions via their CAP and based on their Needs Assessment.



Estimated CSBG PY 2016 Program Awards

	CSBG Eligible Entity	Estimated 2016 Allocation
1	Aspermont Small Business Development Center, Inc.	\$150,000
2	Big Bend Community Action Committee, Inc.	\$150,000
3	Brazos Valley Community Action Agency	\$991,880
4	Cameron and Willacy Counties Community Projects, Inc.*	\$897,019
5	Central Texas Opportunities, Inc.	\$186,868
6	City of Austin, Health and Human Services Department	\$1,092,540
7	City of Fort Worth, Parks and Community Services Department	\$1,660,378
8	City of Lubbock, Community Development Department	\$369,785
9	City of San Antonio, Department of Human Services	\$1,879,398
10	Combined Community Action, Inc.	\$194,548
11	Community Action Committee of Victoria Texas	\$308,395
12	Community Action Corporation of South Texas	\$282,649
13	Community Action Inc. of Central Texas	\$248,712
14	Community Action Social Services & Education	\$151,688
15	Community Council of South Central Texas, Inc.	\$645,818
16	Community Services Agency of South Texas*	\$150,000
17	Community Services of Northeast Texas, Inc.	\$230,121
18	Community Services, Inc.*	\$1,337,834
19	Concho Valley Community Action Agency	\$226,154
20	Economic Action Committee of the Gulf Coast	\$150,000
21	Economic Opportunities Advancement Corporation of Planning Region XI	\$456,197
22	El Paso Community Action Program, Project Bravo, Inc.	\$1,222,376
23	Galveston County Community Action Council, Inc.	\$842,098
24	Greater East Texas Community Action Program ("GETCAP")	\$846,188
25	Gulf Coast Community Services Association	\$4,508,898
26	Hidalgo County, Texas-County of Hidalgo Community Service Agency	\$1,589,572
27	Hill Country Community Action Association, Inc.	\$482,891
28	North East Texas Opportunities, Inc.*	\$228,436
29	Nueces County Community Action Agency	\$434,456
30	Panhandle Community Services	\$531,102
31	Pecos County Community Action Agency	\$150,000
32	Rolling Plains Management Corporation	\$419,300
33	South East Texas Regional Planning Commission*	\$440,292
34	South Plains Community Action Association, Inc.	\$263,864
35	South Texas Development Council	\$223,848

	CSBG Eligible Entity	Estimated 2016 Allocation
36	Texas Neighborhood Services	\$397,421
37	Texoma Council of Governments	\$231,981
38	Tri-County Community Action, Inc.	\$309,299
39	Urban League of Greater Dallas and North Central Texas*	\$2,836,657
40	Webb County Community Action Agency*	\$488,439
41	West Texas Opportunities, Inc.	\$545,576
42	Williamson-Burnet County Opportunities, Inc.	\$287,889
	Total	\$29,040,567

\*See "Table 1: Agency Recommendation Status"



STATE OF TEXAS FFY 2016 and FFY 2017  
COMMUNITY SERVICES BLOCK GRANT APPLICATION  
AND STATE PLAN

**To be Submitted to**  
**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

August 2015

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
Street Address: 221 East 11th Street, Austin, TX 78701 Mailing Address: PO Box 13941, Austin, TX 78711  
Main Number: 512-475-3800 Toll Free: 1-800-525-0657  
Email: [info@tdhca.state.tx.us](mailto:info@tdhca.state.tx.us) Web: [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

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Note: Throughout the document, you will see a note which reads: "If this is the first year filling out the automated State Plan, skip the following question." The Texas 2016 & 2017 CSBG State Plan is the first year that the Texas Department of Housing and Community Affairs is using the new automated CSBG State Plan system required by the U.S. Department of Health and Human Services. Therefore, those questions which have the referenced statement will not be answered and we have noted non-applicable.

## SECTION 1

### CSBG Lead Agency, CSBG Authorized Official, CSBG Point of Contact, and Official State Designation Letter

- 1.1. Provide the following information in relation to the lead agency designated to administer CSBG in the State, as required by Section 676(a) of the CSBG Act. The following information should mirror the information provided on the Application for Federal Assistance, SF-424M.
- 1.1a. Lead agency [Texas Department of Housing and Community Affairs]
- 1.1b. Cabinet or administrative department of this lead agency [Check One and narrative where applicable]
- Community Services Department
  - Human Services Department
  - Social Services Department
  - Governor's Office
  - Community Affairs Department
  - Other, describe:
- 1.1c. Division, bureau, or office of the CSBG authorized official [Planning, Training, and Technical Assistance Division]
- 1.1d. Authorized official of the lead agency [Mr. Tim Irvine, Executive Director]
- Instructional note: The authorized official could be the director, secretary, commissioner etc. as assigned in the designation letter (attached under item 1.3). The authorized official is the person indicated as authorized representative on the SF-424M.
- 1.1e. Street address [221 East 11<sup>th</sup> Street]
- 1.1f. City [Austin]
- 1.1g. State [Texas]
- 1.1h. Zip [78701]
- 1.1i. Telephone number and extension [512-475-3296]
- 1.1j. Fax number [512-475-3935]
- 1.1k. Email address [tim.irvine@tdhca.state.tx.us]

1.1l. Lead agency website [[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)]

1.2. Provide the following information in relation to the designated State CSBG point of contact.

Instructional Note: The State CSBG point of contact should be the person that will be the main point of contact for CSBG within the State.

1.2a. Agency name [Texas Department of Housing and Community Affairs]

1.2b. Name of the point of contact [Michael DeYoung]

1.2c. Street address [221 East 11<sup>th</sup> Street]

1.2d. City [Austin]

1.2e. State [Texas]

1.2f. Zip [78701]

1.2g. Point of contact telephone number [512-475-2125]

1.2h. Fax number [512-475-3935]

1.2i. Point of contact email address [[michael.deyoung@tdhca.state.tx.us](mailto:michael.deyoung@tdhca.state.tx.us)]

1.2j. Point of contact agency website [[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)]

1.3. Designation Letter: Attach the State's official CSBG designation letter. If either the governor or designated agency has changed, update the letter accordingly. [Attach a document]

Instructional Note: The letter should be from the chief executive officer of the State and include, at minimum, the designated State CSBG lead agency and title of the authorized official of the lead agency who is to administer the CSBG grant award.

Per state law, programmatic designations to a State Agency from the Governor remain in effect unless rescinded.

## SECTION 2

### State Legislation and Regulation

2.1. CSBG State Legislation: Does the State have a statute authorizing CSBG?  Yes  No

2.2. CSBG State Regulation: Does the State have regulations for CSBG?  Yes  No

2.3. If yes was selected in item 2.1 or 2.2, attach a copy (or copies) of legislation and/or regulations or provide a hyperlink(s), as appropriate. [Attach a document and/or provide a link] Link:

Texas Government Code, Section 2105

<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2105.htm>

Texas Government Code, Section 2306.097:

<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2306.htm>

Texas Administrative Code, 10 TAC, Chapter 1, Subchapter A:

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac\\_view=5&ti=10&pt=1&ch=1&sch=A&rl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=1&sch=A&rl=Y)

Texas Administrative Code, 10 TAC, Chapter 2:

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac\\_view=4&ti=10&pt=1&ch=2](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=10&pt=1&ch=2)

Texas Administrative Code, 10 TAC, Chapter 5, Subchapter A:

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac\\_view=5&ti=10&pt=1&ch=5&sch=A&rl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=5&sch=A&rl=Y)

Texas Administrative Code, 10 TAC, Chapter 5, Subchapter B:

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac\\_view=5&ti=10&pt=1&ch=5&sch=B&rl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=5&sch=B&rl=Y)

2.4. State Authority: Select a response for each question about the State statute and/or regulations authorizing CSBG:

2.4a. Did the State legislature enact authorizing legislation, or amendments to an existing authorizing statute, last year?  Yes  No

2.4b. Did the State establish or amend regulations for CSBG last year?  Yes  No

2.4c. Does the State statutory or regulatory authority designate the bureau, division, or office in the State government that is to be the State administering agency?

Yes  No



## SECTION 3

### State Plan Development and Statewide Goals

- 3.1. CSBG Lead Agency Mission and Responsibilities: Briefly describe the mission and responsibilities of the State agency that serves as the CSBG lead agency. [Narrative:

The mission of the Texas Department of Housing and Community Affairs is to administer its assigned programs effectively, transparently, and lawfully and to invest its resources strategically and develop high quality affordable housing which allows Texas communities to thrive.

The Department accomplishes this mission by acting as a conduit for federal grant funds for housing and community services. However, because several major housing programs require the participation of private investors and private lenders, TDHCA also operates as a housing finance agency.

Ensuring program compliance with the many state and federal laws that govern housing programs is another important part of the Department's mission. This ensures the health and safety of TDHCA's housing portfolio and guarantees state and federal resources are expended in an efficient and effective manner.

TDHCA also serves as a financial and administrative resource that helps provide essential services and affordable housing opportunities to Texans who qualify for this assistance based on their income level. Additionally, the Department is a resource for educational materials and technical assistance for housing, housing related, and community services matters. ]

- 3.2. State Plan Goals: Describe the State's CSBG-specific goals for State administration of CSBG under this State Plan. [Narrative: The Agency's Strategic Plan for Fiscal Years 2015-19 includes the following measures related to CSBG:

Objective: To ease hardship of poverty of 7 percent of the population of very low income persons each year.

Strategy 1: Administer poverty-related federal funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

Outcome Measures:

1. Percent of eligible population that received poverty-related assistance (Note: this includes CSBG and other grants)
2. Percent of persons assisted that achieve incomes above poverty level.

Output Measures:

1. Number of persons assisted through ~~homeless and~~ poverty-related funds (Note: this includes CSBG and other grants)
2. Number of persons that achieve incomes above poverty level
3. Number of persons assisted by the Community Services Block Grant]

Instructional Note: For examples of “goals,” see State Accountability Measure 1Sa(i).

Note: This information is associated with State Accountability Measure 1Sa(i) and may pre-populate the State’s annual report form.

- 3.3. State Plan Development: Indicate the information and input the State accessed to develop this State Plan.

3.3a. Analysis of [Check all that applies and narrative where applicable]

- State Performance Indicators and/or National Performance Indicators (NPIs)
- U.S. Census data
- State performance management data (e.g., accountability measures, ACSI survey information, and/or other information from annual reports)
- Other data (describe) [Narrative, 2500 characters]
- Eligible entity community needs assessments
- Eligible entity plans
- Other information from eligible entities, e.g., State required reports (describe) [Narrative, 2500 characters]

3.3b. Consultation with [Check all that applies and narrative where applicable]

- Eligible entities (e.g., meetings, conferences, webinars; not including the public hearing)
- State community action association and regional CSBG T & TA providers
- State partners and/or stakeholders (describe) [Narrative: The Department invites consultation with partners and stakeholders through our Executive Board Meeting, intra-agency councils, and public hearings .]
- National organizations (describe) [Narrative, 2500 characters]
- Other (describe) [Narrative, 2500 characters]

3.4. Eligible Entity Involvement

- 3.4a. Describe the specific steps the State took in developing the State Plan to involve the eligible entities. [Narrative: The State involved CSBG eligible entities and the State Association through meetings and phone conferences to discuss the use of CSBG funds. The State also developed an electronic survey for CSBG eligible

entities to provide the Department input on the use of CSBG discretionary funds and on training and technical assistance needs. The survey was administered May 2015.]

Note: This information is associated with State Accountability Measures 1Sa(ii) and may pre-populate the State's annual report form.

If this is the first year filling out the automated State Plan, skip the following question.

- 3.4b. Performance Management Adjustment: How has the State adjusted State Plan development procedures under this State Plan, as compared to past plans, in order 1) to encourage eligible entity participation and 2) to ensure the State Plan reflects input from eligible entities? Any adjustment should be based on the State's analysis of past performance in these areas, and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is not making any adjustments, provide further detail. [not applicable in 2016]

Note: This information is associated with State Accountability Measures 1Sb(i) and (ii) and may pre-populate the State's annual report form.

If this is the first year filling out the automated State Plan, skip the following question.

- 3.5. Eligible Entity Overall Satisfaction: Provide the State's target for eligible entity Overall Satisfaction during the performance period: \_\_\_\_\_. [not applicable]

Instructional Note: The State's target score will indicate improvement or maintenance of the States' Overall Satisfaction score from the most recent American Customer Survey Index (ACSI) survey of the State's eligible entities. (See information about the ACSI in the CSBG State Accountability Measures document.)

Note: Item 3.5 is associated with State Accountability Measure 8S and may pre-populate the State's annual report form.

## SECTION 4

### CSBG Hearing Requirements

- 4.1. Public Inspection: Describe how the State made this State Plan, or revision(s) to the State Plan, available for public inspection, as required under Section 676(e)(2) of the Act. [Narrative: The Draft Application and State Plan will be made available for review at the June 16, 2015 meeting of the TDHCA Executive Board. The State will hold public hearings in four locations at which the Plan will be available for review, and will post the Draft Application and State Plan on the Department’s website. A link to the website posting will be published in the Texas Register on July 3, 2015.
- 4.2. Public Notice/Hearing: Describe how the State ensured there was sufficient time and statewide distribution of notice of the public hearing(s) to allow the public to comment on the State Plan, as required under 676(a)(2)(B) of the CSBG Act. [Narrative: The State will post notice of public hearings on the Department’s website the week of June 17, 2015. CSBG eligible entities and other interested partners will be notified by e-mail on June 17, 2015. Notice of Public Hearings will be published in the Texas Register on July 3, 2015]
- 4.3. Public and Legislative Hearings: Specify the date(s) and location(s) of the public and legislative hearing(s) held by the designated lead agency for this State Plan, as required under Section 676(a)(2)(B) and Section 676(a)(3) of the Act. (If the State has not held a public hearing in the prior fiscal year and/or a legislative hearing in the last three years, provide further detail).

Instructional Note: The date(s) for the public hearing(s) must have occurred in the year prior to the first Federal fiscal year covered by this plan. Legislative hearings are held at least every three years, and must have occurred within the last three years prior to the first Federal fiscal year covered by this plan.

Austin - Tuesday, July 7, 2015, 1:30-2:30 p.m. in room 116, TDHCA headquarters 221 East 11<sup>th</sup> Street, Austin, TX  
 San Antonio - Wednesday, July 8, 2015, 6:00-8:00 p.m. at Willie Velasquez Center, 1302 N. Zaramora, San Antonio, TX  
 Houston – Thursday, July 9, 2015, 1:30-3:30 p.m. at Gulf Coast Community Services Association, 9320 Kirby Drive, Houston, TX  
 Fort Worth – Monday, July 13, 2015, 6:00-8:00 p.m. at Southside Community Center, 959 E. Rosedale, Fort Worth, TX 76104

Date	Location	Type of Hearing [Select an option]
Legislative Hearings: House Committee on Appropriations on	Texas State Capitol, Austin, Texas	<ul style="list-style-type: none"> <li>• <input type="checkbox"/> Public</li> <li>• <input checked="" type="checkbox"/> Legislative</li> <li>• <input type="checkbox"/> Combined</li> </ul>

Date	Location	Type of Hearing [Select an option]
February 18, 2015 Senate Committee on Finance on February 24, 2015		
Public Hearings:  July 7, 2015  July 8, 2015  July 9, 2015  July 13, 2015	[TDHCA headquarters 221 East 11 <sup>th</sup> Street, Austin, TX]  1302 N. Zarzamora, San Antonio, TX  9320 Kirby Drive, Houston, TX  959 E. Rosedale, Fort Worth, TX	<ul style="list-style-type: none"> <li>• <input checked="" type="checkbox"/> Public</li> <li>• <input type="checkbox"/> Legislative</li> <li>• <input type="checkbox"/> Combined</li> </ul>
ADD a ROW function Note: rows will be able to be added for each additional hearing		

**4.4.** Attach supporting documentation or a hyperlink for the public and legislative hearings. **[Attach a document or provide a hyperlink.]** Note: Texas Register Notice is to be added to Plan once notice is published.

## SECTION 5 CSBG Eligible Entities

5.1. CSBG Eligible Entities: In the table below, list each eligible entity in the State, and indicate public or private, the type(s) of entity, and the geographical area served by the entity. (This table should include every CSBG Eligible Entity to which the State plans to allocate 90 percent funds, as indicated in the table in item 7.2. Do not include entities that only receive remainder/discretionary funds from the State or tribes/tribal organizations that receive direct funding from OCS under Section 677 of the CSBG Act.)

	<b>CSBG Eligible Entity</b>	<b>Public or Nonprofit</b>	<b>Type of Agency</b>	<b>CSBG Counties Served</b>
1	Aspermont Small Business Development Center, Inc.	Nonprofit	CAA	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton
2	Austin, City of, Health and Human Services Department	Public	Local Government	Travis
3	Big Bend Community Action Committee, Inc.	Nonprofit	CAA	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio
4	Brazos Valley Community Action Agency	Nonprofit	CAA	Brazos, Burleson, Chambers, Grimes, Leon, Liberty, Madison, Montgomery, Robertson, Walker, Waller, Washington
5	Cameron and Willacy Counties Community Projects, Inc.	Nonprofit	CAA	Cameron, Willacy
6	Central Texas Opportunities, Inc.	Nonprofit	CAA	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels
7	Combined Community Action, Inc.	Nonprofit	CAA	Austin, Bastrop, Colorado, Fayette, Lee
8	Community Action Committee of Victoria Texas	Nonprofit	CAA	Aransas, Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Refugio, Victoria
9	Community Action Corporation of South Texas	Nonprofit	CAA	Bee, Brooks, Duval, Jim Wells, Kenedy, Kleberg, San Patricio
10	Community Action Inc. of Central Texas	Nonprofit	CAA	Blanco, Caldwell, Hays
11	Community Action Social Services & Education	Nonprofit	CAA	Maverick

12	Community Council of South Central Texas, Inc.	Nonprofit	CAA	Atascosa, Bandera, Comal, Edwards, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Kinney, Live Oak, McMullen, Medina, Real, Uvalde, Val Verde, Wilson, Zavala
13	Community Services Agency of South Texas	Nonprofit	CAA	Dimmit, La Salle
14	Community Services of Northeast Texas, Inc.	Nonprofit	CAA	Bowie, Cass, Marion, Morris, Camp
15	Community Services, Inc.	Nonprofit	CAA	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt
16	Concho Valley Community Action Agency	Nonprofit	CAA	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton, Tom Green
17	Dallas Urban League	Nonprofit	CAA	Dallas
18	Economic Action Committee of The Gulf Coast	Nonprofit	CAA	Matagorda
19	Economic Opportunities Advancement Corporation of Planning Region XI	Nonprofit	CAA	Bosque, Falls, Freestone, Hill, Limestone, McLennan
20	El Paso Community Action Program, Project BRAVO, Inc.	Nonprofit	CAA	El Paso
21	Fort Worth, City of, Parks & Community Services Department	Public	Local Government	Tarrant
22	Galveston County Community Action Council, Inc.	Nonprofit	CAA	Brazoria, Fort Bend, Galveston, Wharton
23	Greater East Texas Community Action Program (GETCAP)	Nonprofit	CAA	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood
24	Gulf Coast Community Services Association	Nonprofit	CAA	Harris
25	Hidalgo County Community Services Agency	Public	Local Government	Hidalgo
26	Hill Country Community Action Association, Inc.	Nonprofit	CAA	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba
27	Lubbock, City of, Community Development Department	Public	Local Government	Lubbock
28	Northeast Texas Opportunities, Inc.	Nonprofit	CAA	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus
29	Nueces County Community Action Agency	Nonprofit	CAA	Nueces

30	Panhandle Community Services	Nonprofit	CAA	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallum, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler
31	Pecos County Community Action Agency	Nonprofit	CAA	Crane, Pecos, Terrell
32	Rolling Plains Management Corporation	Nonprofit	CAA	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Mitchell, Montague, Taylor, Shackelford, Stephens, Wichita, Wilbarger, Young
33	San Antonio, City of, Department of Human Services	Public	Local Government	Bexar
34	South Plains Community Action Association, Inc.	Nonprofit	CAA	Bailey, Cochran, Crosby, Dickens, Floyd, Garza, Hale, Hockley, King, Lamb, Lynn, Motley, Terry, Yoakum
35	South Texas Development Council	Public	Local Government	Jim Hogg, Starr, Zapata
36	Southeast Texas Regional Planning Commission	Public	Local Government	Hardin, Jefferson, Orange
37	Texas Neighborhood Services	Nonprofit	CAA	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise
38	Texoma Council of Governments	Public	Local Government	Cooke, Fannin, Grayson
39	Tri-County Community Action, Inc.	Nonprofit	CAA	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur
40	Webb County Community Action Agency	Public	Local Government	Webb
41	West Texas Opportunities, Inc.	Nonprofit	CAA	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Loving, Martin, Midland, Nolan, Reeves, Scurry, Upton, Ward, Winkler
42	Williamson-Burnet County Opportunities, Inc.	Nonprofit	CAA	Burnet, Williamson



5.2. Total number of CSBG eligible entities: 42 [This will automatically update based on chart in 5.1]

5.3. Changes to Eligible Entities List: Has the list of eligible entities under item 5.1 changed since the State's last State Plan submission? If yes, briefly describe the changes.

Yes  No [If yes is selected – Narrative: Bee County Community Action Agency voluntarily relinquished CSBG eligible entity status. The Department issued a request for application and three existing eligible entities were awarded the counties formerly served by Bee County Community Action Agency. ]

Instructional Note: Limited Purpose Agency refers to an eligible entity that was designated as a limited purpose agency under title II of the Economic Opportunity Act of 1964 for fiscal year 1981, that served the general purposes of a community action agency under title II of the Economic Opportunity Act, that did not lose its designation as a limited purpose agency under title II of the Economic Opportunity Act as a result of failure to comply with that Act and that has not lost its designation as an eligible entity under the CSBG Act.

Instructional Note: 90 percent funds are the funds a State provides to eligible entities to carry out the purposes of the CSBG Act, as described under Section 675C of the CSBG Act. A State must provide "no less than 90 percent" of their CSBG allocation, under Section 675B, to the eligible entities.

## SECTION 6

### Organizational Standards for Eligible Entities

Note: Reference IM 138, State Establishment of Organizational Standards for CSBG Eligible Entities, for more information on Organizational Standards. Click [HERE](#) for IM 138.

- 6.1. Choice of Standards: Check the box that applies. If using alternative standards, a) attach the complete list of alternative organizational standards, b) describe the reasons for using alternative standards, and c) describe how the standards are at least as rigorous as the COE-developed standards.

The State will use the CSBG Organizational Standards Center of Excellence (COE) organizational standards (as described in IM 138)

The State will use an alternative set of organizational standards [Attach supporting documentation if this option is selected]

- 6.2. If the State is using the COE-developed organizational standards, does the State propose making a minor modification to the standards, as described in IM 138?  Yes  
 No

6.2a. If yes was selected in item 6.2, describe the State's proposed minor modification to the COE-developed organizational standards, and provide a rationale.

[The state must go through an administrative rulemaking to implement the organizational standards that are non-procedural in nature, and those that are not mandated by federal law. That process is expected to be complete by December 2015. Minor modifications will include the State law requirement that eligible entities follow the Texas Uniform Grant Management Standards and the State of Texas Single Audit Circular unless there has been a federal preemption. Furthermore, the information to determine if an entity is an eligible entity under Texas law may be contained in the certificate of formation not in an entity's bylaws. Thus, the State may propose to use the certification of formation where the COE uses bylaws (as applicable).

- 6.3. How will/has the State officially adopt(ed) organizational standards for eligible entities in the State in a manner consistent with the State's administrative procedures act? If "Other" is selected, provide a timeline and additional information, as necessary. [Check all that applies and narrative where applicable]

Regulation

Policy

Contracts with eligible entities

Other, describe: [Narrative, 2500 characters]

6.4. How will the State assess eligible entities against organizational standards, as described in IM 138? [Check all that applies]

- Peer-to-peer review (with validation by the State or State-authorized third party)
- Self-assessment (with validation by the State or State-authorized third party)
- Self-assessment/peer review with State risk analysis
- State-authorized third party validation
- Regular, on-site CSBG monitoring
- Other (desk and monitoring reviews)

6.4a. Describe the assessment process.

[Narrative: The Texas Department of Housing and Community Affairs is planning on assessing eligible entities' compliance with organizational standards through a desk review of documents submitted by the Subrecipients.

The subrecipient will receive a 30-day advance notice of the desk review; however due to extenuating circumstances, this may not apply to all reviews. Prior to the commencement of the desk review, the Department will provide subrecipients with a list of documents required for the review. The Department will provide the list to the Subrecipients within 10 business days of the review. The subrecipient will then have a minimum of 5 business days to submit the requested documents. Upon completion of the review, it is the goal of the Department to issue a report of the results of the assessment of compliance with Organizational Standards within 30 days of the completion of the review. However, if extenuating circumstances are present, the report will be submitted within 60 days of the completion of the review.

At least every three years, as required, an onsite monitoring visit will be performed. Greater frequency may occur if the Desk reviews indicate significant non-compliance.

Prior to the start of a new program year, subrecipients must submit documents and a certification to the Department in conjunction with the subrecipient's submission of the Community Action Plan; documents will reflect a self-assessment performed by the subrecipient. The Department will perform a desk review of the documents through completion of an instrument that will verify the self-assessment and issue a report reflecting the level of compliance the subrecipient has achieved with program rules and Organizational Standards. Follow up engagement will occur, and an onsite monitoring visit may be performed, when the Desk review identifies regulations and Organizational Standards that were not addressed in the Desk review.

Subrecipient's who are not compliant with Organizational Standards will be provided a report that details the corrective action for each instance of non-compliance. The

Subrecipient will be required to respond to the report within 30 days. The Subrecipient's response must address each instance of non-compliance and contain support documentation that reflects compliance with the specific standard. The Department will review the response and determine if the Subrecipient's response corrects the issue. If a corrective action was not performed or did not satisfy the required corrective action requirements, the Department will issue additional correspondence and the required corrective action. The Subrecipient will be provided an additional 15 days to comply with the standards. In the event that a subrecipient does not comply with the standard, the Chief of Compliance and the Compliance Manager will review whether the subrecipient requires technical assistance to become compliant and, beginning in 2017, whether a QIP will be required of the Subrecipient or a referral to the Department's Enforcement Committee is required. The Department will continue to monitor the corrective action requirement until the Subrecipient is compliant with the standard(s). ]

- 6.5. Will the State make exceptions in applying the organizational standards for any eligible entities due to special circumstances or organizational characteristics, as described in IM 138?  Yes  No

6.5a. If yes was selected in item 6.5, list the specific eligible entities the State will exempt from meeting organizational standards, and provide a description and a justification for each exemption. [Narrative, 2500 characters or attach document]

If this is the first year filling out the automated State Plan, skip the following question.

- 6.6. Performance Target: What percentage of eligible entities in the State does the State expect will meet all the State-adopted organizational standards in the next year? [Insert a percentage. Non-applicable.]

Note: This information is associated with State Accountability Measures 6Sa and may pre-populate the State's annual report form.

## SECTION 7

### State Use of Funds

Eligible Entity Allocation (90 Percent Funds) [Section 675C(a) of the CSBG Act]

7.1 Formula: Select the method (formula) that best describes the current practice for allocating CSBG funds to eligible entities. [Check one and narrative where applicable]

- Historic
- Base + Formula
- Formula Alone
- Formula with Variables
- Hold Harmless + Formula
- Other [Narrative: The Department distributes CSBG funds to CSBG eligible entities based on a distribution formula which incorporates the U.S. Census Bureau Decennial 2010 Census and data from the American Community Survey (ACS) for information on persons at 124% of poverty; a \$50,000 base; a \$150,000 floor; 98% weighted factor for poverty population; and, a 2% weighted factor for the inverse ratio of population density. The formula is applied as follows: each eligible entity receives a base award; then, the weighted factors of poverty population and population density are applied to the state's balance of the 90% funds. If the base and application of the weighted factors do not yield sufficient funds for the minimum floor per entity, then the minimum floor amount is reserved for each of those CSBG eligible entities under the floor figure. Then, the formula is re-applied to the balance of the 90% funds for distributing the remaining funds to the remaining CSBG eligible entities.]

Following the use of the decennial Census data, then on a biennial basis, the Department will use the most recent ACS 5 year estimate data that is available. To the extent that there are significant reductions in CSBG funds received by the Department, the Department may revise the CSBG distribution formula through a rulemaking process.

7.1a. Does the State statutory or regulatory authority specify the terms or formula for allocating the 90 percent funds among eligible entities?  Yes  No

7.2. Planned Allocation: Specify the planned allocation of 90 percent funds to eligible entities, as described under Section 675C(a) of the CSBG Act. The estimated allocations may be in dollars or percentages. For each eligible entity receiving funds, provide the Funding Amount in either dollars (columns 2 and 4) or percentage (columns 3 and 5) for the fiscal years covered by this plan.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter A, §1.5) requires a review of CSBG awards prior to recommendation to the Board. Except as noted below, the Executive Award and Review Advisory Committee ("EARAC") has approved all of the awards in the Plan conditioned on receipt of any required Single Audit and resolution of any findings noted in the Single Audit Report to the satisfaction of the Department. EARAC has not reviewed the award, or has conditioned the award for the following entities:

Table 1: Agency Recommendation Status

Agency	Recommendation Status
Cameron and Willacy County Community Projects, Inc.	EARAC has not yet considered a recommendation for an award.
Community Services Agency of South Texas	Approved for an award conditioned on their provision of proof of insurance and proof of being current on taxes (or possessing a valid tax exemption) on HOME multifamily loan numbers 539110, 535253 and 530201 prior to contract execution.
Community Services Inc	Approved for an award conditioned on Department receipt and approval of cost allocation plan prior to contract execution.
Northeast Texas Opportunities, Inc.	EARAC has not yet considered a recommendation for an award.
South East Texas Regional Planning Commission	Approved for an award conditioned on Department confirmation that all compliance findings have been corrected prior to contract execution.
South Plains Community Action Association, Inc.	EARAC has not yet considered a recommendation for an award.
Urban League of Greater Dallas, Inc.	EARAC has not yet considered a recommendation for an award.
Webb County Community Action Agency	EARAC has not yet considered a recommendation for an award.

While the information above reflects five specific agencies that have not yet been recommended for an award, the funding table of the Plan does provide for their formula derived funding to be reserved for those areas of the state. When the awards are reviewed, EARAC may impose conditions up to and including suspension of funding access pending resolution of material compliance matters and/or initiation of proceedings to reduce funding and/or terminate eligible entity status, if warranted.

The estimated allocations are based on FY 2015 CSBG funding levels and are based on projected level funding.

	CSBG Eligible Entity	Estimated 2016 Allocation	Estimated 2017 Allocation
1	Aspermont Small Business Development Center, Inc.	\$150,000	\$150,000
2	Big Bend Community Action Committee, Inc.	\$150,000	\$150,000
3	Brazos Valley Community Action Agency	\$991,880	\$991,880
4	Cameron and Willacy County Community Projects, Inc.	\$897,019	\$897,019
5	Central Texas Opportunities, Inc.	\$186,868	\$186,868
6	City of Austin, Health and Human Services Department	\$1,092,540	\$1,092,540
7	City of Fort Worth, Parks and Community Services Department	\$1,660,378	\$1,660,378
8	City of Lubbock, Community Development Department	\$369,785	\$369,785
9	City of San Antonio, Department of Human Services	\$1,879,398	\$1,879,398
10	Combined Community Action, Inc.	\$194,548	\$194,548
11	Community Action Committee of Victoria Texas	\$308,395	\$308,395
12	Community Action Corporation of South Texas	\$282,649	\$282,649
13	Community Action Inc. of Central Texas	\$248,712	\$248,712
14	Community Action Social Services & Education	\$151,688	\$151,688
15	Community Council of South Central Texas, Inc.	\$645,818	\$645,818
16	Community Services Agency of South Texas	\$150,000	\$150,000
17	Community Services of Northeast Texas, Inc.	\$230,121	\$230,121
18	Community Services, Inc.	\$1,337,834	\$1,337,834
19	Concho Valley Community Action Agency	\$226,154	\$226,154
20	Economic Action Committee of the Gulf Coast	\$150,000	\$150,000
21	Economic Opportunities Advancement Corporation of Planning Region XI	\$456,197	\$456,197
22	El Paso Community Action Program, Project Bravo, Inc.	\$1,222,376	\$1,222,376
23	Galveston County Community Action Council, Inc.	\$842,098	\$842,098
24	Greater East Texas Community Action Program (GETCAP)	\$846,188	\$846,188
25	Gulf Coast Community Services Association	\$4,508,898	\$4,508,898
26	Hidalgo County, Texas-County of Hidalgo Community Service Agency	\$1,589,572	\$1,589,572
27	Hill Country Community Action Association, Inc.	\$482,891	\$482,891
28	North East Texas Opportunities, Inc.	\$228,436	\$228,436
29	Nueces County Community Action Agency	\$434,456	\$434,456
30	Panhandle Community Services	\$531,102	\$531,102
31	Pecos County Community Action Agency	\$150,000	\$150,000
32	Rolling Plains Management Corporation	\$419,300	\$419,300
33	South East Texas Regional Planning Commission	\$440,292	\$440,292
34	South Plains Community Action Association, Inc.	\$263,864	\$263,864
35	South Texas Development Council	\$223,848	\$223,848
36	Texas Neighborhood Services	\$397,421	\$397,421
37	Texoma Council of Governments	\$231,981	\$231,981



38	Tri-County Community Action, Inc.	\$309,299	\$309,299
39	Urban League of Greater Dallas and North Central Texas	\$2,836,657	\$2,836,657
40	Webb County Community Action Agency	\$488,439	\$488,439
41	West Texas Opportunities, Inc.	\$545,576	\$545,576
42	Williamson-Burnet County Opportunities, Inc.	\$287,889	\$287,889
	Total	\$29,040,567	\$29,040,567

- 7.3. Distribution Process: Describe the specific steps in the State’s process for distributing 90 percent funds to the eligible entities and include the number of days each step is expected to take; include information about State legislative approval or other types of administrative approval (such as approval by a board or commission). [Narrative: The Department distributes funding utilizing an electronic contract and reporting system. Upon receipt of Notice of Grant Award from USHHS, the Department generates contracts to allocate the 90% pass-through funding to 42 CSBG eligible entities. The Texas State Legislature meets biennially during which time the budget of all state agencies are considered. The CSBG budget is included in the review of the Department’s overall budget. The Department is required to obtain approval from its Governing Board prior to releasing funding contracts. The process to obtain Board approval takes approximately 45 days. The Department posts an agenda 7 days prior to a monthly Board meeting to include an item seeking approval of the CSBG State Plan and approval to release funding to the 42 eligible entities. Upon Board approval, a merging and internal approval process of the individual funding contracts for the 42 eligible entities will occur. ]

7.4. Distribution Timeframe: Does the State plan to make funds available to eligible entities no later than 30 calendar days after OCS distributes the Federal award?

Yes  No

7.4a. If no, describe State procedures to ensure funds are made available to eligible entities consistently and without interruption. [Narrative: The Department will make the funds available within 30 calendar days after Federal and State authority was provided, with the exception of the 1<sup>st</sup> quarter because of the State's CSBG contract year beginning January 1<sup>st</sup>.]

Note: Item 7.4 is associated with State Accountability Measure 2Sa and may pre-populate the State's annual report form.

If this is the first year filling out the automated State Plan, skip the following question.

7.5. Performance Management Adjustment: How is the State improving grant and/or contract administration procedures under this State Plan as compared to past plans? Any improvements should be based on analysis of past performance, and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is not making any improvements, provide further detail. [Narrative: non-applicable]

Note: This information is associated with State Accountability Measure 2Sb and may pre-populate the State's annual report form.

Administrative Funds [Section 675C(b)(2) of the CSBG Act]

7.6. What amount of State CSBG funds does the State plan to allocate for administrative activities, under this State Plan? The estimate may be in dollars or a percentage. [5%]

7.7. How many State staff positions will be funded in whole or in part with CSBG funds under this State Plan? [28]

7.8. How many State Full Time Equivalent (FTEs) will be funded with CSBG funds under this State Plan? [7]

Remainder/Discretionary Funds [Section 675C(b) of the CSBG Act]

7.9. Does the State have remainder/discretionary funds?  Yes  No

If yes was selected, describe how the State plans to use remainder/discretionary funds in the table below.

Note: This response will link to the corresponding assurance, item 14.2.

Instructional Note: The assurance under 676(b)(2) of the Act (item 14.2 of this State Plan) specifically requires a description of how the State intends to use remainder/discretionary funds to “support innovative community and neighborhood-based initiatives related to the purposes of [the CSBG Act].” Include this description in row “f” of the table below and/or attach the information.

If a funded activity fits under more than one category in the table, allocate the funds among the categories. For example, if the State provides funds under a contract with the State Community Action association to provide training and technical assistance to eligible entities and to create a statewide data system, the funds for that contract should be allocated appropriately between row a and row c. If allocation is not possible, the State may allocate the funds to the main category with which the activity is associated.

Note: This information is associated with State Accountability Measures 3Sa; the responses may pre-populate the State’s annual report form.

Remainder of Discretionary Fund Uses (See 675C(b)(1) of the CSBG Act)	Year One Planned \$	Year One Planned %	Year Two Planned \$	Year Two Planned %	Brief description of services/activities
a. Training and Technical Assistance	\$200,000	12.5%	\$200,000	12.5%	T&TA provided by staff or an outsourced provider in areas such as ROMA, Org Standards, Case Management, Board, Reporting, community action plans, needs assessments, strategic planning, and other areas requested.
b. Coordination of State-operated programs and/or local programs	\$0		\$0		
c. Statewide coordination and communication among eligible entities	\$100,000	6.25%	\$100,000	6.25%	Peer-to-Peer Collaborative Fund to support network agencies training peer agencies on various topics.

d. Analysis of distribution of CSBG funds to determine if targeting greatest need	\$0		\$0		Is achieved through (a) as TA is provided to agencies relating to needs assessment.
e. Asset building programs	\$0		\$0		
f. Innovative programs/activities by eligible entities or other neighborhood groups	\$0		\$0		
g. State charity tax credits	\$0		\$0		
h. Other activities specify (see below for details)	\$1,300,000	81.25	\$1,300,000	81.25	See note below.
Totals	\$1,600,000	100%	\$1,600,000	100%	

i. Other Activities. Specify: The State notes that these are proposed activities that must still be approved by the board once the State is awarded funds. The planned use may change as directed by the Governing Board. Network Operational Investments (assist organizations to meet requirements of Organizational Standards primarily through tangible deliverables) \$500,000; Intensive CAA Support Assessments (intensive onsite assessment to assess operations and procedures of up to four CSBG eligible entities with critical needs) \$150,000; Network Transition Fund \$150,000 (to help CSBG eligible entities who have absorbed other CSBG services areas); Migrant Seasonal Farmworker and Native American Populations Education and Employment Initiative \$200,000; Housing Voucher Program Support Fund \$150,000; and Disaster Recovery Fund \$150,000.

7.10. What types of organizations, if any, does the State plan to work with (by grant or contract using remainder/discretionary funds) to carry out some or all of the activities in table 7.9. [Check all that apply and narrative where applicable]

- CSBG eligible entities (if checked, include the expected number of CSBG eligible entities to receive funds) [Narrative, 2500 characters]
- Other community-based organizations
- State Community Action association
- Regional CSBG technical assistance provider(s)
- National technical assistance provider(s)
- Individual consultant(s)
- Tribes and Tribal Organizations
- Other [Narrative, 2500 characters]
- None (the State will carry out activities directly)

Note: This response will link to the corresponding CSBG assurance, item 14.2.

If this is the first year filling out the automated State Plan, skip the following question.

- 7.11. Performance Management Adjustment: How is the State adjusting the use of remainder/discretionary funds under this State Plan as compared to past plans? Any adjustment should be based on the State's analysis of past performance, and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is not making any adjustments, provide further detail. [Narrative: non-applicable]

Note: This information is associated with State Accountability Measures 3Sb, and will pre-populate the State's annual report form.

## SECTION 8 State Training and Technical Assistance

- 8.1. Describe the State’s plan for delivering CSBG-funded training and technical assistance to eligible entities under this State Plan by completing the table below. Add a row for each activity: indicate the timeframe; whether it is training, technical assistance or both; and the topic. (CSBG funding used for this activity is referenced under item 7.9(a), Use of Remainder/Discretionary Funds.)

Note: 8.1 is associated with State Accountability Measure 3Sc and may pre-populate the State’s annual report form.

Fiscal Year (Y) Quarter (Q) / Timeframe	Training (T), Technical Assistance (TA), or Both (B)	Topic	Brief Description of Other
FY1 - Q1	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, CA, SP, M, CM	<p>Department staff provides technical assistance as identified by subrecipient request, monitoring reports, or performance analysis. The State has an on-line system to request T&amp;TA or to submit questions for TA. T&amp;TA is conducted by the following means: on-site training, webinars, teleconferences, workshops, videos, Best Practices, FAQs, and online tools/resources. Training is customized to the needs of the eligible entity. GTB, ROMA, CM trainings are provided most quarters. TA on reporting is provided every quarter. F, OS-G, OS-US t/a will be provided as requested and needed; although aspects of each are incorporated into regular trainings as appropriate. CA, SP, CSD, M t/a will be provided as needed. CA and SP primarily FY1Q1.</p> <p>Also, intensive assessment and associated TA will be provided to several entities.</p>
FY1 - Q2	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM	Same as FY1-Q1

FY1 – Q3	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM	Same as FY1-Q1
FY1 – Q4	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM	Same as FY1-Q1
FY2 – Q1	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM	Same as FY1-Q1
FY2 – Q2	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM	Same as FY1-Q1
FY2 – Q3	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM	Same as FY1-Q1
FY2 – Q4	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM	Same as FY1-Q1

Topic:

- Fiscal (F)
- Governance/Tripartite Boards (GTB)
- Organizational Standards-General (OS-G)
- Organizational Standards (OS-US)– for eligible entities with unmet standards on Technical Assistance Plans or Quality Improvement Plans
- Correcting Significant Deficiencies Among Eligible Entities (CSD)
- Reporting (R)
- ROMA
- Community Assessment (CA)
- Strategic Planning (SP)
- Monitoring (M)
- Communications (C)
- Technology (T)
- Other – 1. Case Management (CM)

8.1a. The planned budget for the training and technical assistance plan (as indicated in the Remainder/Discretionary Funds table in item 7.9): \_\_\_\_\_ [Prepopulated with the budget allocation for years one and two under 7.9a]

If this is the implementation year for organizational standards, skip question 8.2.

8.2. Does the State have in place Technical Assistance Plans (TAPs) or Quality Improvement Plans (QIPs) for all eligible entities with unmet organizational standards, if appropriate?

Yes  No (Note: this is non-applicable, 2016 will be first year of implementation of organizational standards)

Note: 8.2 is associated with State Accountability Measure 6Sb. QIPs are described in Section 678C(a)(4) of the CSBG Act. If the State, according to their corrective action procedures, does not plan to put a QIP in place for an eligible entity with one or more unmet organizational standards, the State should put a TAP in place to support the entity in meeting the standard(s).

8.3. Indicate the types of organizations through which the State plans to provide training and/or technical assistance as described in item 8.1, and briefly describe their involvement? (Check all that apply.) [Check all that applies and narrative where applicable]

- CSBG eligible entities (if checked, provide the expected number of CSBG eligible entities to receive funds) [Eligible entities will provide peer-to-peer training and technical assistance]
- Other community-based organizations
- State Community Action association
- Regional CSBG technical assistance provider(s)
- National technical assistance provider(s)
- Individual consultant(s)
- Tribes and Tribal Organizations
- Other [Narrative, 2500 characters]

If this is the first year filling out the automated State Plan, skip the following question.

8.4. Performance Management Adjustment: How is the State adjusting the training and technical assistance plan under this State Plan as compared to past plans? Any adjustment should be based on the State's analysis of past performance, and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is not making any adjustments, provide further detail. [Narrative: non-applicable]

Note: This information is associated with State Accountability Measures 3Sd and may pre-populate the State's annual report form.



## SECTION 9

### State Linkages and Communication

Note: This section describes activities that the State may support with CSBG remainder/discretionary funds, described under Section 675C(b)(1) of the CSBG Act. The State may indicate planned use of remainder/discretionary funds for linkage/communication activities in Section 7, State Use of Funds, items 7.9(b) and (c).

- 9.1. State Linkages and Coordination at the State Level: Describe the linkages and coordination at the State level that the State plans to create or maintain to ensure increased access to CSBG services to low-income people and communities under this State Plan and avoid duplication of services (as required by the assurance under Section 676(b)(5)). Describe or attach additional information as needed. [Check all that apply from the list below and provide a Narrative. The Department administers the CSBG grant along with LIHEAP and Weatherization and all are administered by the Community Affairs Division. The Department also administers the State's housing programs. The Department is in contact with regional Head Start Offices, and when we monitor any CSBG eligible entity that administers Head Start and we identify any serious findings or concerns we provide them with a copy of the monitoring report. The Department is the administrative agency for the Texas Inter-Agency Council for the Homeless and is a member of the State's Housing and Health Services Coordination Council, both of which are composed of several State agencies including the State's WIOA agency, the child welfare office, and the state health services agency. The Department works closely with the State's budget office and every biennium the State presents the Department budget for approval. ]

Note: This response will link to the corresponding CSBG assurance, item 14.5. In addition, this item is associated with State Accountability Measure 7Sa and may pre-populate the State's annual report form.

- State Low Income Home Energy Assistance Program (LIHEAP) office
- State Weatherization office
- State Temporary Assistance for Needy Families (TANF) office
- State Head Start office
- State public health office
- State education department
- State Workforce Innovation and Opportunity Act (WIOA) agency
- State budget office
- Supplemental Nutrition Assistance Program (SNAP)
- State child welfare office
- State housing office
- Other

- 9.2. State Linkages and Coordination at the Local Level: Describe the linkages and coordination at the local level that the State plans to create or maintain with governmental and other social services, especially antipoverty programs, to assure the effective delivery of and coordination of CSBG services to low-income people and communities and avoid duplication of services (as required by assurances under Sections 676(b)(5) and (b)(6)). Attach additional information as needed. [Narrative: The Department administers the CSBG in a state whose territory is as vast as it is varied. As such, the Department's strategy centers on ensuring local coordination through the local service providers. The Department requires CSBG eligible entities to coordinate funds and services at the local level. The annual community action plan from each entity has to describe the eligible entities' coordination efforts with city, county, schools, non-profits, and other local or regional organizations. CSBG eligible entities coordinate services and work to avoid duplication of services with other providers. CSBG eligible entities are encouraged to participate in local social service and homeless coalitions whose goal is to coordinate services. ]

Note: This response will link to the corresponding CSBG assurances, items 14.5 and 14.6.

9.3. Eligible Entity Linkages and Coordination

- 9.3a State Assurance of Eligible Entity Linkages and Coordination: Describe how the State will assure that the eligible entities will coordinate and establish linkages to assure the effective delivery of and coordination of CSBG services to low-income people and communities and avoid duplication of services (as required by the assurance under Section 676(b)(5)). Attach additional information as needed. [Narrative: The State requires CSBG eligible entities to coordinate funds at the local level. Their annual community action plan has to describe their coordination efforts with city, county, schools, non-profits, and other organizations. CSBG eligible entities coordinate services and work to avoid duplication of services with other providers. Most CSBG eligible entities participate in local social service and homeless coalitions whose goal is to coordinate services.]

Note: This response will link to the corresponding CSBG assurance, item 14.5.

- 9.3b State Assurance of Eligible Entity Linkages to Fill Service Gaps: Describe how the eligible entities will develop linkages to fill identified gaps in the services, through the provision of information, referrals, case management, and follow-up consultations, according to the assurance under Section 676(b)(3)(B) of the CSBG Act. [Narrative: Annually, CSBG eligible entities must submit a Community Action Plan to the Department. The document includes a section wherein eligible entities describe any gaps in services and their strategy to address those gaps. If a gap is not currently being addressed or not being sufficiently addressed,

eligible entities are to develop and implement a strategy to work with other organizations in their local communities to address the gaps in services. ]

Note: This response will link to the corresponding CSBG assurance, item 14.3b.

- 9.4. Workforce Innovation and Opportunity Act (WIOA) Employment and Training Activities: Does the State intend to include CSBG employment and training activities as part of a WIOA Combined State Plan, as allowed under the Workforce Innovation and Opportunity Act (as required by the assurance under Section 676(b)(5) of the CSBG Act)?

Yes  No

Note: This response will link to the corresponding CSBG assurance, item 14.5.

- 9.4a If the State selected “yes” under item 9.4, provide the CSBG-specific information included in the State’s WIOA Combined Plan. This information includes a description of how the State and the eligible entities will coordinate the provision of employment and training activities through statewide and local WIOA workforce development systems. This information may also include examples of innovative employment and training programs and activities conducted by community action agencies or other neighborhood-based organizations as part of a community antipoverty strategy. [Narrative, 2500 Characters]
- 9.4b. If the State selected “no” under item 9.4, describe the coordination of employment and training activities, as defined in Section 3 of WIOA, by the State and by eligible entities providing activities through the WIOA system. [Narrative: Annually, CSBG eligible entities must submit a Community Action Plan to the Department. As part of the plan, if entities are providing employment and training activities, CSBG eligible entities must describe their coordination with WIOA offices in their service area.]
- 9.5. Emergency Energy Crisis Intervention: Describe how the State will assure, where appropriate, that emergency energy crisis intervention programs under title XXVI (relating to Low-Income Home Energy Assistance) are conducted in each community in the State, as required by the assurance under Section 676(b)(6) of the CSBG Act). [Narrative: The Department administers the LIHEAP grant, which funds the Comprehensive Energy Assistance Program (CEAP). The CEAP provides utility assist to low-income persons and includes an energy crisis component. LIHEAP also supports the Department’s weatherization program. The majority of the CSBG eligible entities administer both the CEAP and weatherization programs. The Department programs a portion of CSBG discretionary funds for assistance in the case of declared natural disasters. The funds may be used to provide emergency energy crisis intervention. ]

Note: This response will link to the corresponding CSBG assurance, item 14.6.

- 9.6. State Assurance: Faith-based Organizations, Charitable Groups, Community Organizations: Describe how the State will assure local eligible entities will coordinate and form partnerships with other organizations, including faith-based organizations, charitable groups, and community organizations, according to the State's assurance under Section 676(b)(9) of the CSBG Act. [Narrative: Annually, CSBG eligible entities must submit a Community Action Plan to the Department. As part of their plan, CSBG eligible entities describe the organizations with which they coordinate services including faith-based organizations, charitable groups, and community organizations. Close coordination and referral takes place with these organizations. ]

Note: this response will link to the corresponding assurance, item 14.9

- 9.7 Coordination of Eligible Entity 90 Percent Funds with Public/Private Resources: Describe how the eligible entities will coordinate CSBG 90 percent funds with other public and private resources, according to the assurance under Section 676(b)(3)(C) of the CSBG Act. [Narrative: Annually, CSBG eligible entities must submit a Community Action Plan to the Department. As part of their plan, CSBG eligible entities describe the organizations with which they coordinate services, including private and public organizations. Many of the CSBG eligible entities obtain either in-kind assistance or funds from local governments to support the programs that they administer, including donations of space in local government facilities to be utilized by eligible entities to provide CSBG supported services. ]

Note: this response will link to the corresponding assurance, item 14.3c.

9.8. Coordination among Eligible Entities and State Community Action Association: Describe State activities for supporting coordination among the eligible entities and the State Community Action Association. [Narrative: The Department works closely with the state eligible entity association, the Texas Community Action Association (TACAA). The Department meets with the association and their board on a regular basis to discuss ways that the Department can better meet the needs of the eligible entities. The Department receives their input on training and technical assistance needs, rule revisions, use of CSBG discretionary funds, and other issues. The state association holds an annual conference for CSBG eligible entities and the Department provides staff to present training to CSBG eligible entities. The Department also works with TACAA to form CSBG working groups to help the Department develop strategies on key issues such as implementation of CSBG organizational standards. ]

- 9.9 Communication with Eligible Entities and the State Community Action Association: In the table below, describe the State's plan for communicating with eligible entities, the State Community Action Association, and other partners under this State Plan. Include communication about annual hearings and legislative hearings, as described under Section 4, CSBG Hearing Requirements.

**Communication Plan**

Topic	Expected Frequency	Format (drop down)	Brief Description of "Other"
<p>[Narrative: The Department plans to hold quarterly conference calls that will be open to the entire CSBG network. During these calls, the Department will discuss and obtain feedback on training and technical assistance needs, implementation of CSBG organizational standards, anticipated CSBG funding, CSBG RFAs/NOFAs, case management, community action planning, strategic planning, community needs assessments, self-sufficiency projects, issues related to the LIHEAP funded utility assistance program, the weatherization program, and other topics of interest. ]</p>	<p>Dropdown Options:</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Daily</li> <li>• <input type="checkbox"/> Weekly</li> <li>• <input type="checkbox"/> Twice-Monthly</li> <li>• <input type="checkbox"/> Monthly</li> <li>• <input checked="" type="checkbox"/> Quarterly</li> <li>• <input type="checkbox"/> Semi-Annually</li> <li>• <input type="checkbox"/> Annually</li> <li>• <input type="checkbox"/> Other</li> </ul>	<p>Dropdown Options:</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Newsletter</li> <li>• <input type="checkbox"/> Mailing</li> <li>• <input checked="" type="checkbox"/> Meetings/Presentation</li> <li>• <input type="checkbox"/> Blog</li> <li>• <input type="checkbox"/> Email</li> <li>• <input type="checkbox"/> Website</li> <li>• <input type="checkbox"/> Social Media</li> <li>• <input checked="" type="checkbox"/> Other</li> </ul>	<p>[Narrative, 2500 characters]</p> <p>If "Other" is selected in columns 2 and/or 3, describe in this column.</p> <p>Other: The meetings may be in person meetings, may be held by teleconference, or may be presented as webinars.</p>
<p>[Narrative: The Department informs CSBG eligible entities of notices received from USHHS, the National Association for State Community Services Programs, and the Community Action Partnership. This occurs as notices and guidance arises. ]</p>	<p>Dropdown Options:</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Daily</li> <li>• <input type="checkbox"/> Weekly</li> <li>• <input type="checkbox"/> Twice-Monthly</li> <li>• <input type="checkbox"/> Monthly</li> <li>• <input type="checkbox"/> Quarterly</li> <li>• <input type="checkbox"/> Semi-Annually</li> <li>• <input type="checkbox"/> Annually</li> <li>• <input checked="" type="checkbox"/> Other</li> </ul>	<p>Dropdown Options:</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Newsletter</li> <li>• <input type="checkbox"/> Mailing</li> <li>• <input type="checkbox"/> Meetings/Presentation</li> <li>• <input type="checkbox"/> Blog</li> <li>• <input checked="" type="checkbox"/> Email</li> <li>• <input type="checkbox"/> Website</li> <li>• <input type="checkbox"/> Social Media</li> <li>• <input type="checkbox"/> Other</li> </ul>	<p>[Narrative, 2500 characters]</p> <p>If "Other" is selected in columns 2 and/or 3, describe in this column</p> <p>As often as guidance is received.</p>
<p>[Narrative: The Department develops guidance for the annual Community Action Plan and for the annual budget. Every 3 years, the Department issues guidance for the Community Assessment and for the Strategic</p>	<p>Dropdown Options:</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Daily</li> <li>• <input type="checkbox"/> Weekly</li> <li>• <input type="checkbox"/> Twice-Monthly</li> <li>• <input type="checkbox"/> Monthly</li> <li>• <input type="checkbox"/> Quarterly</li> <li>• <input type="checkbox"/> Semi-Annually</li> <li>• <input checked="" type="checkbox"/> Annually</li> <li>• <input checked="" type="checkbox"/> Other</li> </ul>	<p>Dropdown Options:</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Newsletter</li> <li>• <input type="checkbox"/> Mailing</li> <li>• <input checked="" type="checkbox"/> Meetings/Presentation</li> <li>• <input type="checkbox"/> Blog</li> <li>• <input type="checkbox"/> Email</li> <li>• <input checked="" type="checkbox"/> Website</li> </ul>	<p>[Narrative, 2500 characters]</p> <p>If "Other" is selected in columns 2 and/or 3, describe in this column</p> <p>Other: The guidance that is developed is posted on the Department's website. The Department may also conduct a webinar or a</p>

Communication Plan			
Topic	Expected Frequency	Format (drop down)	Brief Description of "Other"
Plan every 5 years. The Department also issues other program guidance on areas such as case management and self-sufficiency and program reporting and administration.]		<ul style="list-style-type: none"> <li>• <input type="checkbox"/> Social Media</li> <li>• <input checked="" type="checkbox"/> Other</li> </ul>	teleconference. Information may also be presented at State Association Conferences.
[Narrative: The Department will conduct public hearings to obtain comment on the biennial CSBG State Plan and institution of rules. The Department will also accept public comment via e-mail or letters. ]	Dropdown Options: <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Daily</li> <li>• <input type="checkbox"/> Weekly</li> <li>• <input type="checkbox"/> Twice-Monthly</li> <li>• <input type="checkbox"/> Monthly</li> <li>• <input type="checkbox"/> Quarterly</li> <li>• <input type="checkbox"/> Semi-Annually</li> <li>• <input type="checkbox"/> Annually</li> <li>• <input checked="" type="checkbox"/> Other</li> </ul>	Dropdown Options: <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Newsletter</li> <li>• <input type="checkbox"/> Mailing</li> <li>• <input checked="" type="checkbox"/> Meetings/Presentation</li> <li>• <input type="checkbox"/> Blog</li> <li>• <input type="checkbox"/> Email</li> <li>• <input checked="" type="checkbox"/> Website</li> <li>• <input type="checkbox"/> Social Media</li> <li>• <input checked="" type="checkbox"/> Other</li> </ul>	[Narrative, 2500 characters]  If "Other" is selected in columns 2 and/or 3, describe in this column. Other: Information regarding the public hearings will be posted in the Texas Register.  The hearings will be open to interested persons. Comments can be submitted in person at a hearing or in writing by e-mail or letter to the Department.

9.10. Feedback to Eligible Entities and State Community Action Association: Describe how the State will provide feedback to local entities and State Community Action Associations regarding performance on State Accountability Measures. [Narrative: The Department will inform each eligible entity of their performance related to National Performance Indicators (NPI) through e-mail communications and/or letters. The Department's CSBG performance report requires eligible entities to report NPI performance on a monthly basis and provides them with cumulative year to date performance data. Eligible entities' performance, as reported in their monthly CSBG Performance Report, is reviewed and any potential errors or discrepancies are investigated and technical assistance is provided. Additionally, input received from meetings with program monitors is given as feedback to eligible entities. When more in-depth training is required, it is provided on site. The Department will inform eligible entities of their performance within 60 days of receiving feedback from OCS. This information will be transmitted to eligible entities via e-mail or other entity-specific communication. ]

Note: This information is associated with State Accountability Measure 5S(iii). The measure indicates feedback should be provided within 60 calendar days of the State getting feedback from OCS.

If this is the first year filling out the automated State Plan, skip the following question.

- 9.11. Performance Management Adjustment: How is the State adjusting the Communication plan in this State Plan as compared to past plans? Any adjustment should be based on the State's analysis of past performance, and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is not making any adjustments, provide further detail. [Narrative: non-applicable]

Note: This information is associated with State Accountability Measures 7Sb; this response may pre-populate the State's annual report form.

## SECTION 10

### Monitoring, Corrective Action, and Fiscal Controls

#### Monitoring of Eligible Entities (Section 678B(a) of the CSBG Act)

- 10.1. Specify the proposed schedule for planned monitoring visits including: full on-site reviews; on-site reviews of newly designated entities; follow-up reviews – including return visits to entities that failed to meet State goals, standards, and requirements; and other reviews as appropriate.

This is an estimated schedule to assist States in planning. States may indicate “no review” for entities the State does not plan to monitor in the performance period.

For States that have a monitoring approach that does not fit within the table parameters, attach the State’s proposed monitoring schedule.

Note: This information is associated with State Accountability Measure 4Sa(i); this response may pre-populate the State’s annual report form.

CSBG Eligible Entity	Review Type	Target Date (Quarter)	Date of Last Full Onsite Review (if applicable)	Brief Description of “Other”
Cameron and Willacy Counties Community Projects, Inc.	Full on-site	FY1-Q2	August 2014	
Central Texas Opportunities	Full on-site	FY1-Q2	April 2013	
City of Lubbock	Full on-site	FY1-Q2	March 2014	
Hidalgo County Community Services Agency	Full on-site	FY1-Q2	July 2013	
Greater East Texas Community Action Program	Full on-site	FY1-Q2	January 2013	
City of San Antonio	Full on-site	FY1-Q3	December 2013	
Community Action Inc. of Central Texas	Full on-site	FY1-Q3	October 2013	
Community Services of Northeast Texas, Inc.	Full on-site	FY1-Q3	November 2013	
Northeast Texas Opportunities, Inc.	Full on-site	FY1-Q3	December 2013	
Concho Valley Community Action	Full on-site	FY1-Q4	October 2013	



Agency				
South Plains Community Action Association	Full on-site	FY1-Q4	July 2013	
Big Bend Community Action Committee, Inc.	Full on-site	FY1-Q4	February 2014	
Nueces County Community Action Agency	Full on-site	FY1-Q4	February 2014	
Tri-County Community Action, Inc.	Full on-site	FY1-Q4	April 2014	
Panhandle Community Services	Full on-site	FY2-Q1	April 2014	
City of Fort Worth	Full on-site	FY2-Q1	November 2014	
Southeast Texas Regional Planning Commission	Full on-site	FY2-Q2	August 2014	
Urban league of Greater Dallas	Full on-site	FY2-Q2	October 2015	
Pecos County Community Action Agency	Full on-site	FY2-Q2	October 2014	
Webb County Community Action Agency	Full on-site	FY2-Q2	April 2015	
Community Services Agency of South Texas	Full on-site	FY2-Q3	June 2014	
Economic Action Committee of the Gulf Coast	Full on-site	FY2-Q3	June 2014	
Williamson-Burnet County Opportunities	Full on-site	FY2-Q3	September 2014	
Rolling Plains Management Corp.	Full on-site	FY2-Q3	March 2015	
Hill Country Community Action Association, Inc.	Full on-site	FY2-Q3	October 2014	
Community Services, Inc.	Full on-site	FY2-Q4	November 2014	
Community Council of South Central Texas	Full on-site	FY2-Q4	January 2015	
Community Action Corporation Of South Texas	Full on-site	FY2-Q4	October 2014	

- 10.2. Monitoring Policies: Provide a copy of State monitoring policies and procedures by attaching and/or providing a hyperlink. [Refer to Attachment A]
- 10.3. Initial Monitoring Reports: According to the State's procedures, by how many calendar days must the State disseminate initial monitoring reports to local entities? [It is the Department's goal to submit CSBG monitoring reports within 30 days of the completion of the monitoring review. However, if extenuating circumstances are present, the CSBG monitoring report will be submitted within 60 days of the completion of the monitoring review.]

Note: This item is associated with State Accountability Measure 4Sa(ii) and may pre-populate the State's annual report form.

#### Corrective Action, Termination and Reduction of Funding and Assurance Requirements (Section 678C of the Act)

- 10.4. Closing Findings: Are State procedures for addressing eligible entity findings/deficiencies, and the documenting of closure of findings included in the State monitoring protocols attached above?  Yes  No

10.4a. If no, describe State procedures for addressing eligible entity findings/deficiencies, and the documenting of closure of findings. [Narrative, 2500 characters]

- 10.5. Quality Improvement Plans (QIPs): How many eligible entities are currently on Quality Improvement Plans? [2]

Note: The QIP information is associated with State Accountability Measures 4Sc.

- 10.6. Reporting of QIPs: Describe the State's process for reporting eligible entities on QIPs to the Office of Community Services within 30 calendar days of the State approving a QIP? [Narrative: The Department will contact the Office of Community Services either by phone or through e-mail to inform them of eligible entities on a Quality Improvement Plan.]

Note: This item is associated with State Accountability Measure 4Sa(iii).

- 10.7. Assurance on Funding Reduction or Termination: Does the State assure, according to Section 676(b)(8), that "any eligible entity that received CSBG funding the previous fiscal year will not have its funding terminated or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction, subject to review by the Secretary as provided in Section 678C(b)."  Yes  No

Note: This response will link with the corresponding assurance under item 14.8.

## Policies on Eligible Entity Designation, De-designation, and Re-designation

10.8. Does the State CSBG statute and/or regulations provide for the designation of new eligible entities?  Yes  No

10.8a. If yes, provide the citation(s) of the law and/or regulation. If no, describe State procedures for the designation of new eligible entities. [Narrative: Texas Administrative Code

[http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p\\_dir=&p\\_rloc=&p\\_tloc=&p\\_ploc=&pg=1&p\\_tac=&ti=10&pt=1&ch=5&rl=208](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=5&rl=208) ]

10.9. Does the State CSBG statute and/or regulations provide for de-designation of eligible entities?  Yes  No

10.9a. If yes, provide the citation(s) of the law and/or regulation. If no, describe State procedures for de-designation of new eligible entities. [Narrative: Texas Administrative Code

[http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p\\_dir=&p\\_rloc=&p\\_tloc=&p\\_ploc=&pg=1&p\\_tac=&ti=10&pt=1&ch=5&rl=206](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=5&rl=206) ]

10.10. Does the State CSBG statute and/or regulations specify a process the State CSBG agency must follow to re-designate an existing eligible entity?  Yes  No

10.10a. If yes, provide the citation(s) of the law and/or regulation. If no, describe State procedures for re-designation of existing eligible entities. [Narrative: Texas Administrative Code

[http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p\\_dir=&p\\_rloc=&p\\_tloc=&p\\_ploc=&pg=1&p\\_tac=&ti=10&pt=1&ch=5&rl=208](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=5&rl=208) ]

## Fiscal Controls and Audits and Cooperation Assurance

10.11. Fiscal Controls and Accounting: Describe how the State's fiscal controls and accounting procedures will a) permit preparation of the SF-425 Federal fiscal reports (FFR) and b) permit the tracing of expenditures adequate to ensure funds have been used appropriately under the block grant, as required by Block Grant regulations applicable to CSBG at 45 CFR 96.30(a). [Narrative: All expenditures are recorded in the Department's PeopleSoft accounting system. Indexes, grant numbers and fund numbers allow for identification of charges to a specific grant and cost categories. Policies and Procedures are in place to ensure compliance with statues and regulations. Independent annual financial audit and single audit are performed for the Department.

Every draw is reviewed by program staff upon submittal by contractor localities. All draw downs must be consistent within the most current approved budget. Draws are then processed by accountants and approved by senior accountant or team leader. Back up to support draws are reviewed during on site monitoring.

The general ledger is the source for the SF-425 Federal fiscal reports. They are prepared by the grant accountant, reviewed by the financial team leader and approved by management prior to submittal. Reports are prepared according to program rules and regulations.

]

10.12. Single Audit Management Decisions: Describe State procedures for issuing management decisions for eligible entity single audits, as required by Block Grant regulations applicable to CSBG at 45 CFR 75.521. If these procedures are described in the State monitoring protocols attached under item 10.2, indicate the page number. [Narrative: The Department requires each subrecipient to complete an Audit Certification form within 60 days from the end of the Entity's fiscal year. This is used to determine if a Single Audit is required. Upon receipt of the Single Audit, a review is completed to determine if the packet submitted is complete and all opinions are provided. If the audit contains findings, it is reviewed and discussed by the director of Internal Audit, the Chief of Compliance and staff to determine the appropriate steps to ensure the entity corrects the issues identified in the audit report or management letter. The Department will issue correspondence to the entity, identifying that corrective action measures must be performed and requiring support documentation to be provided. The entity will be provided a time frame to respond to complete the corrective action and to respond to the correspondence. At a maximum, the entity must correct all identified issues within six (6) months of the Single Audit being submitted to the Federal Clearing House.

The Department Compliance Monitor(s) will keep abreast of the required timeframe for the entity to complete the corrective action and to provide the response. If the response is received the Department will review the documentation to determine if the corrective action requirements have been met. If the issues have not been corrected, the Compliance Monitor and/or Community Affairs Monitoring Manager will notify the Chief of Compliance. The Chief of Compliance may determine if the matter should be referred to the Department's Enforcement Committee in accordance with Department Rules and SOPs. During the next monitoring, the Department will determine if the selection of expenditures or materials reviewed reflected compliance with the respective requirement.

The Department will not execute new contracts with the entity until issues with the single audit are resolved, unless the issue is a late audit submittal and the entity has provided documentation of an extension received from the federal cognizant agency. ]

Note: This information is associated with State Accountability Measure 4Sd.

10.13. Assurance on Federal Investigations: Will the State "permit and cooperate with Federal investigations undertaken in accordance with Section 678D" of the CSBG Act, as required by the assurance under Section 676(b)(7) of the CSBG Act?  Yes  No

Note: This response will link with the corresponding assurance, item 14.7

If this is the first year filling out the automated State Plan, skip the following question.

10.14. Performance Management Adjustment: How is the State adjusting monitoring procedures in this State Plan as compared to past plans? Any adjustment should be based on the State's analysis of past performance, and should consider feedback from

eligible entities, OCS, and other sources, such as the public hearing. If this State is not making any adjustments, provide further detail. [Narrative: non-applicable]

Note: This item is associated with State Accountability Measure 4Sb and may pre-populate the State's annual report form.

## SECTION 11

### Eligible Entity Tripartite Board

11.1. Which of the following measures are taken to ensure that the State verifies CSBG Eligible Entities are meeting Tripartite Board requirements under Section 676B of the CSBG Act? [Check all that applies and narrative where applicable]

- Attend Board meetings
- Review copies of Board meeting minutes
- Keep a register of Board vacancies/composition
- Other: The Department reviews board rosters and Board member election/selection material.

11.2. How often does the State require eligible entities (which are not on TAPs or QIPs) to provide updates (e.g., copies of meeting minutes, vacancy alerts, changes to bylaws, low-income member selection process, etc.) regarding their Tripartite Boards? [Check all that applies and narrative where applicable]

- Annually
- Biannually
- Quarterly
- Monthly
- Other [Narrative, 2500 characters]

11.3. Assurance on Eligible Entity Tripartite Board Representation: Describe how the State will carry out the assurance under Section 676(b)(10) of the CSBG Act that the State will require eligible entities to have policies and procedures by which individuals or organizations can petition for adequate representation on an eligible entities' Tripartite Board. [Narrative: The Department has instituted a rule, in the Texas Administrative Code, that requires a Subrecipient to have written procedures under which a low-income individual, community organization, religious organization, or representative of such may petition for adequate representation on the board of the eligible entity. ]

Note: This response will link with the corresponding assurance, item 14.10.

11.4. Does the State permit public eligible entities to use, as an alternative to a Tripartite Board, "another mechanism specified by the State to assure decision-making and participation by low-income individuals in the development, planning, implementation, and evaluation of programs" as allowed under Section 676B(b)(2) of the CSBG Act.

Yes  No

11.4a. If yes, describe the mechanism used by public eligible entities as an alternative to a Tripartite Board. [Narrative: Public agencies have advisory boards and develop bylaws for the advisory board. The State requirements can be found at:

[http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p\\_dir=&p\\_rloc=&p\\_tloc=&p\\_ploc=&pg=1&p\\_tac=&ti=10&pt=1&ch=5&rl=213](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=5&rl=213) ]

## Section 12

### Individual and Community Income Eligibility Requirements

12.1. Required Income Eligibility: What is the income eligibility threshold for services in the State? [Check one item below.]

- 125% of the HHS poverty line
- X % of the HHS poverty line (fill in the threshold): \_\_\_\_\_% [insert up to a 3 digit percentage]
- Varies by eligible entity

12.1a. Describe any State policy and/or procedures for income eligibility, such as treatment of income and family/household composition. [Narrative: Refer to State requirements at [http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p\\_dir=&p\\_rloc=&p\\_tloc=&p\\_ploc=&pg=1&p\\_tac=&ti=10&pt=1&ch=5&rl=19](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=5&rl=19) ]

12.2. Income Eligibility for General/Short Term Services: For services with limited in-take procedures (where individual income verification is not possible or practical), how does the State ensure eligible entities generally verify income eligibility for services? An example of these services is emergency food assistance. [Narrative: Refer to State requirements at [http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p\\_dir=&p\\_rloc=&p\\_tloc=&p\\_ploc=&pg=1&p\\_tac=&ti=10&pt=1&ch=5&rl=19](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=5&rl=19) ]

12.3. Community-targeted Services: For services that provide a community-wide benefit (e.g., development of community assets/facilities, building partnerships with other organizations), how does the State ensure eligible entities' services target and benefit low-income communities? [Narrative: Refer to State requirements at [http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p\\_dir=&p\\_rloc=&p\\_tloc=&p\\_ploc=&pg=1&p\\_tac=&ti=10&pt=1&ch=5&rl=210](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=5&rl=210) ]



## SECTION 13

### Results Oriented Management and Accountability (ROMA) System

- 13.1. ROMA Participation: In which performance measurement system will the State and all eligible entities participate, as required by Section 678E(a) of the CSBG Act and the assurance under Section 676(b)(12) of the CSBG Act? [Check one]

Note: This response will also link to the corresponding assurance, item 14.12.

- The Results Oriented Management and Accountability (ROMA) System  
 Another performance management system that meets the requirements of section 678E(b) of the CSBG Act  
 An alternative system for measuring performance and results

- 13.1a. If ROMA was selected in item 13.1, attach and/or describe the State's written policies, procedures, or guidance documents on ROMA. [Attachment and Narrative:

The Department has incorporated ROMA principles in the areas of reporting, community action plans, strategic planning, community needs assessments, goal/target setting, case management, and Board trainings. Subrecipients report monthly on outcomes for family, agency and community goals identified in their community action plan. These reports are then used to evaluate Subrecipient performance. An outcome matrix, tracking incremental change, is used as part of case management services; along with tools for capturing outcomes. TDHCA has 2 certified ROMA trainers and a Master trainer on staff, and the state association has sponsored 8 more. All Subrecipients have been provided "Intro to ROMA" training and have access to a ROMA trainer. In addition, ROMA is addressed in the Organizational Standards that are drafted into the state's 2016 Subrecipient contracts. Refer to State requirements at [http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p\\_dir=&p\\_rloc=&p\\_tloc=&p\\_ploc=&pg=1&p\\_tac=&ti=10&pt=1&ch=5&rl=207](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=5&rl=207)

- 13.1b. If ROMA was not selected in item 13.1, describe the system the State will use for performance measurement. [Narrative: The Department will employ the ROMA System as described above. However, the system employed will likely have slight modifications based on requirements in state law to be determined through a rule-making process ]

- 13.2. Indicate and describe the outcome measures the State will use to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization, as required under Section 676(b)(12) of the CSBG Act? [Narrative: The State assigns eligible entities a goal for the number of persons to transition out of poverty (TOP) each year. TOP is defined as the household achieving an income above

125% FPIG. The State has issued requirements related to the systems that must be in place to assist households to TOP, refer to [http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p\\_dir=&p\\_rloc=&p\\_tloc=&p\\_ploc=&pg=1&p\\_tac=&ti=10&pt=1&ch=5&rl=207](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=5&rl=207) The CSBG monthly performance report includes a section where CSBG Subrecipients report the number of persons working to TOP and the number of persons that successfully TOP. Subrecipients are to target their CSBG resources to assist persons to transition out of poverty and move towards self-sufficiency consistent with identified gaps in need. The Subrecipients' efforts in self-sufficiency, family stability, and community revitalization are reported using the NPIs in their CSBG monthly performance report. ]

Note: This response will also link to the corresponding assurance, item 14.12.

- CSBG National Performance Indicators (NPIs)
- NPIs and others
- Others

- 13.3. How does the State support the eligible entities in using the ROMA system (or alternative performance measurement system)? [Narrative: The Department has designed the CSBG training curriculum with a focus on ROMA principals. The Department has 2 certified ROMA trainers and 1 staff person that is about to meet the requirements to be a certified ROMA trainer. The state association has also assisted CSBG eligible entities in helping some of their staff to become Certified ROMA trainers. All trainings provided to Subrecipients are ROMA-focused and the Department's ROMA Certified staff members are available to provide training and technical assistance. Subrecipients can request training and technical assistance at any time and can submit questions on-line or can contact staff by phone or e-mail. The Department has developed a comprehensive video training module and accompanying materials on case management with the goal of assisting persons to transition out of poverty. This module is available on our website. The Department has set aside CSBG Discretionary funds to be used for network operational investments. ]

Note: The activities described under item 13.3 may include activities listed in "Section 8: Training and Technical Assistance." If so, mention briefly, and/or cross-reference as needed. This response will also link to the corresponding assurance, item 14.12.

- 13.4. Eligible Entity Use of Data: How is the State validating that the eligible entities are using data to improve service delivery? [Narrative: The Department assigns each CSBG eligible entity a goal for the number of persons to transition out of poverty each program year. At the end of the program year, the Department reviews their performance and Subrecipients that did not meet their assigned goal are asked to provide a plan of action to improve performance. The Department also reviews the eligible entities' CSBG Performance Report each month and their end of the year final report. The Department does acknowledge that quite a few Subrecipients find it challenging to design and carry out community revitalization activities. The Department

will continue to provide technical assistance to Subrecipients to improve their performance. To assist with data use the Department provides the network with links to data sources that may be useful to them, such as the American Community Survey and the Community Action Partnership's Community Needs Assessment Online Tool. ]

Note: This response will also link to the corresponding assurance, item 14.12.

#### Community Action Plans and Needs Assessments

- 13.5. Describe how the State will secure a Community Action Plan from each eligible entity, as a condition of receipt of CSBG funding by each entity, as required by Section 676(b)(11) of the CSBG Act. [Narrative: The Department develops Community Action Plan Requirements and guidance and posts this information to our website at <http://www.tdhca.state.tx.us/community-affairs/csbg/guidance.htm>. Annually, CSBG eligible entities must submit a Community Action Plan to the Department. Staff reviews the CAP Plans and provides technical assistance to eligible entities on improvements. ]

Note: this response will link to the corresponding assurance, item 14.11.

- 13.6. State Assurance: Describe how the State will assure that each eligible entity includes a community needs assessment for the community served (which may be coordinated with community needs assessments conducted by other programs) in each entity's Community Action Plan, as required by Section 676(b)(11) of the CSBG Act. [Narrative: The Department develops Community Needs Assessment guidance and posts this information to the Department's website at <http://www.tdhca.state.tx.us/community-affairs/csbg/guidance.htm> Subrecipients are required to submit a community needs assessment every 3 years.]

Note: this response will link to the corresponding assurance, item 14.11.

## SECTION 14

### CSBG Programmatic Assurances and Information Narrative

(Section 676(b) of the CSBG Act)

#### 14.1 Use of Funds Supporting Local Activities

##### CSBG Services

14.1a. 676(b)(1)(A): Describe how the State will assure “that funds made available through grant or allotment will be used –

- (A) to support activities that are designed to assist low-income families and individuals, including families and individuals receiving assistance under title IV of the Social Security Act, homeless families and individuals, migrant or seasonal farmworkers, and elderly low-income individuals and families, and a description of how such activities will enable the families and individuals--
  - (i) to remove obstacles and solve problems that block the achievement of self-sufficiency (particularly for families and individuals who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act);
  - (ii) to secure and retain meaningful employment;
  - (iii) to attain an adequate education with particular attention toward improving literacy skills of the low-income families in the community, which may include family literacy initiatives;
  - (iv) to make better use of available income;
  - (v) to obtain and maintain adequate housing and a suitable living environment;
  - (vi) to obtain emergency assistance through loans, grants, or other means to meet immediate and urgent individual and family needs;
  - (vii) to achieve greater participation in the affairs of the communities involved, including the development of public and private grassroots partnerships with local law enforcement agencies, local housing authorities, private foundations, and other public and private partners to –
    - (I) document best practices based on successful grassroots intervention in urban areas, to develop methodologies for widespread replication; and
    - (II) strengthen and improve relationships with local law enforcement agencies, which may include participation in activities such as neighborhood or community policing efforts;

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). The CAP includes a Performance Statement which outlines their proposed activities. Staff reviews the CAP Plan and ensures that the activities supported are eligible uses of CSBG funds and meet the noted assurances.]

#### Needs of Youth

14.1b. 676(b)(1)(B) Describe how the State will assure “that funds made available through grant or allotment will be used –

- (B) to address the needs of youth in low-income communities through youth development programs that support the primary role of the family, give priority to the prevention of youth problems and crime, and promote increased community coordination and collaboration in meeting the needs of youth, and support development and expansion of innovative community-based youth development programs that have demonstrated success in preventing or reducing youth crime, such as--
  - (i) programs for the establishment of violence-free zones that would involve youth development and intervention models (such as models involving youth mediation, youth mentoring, life skills training, job creation, and entrepreneurship programs); and
  - (ii) after-school child care programs;

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). The CAP includes a Performance Statement which outlines their proposed activities. Staff reviews the CAP Plan and ensures that the activities supported are eligible uses of CSBG funds. Particularly, the Department requires a referral to the Texas Attorney General’s Office for families for whom child support might be a needed resource.]

#### Coordination of Other Programs

14.1c. 676(b)(1)(C) Describe how the State will assure “that funds made available through grant or allotment will be used –

- (C) to make more effective use of, and to coordinate with, other programs related to the purposes of this subtitle (including State welfare reform efforts)

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). The CAP includes a Performance Statement which outlines their proposed activities. The CAP also includes several forms that address funding coordination, coordination with WIOA Programs, referrals to Child Support Office, and participation in social

service coalitions. Staff reviews the CAP Plan and ensures that the activities supported are eligible uses of CSBG funds. ]

#### State Use of Discretionary Funds

- 14.2 676(b)(2) Describe “how the State intends to use discretionary funds made available from the remainder of the grant or allotment described in section 675C(b) in accordance with this subtitle, including a description of how the State will support innovative community and neighborhood-based initiatives related to the purposes of this subtitle.”

Note: the Department describes this assurance under “State Use of Funds: Remainder/Discretionary,” items 7.9 and 7.10

[No response; links to items 7.9 and 7.10.]

#### Eligible Entity Service Delivery, Coordination, and Innovation

- 14.3. 676(b)(3) “Based on information provided by eligible entities in the State, a description of...”

#### Eligible Entity Service Delivery System

- 14.3a. 676(b)(3)(A) Describe “the service delivery system, for services provided or coordinated with funds made available through grants made under 675C(a), targeted to low-income individuals and families in communities within the State;

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). The CAP includes a description of the service delivery system, the counties served, the facilities where services are available, and information regarding how the eligible entity conducts outreach and delivers services in counties where service centers are not available. The CAP also describes how the eligible entity coordinates funds with other organizations. ]

#### Eligible Entity Linkages – Approach to Filling Service Gaps

- 14.3b. 676(b)(3)(B) Describe “how linkages will be developed to fill identified gaps in the services, through the provision of information, referrals, case management, and follow-up consultations.”

Note: the Department describes this assurance in the State Linkages and Communication section, item 9.3b.

[No response; links to 9.3b.]

#### Coordination of Eligible Entity Allocation 90 Percent Funds with Public/Private Resources

- 14.3c. 676(b)(3)(C) Describe how funds made available through grants made under 675C(a) will be coordinated with other public and private resources.”

Note: the Department describes this assurance in the State Linkages and Communication section, item 9.7.

[No response; links to 9.7]

#### Eligible Entity Innovative Community and Neighborhood Initiatives, Including Fatherhood/Parental Responsibility

- 14.3d. 676(b)(3)(D) Describe “how the local entity will use the funds [made available under 675C(a)] to support innovative community and neighborhood-based initiatives related to the purposes of this subtitle, which may include fatherhood initiatives and other initiatives with the goal of strengthening families and encouraging parenting.”

Note: The description above is about eligible entity use of 90 percent funds to support these initiatives. States may also support these types of activities at the local level using state remainder/discretionary funds, allowable under Section 675C(b)(1)(F). In this State Plan, the Department indicates funds allocated for these activities under item 7.9(f).

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). As part of the CAP, Subrecipients must complete a document which provides information regarding any innovative community and neighborhood-based initiatives related to the purpose of CSBG, which may include fatherhood initiatives and other initiatives which strengthen families and encourage effective parenting. A limited number of CSBG eligible entities have reported these types of initiatives. The Department will continue to work with CSBG eligible entities to promote these initiatives if such gaps are identified in their CAP. As the Department identifies information on webinars or funding opportunities related to this area, the Department shares this information with CSBG eligible entities. ]

#### Eligible Entity Emergency Food and Nutrition Services

- 14.4. 676(b)(4) Describe how the State will assure “that eligible entities in the State will provide, on an emergency basis, for the provision of such supplies and services, nutritious foods, and related services, as may be necessary to counteract conditions of starvation and malnutrition among low-income individuals.”

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). As part of the CAP, Subrecipients must complete a

document which provides information related to how the CSBG eligible entity will provide, on an emergency basis, for the provision of such supplies and services, nutritious foods, and related services, as may be necessary to counteract conditions of starvation and malnutrition among low-income individuals. Most CSBG eligible entities work with either a local food pantry or the food bank to provide food in these circumstances. If there are no other resources available, then CSBG funds are utilized to provide nutritional support. ]

#### State and Eligible Entity Coordination/linkages and Workforce Innovation and Opportunity Act Employment and Training Activities

- 14.5. 676(b)(5) Describe how the State will assure “that the State and eligible entities in the State will coordinate, and establish linkages between, governmental and other social services programs to assure the effective delivery of such services, and [describe] how the State and the eligible entities will coordinate the provision of employment and training activities, as defined in section 3 of the Workforce Innovation and Opportunity Act, in the State and in communities with entities providing activities through statewide and local workforce development systems under such Act.”

Note: The Department describes this assurance in the State Linkages and Communication section, items 9.1, 9.2, 9.3a, 9.4, 9.4a, and 9.4b.

[No response; links to items 9.1, 9.2, 9.3a, 9.4, 9.4a, and 9.4b]

#### State Coordination/Linkages and Low-income Home Energy Assistance

- 14.6. 676(b)(6) Provide “an assurance that the State will ensure coordination between antipoverty programs in each community in the State, and ensure, where appropriate, that emergency energy crisis intervention programs under title XXVI (relating to low-income home energy assistance) are conducted in such community.”

Note: The Department describes this assurance in the State Linkages and Communication section, items 9.2 and 9.5.

[No response; links to 9.2 and 9.5]

#### Federal Investigations

- 14.7. 676(b)(7) Provide “an assurance that the State will permit and cooperate with Federal investigations undertaken in accordance with section 678D.”

Note: the Department addresses this assurance in the Fiscal Controls and Monitoring section, item 10.13.

[No response; links to 10.13]



## Funding Reduction or Termination

- 14.8. 676(b)(8) Provide “an assurance that any eligible entity in the State that received funding in the previous fiscal year through a community services block grant made under this subtitle will not have its funding terminated under this subtitle, or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction, subject to review by the Secretary as provided in section 678C(b).”

Note: the Department addresses this assurance in the Fiscal Controls and Monitoring section, item 10.7.

[No response; links to 10.7]

## Coordination with Faith-based Organizations, Charitable Groups, Community Organizations

- 14.9. 676(b)(9) Describe how the State will assure “that the State and eligible entities in the State will, to the maximum extent possible, coordinate programs with and form partnerships with other organizations serving low-income residents of the communities and members of the groups served by the State, including religious organizations, charitable groups, and community organizations.”

Note: the Department describes this assurance in the State Linkages and Communication section, item 9.6.

[No response; links to 9.6]

## Eligible Entity Tripartite Board Representation

- 14.10. 676(b)(10) Describe how “the State will require each eligible entity in the State to establish procedures under which a low-income individual, community organization, or religious organization, or representative of low-income individuals that considers its organization, or low-income individuals, to be inadequately represented on the board (or other mechanism) of the eligible entity to petition for adequate representation.”

Note: the Department describes this assurance in the Eligible Entity Tripartite Board section, 11.3

[No response; links to item 11.3]

## Eligible Entity Community Action Plans and Community Needs Assessments

14.11. 676(b)(11) Provide “an assurance that the State will secure from each eligible entity in the State, as a condition to receipt of funding by the entity through a community services block grant made under this subtitle for a program, a community action plan (which shall be submitted to the Secretary, at the request of the Secretary, with the State plan) that includes a community-needs assessment for the community served, which may be coordinated with community-needs assessments conducted for other programs.”

[No response; links to items 13.5 and 13.6]

State and Eligible Entity Performance Measurement: ROMA or Alternate system

14.12. 676(b)(12) Provide “an assurance that the State and all eligible entities in the State will, not later than fiscal year 2001, participate in the Results Oriented Management and Accountability System, another performance measure system for which the Secretary facilitated development pursuant to section 678E(b), or an alternative system for measuring performance and results that meets the requirements of that section, and [describe] outcome measures to be used to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization.”

Note: The Department describes this assurance in the ROMA section, items 13.1, 13.2, 13.3, and 13.4.

[No response; links to 13.1, 13.2, 13.3, and 13.4]

Validation for CSBG Eligible Entity Programmatic Narrative Sections

14.13. 676(b)(13) Provide “information describing how the State will carry out the assurances described in this section.”

Note: The Department provides information for each of the assurances directly in section 14 or in corresponding items throughout the State Plan, which are included as hyperlinks in section 14.

[No response for this item]

By checking this box, the State CSBG authorized official is certifying the assurances set out above.

## SECTION 15

### Federal Certifications

The box after each certification must be checked by the State CSBG authorized official.

#### 15.1 Lobbying

##### Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

##### Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this

commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

By checking this box, the State CSBG authorized official is providing the certification set out above.

## 15.2 Drug-Free Workplace Requirements

This certification is required by the regulations implementing the Drug-Free Workplace Act of 1988: 45 CFR Part 76, Subpart, F. Sections 76.630(c) and (d)(2) and 76.645 (a)(1) and (b) provide that a Federal agency may designate a central receipt point for STATE-WIDE AND STATE AGENCY-WIDE certifications, and for notification of criminal drug convictions. For the Department of Health and Human Services, the central point is: Division of Grants Management and Oversight, Office of Management and Acquisition, Department of Health and Human Services, Room 517-D, 200 Independence Avenue, SW Washington, DC 20201.

### Certification Regarding Drug-Free Workplace Requirements (Instructions for Certification)

- (1) By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.
- (2) The certification set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
- (3) For grantees other than individuals, Alternate I applies.
- (4) For grantees who are individuals, Alternate II applies.
- (5) Workplaces under grants, for grantees other than individuals, need to be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
- (6) Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).

- (7) If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).
- (8) Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

Controlled substance means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

Conviction means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

Criminal drug statute means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

Employee means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All direct charge employees; (ii) All indirect charge employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

#### Certification Regarding Drug-Free Workplace Requirements

##### Alternate I. (Grantees Other Than Individuals)

The grantee certifies that it will or will continue to provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing an ongoing drug-free awareness program to inform employees about - -
  - (1) The dangers of drug abuse in the workplace;
  - (2) The grantee's policy of maintaining a drug-free workplace;
  - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and

- (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will - -
  - (1) Abide by the terms of the statement; and
  - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- (e) Notifying the agency in writing, within 10 calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted - -
  - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
  - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code) [Narrative:

Texas Department of Housing and Community Affairs

221 East 11<sup>th</sup> Street

Austin, Travis County, Texas 78701-2410]

Check if there are workplaces on file that are not identified here.

Alternate II. (Grantees Who Are Individuals)

- (a) The grantee certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the grant;
- (b) If convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity, he or she will report the conviction, in writing, within 10 calendar days of the conviction, to every grant officer or other designee, unless the Federal agency designates a central point for the receipt of such notices. When notice is made to such a central point, it shall include the identification number(s) of each affected grant.

[55 FR 21690, 21702, May 25, 1990]

By checking this box, the State CSBG authorized official is providing the certification set out above.

15.3 Debarment

CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - -

Primary Covered Transactions

Instructions for Certification

- (1) By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.
- (2) The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
- (3) The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

- (4) The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
- (5) The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
- (6) The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
- (7) The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusive-Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
- (8) A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.
- (9) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- (10) Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.



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## Certification Regarding Debarment, Suspension, and Other Responsibility Matters - -

### Primary Covered Transactions

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
  - (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;
  - (b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
  - (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

## Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - - Lower Tier Covered Transactions

### Instructions for Certification

- (1) By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.
- (2) The certification in this clause is a material representation of fact upon which reliance was
- (3) placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

- (4) The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
- (5) The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.
- (6) The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
- (7) The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
- (8) A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.
- (9) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- (10) Except for transactions authorized under paragraph five of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

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Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - - Lower Tier Covered Transactions

- (1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

By checking this box, the State CSBG authorized official is providing the certification set out above.

15.4 Environmental Tobacco Smoke

Public Law 103227, Part C Environmental Tobacco Smoke, also known as the Pro Children Act of 1994, requires that smoking not be permitted in any portion of any indoor routinely owned or leased or contracted for by an entity and used routinely or regularly for provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1000 per day and/or the imposition of an administrative compliance order on the responsible entity by signing and submitting this application the applicant/grantee certifies that it will comply with the requirements of the Act.

The applicant/grantee further agrees that it will require the language of this certification be included in any subawards which contain provisions for the children's services and that all subgrantees shall certify accordingly.

By checking this box, the State CSBG authorized official is providing the certification set out above.

## ATTACHMENTS

Attachment A  
Response to Question 10.2 Monitoring Policies

**Compliance Division**  
**Community Affairs Monitoring Section**  
**Standard Operating Procedures**

**1.0 Risks and Control Objectives**

- 1.1 The risks associated with not having an SOP for Assignments and Risk Assessments and the control objectives to ensure that those risks are minimized, are illustrated in the following table:

<b>Risks</b>	<b>Control Objectives</b>
The risks associated with not having an SOP for monitoring procedures are that that monitoring reviews may not be conducted or be conducted in a consistent manner and within the requirements of the Department and/or Federal requirements.	This SOP will minimize the risks described by providing a comprehensive process for a monitoring risk assessment, monitoring assignment and for the completion of monitoring reports and responses.

**2.0 Policy**

- 2.1 It is the requirement of the Texas Department of Housing and Community Affairs and its Compliance Division to perform monitoring functions of federal and state funds, in a consistent manner that is compliant with Department and Funding source requirements. The Chief of Compliance oversees four (4) monitoring sections within the Compliance Division, one (1) of which is the Community Affairs Monitoring section. The Community Affairs Monitoring Manager manages the section of employees that monitor the four (4) programs that are administered by the Community Affairs Division of the Department.

**3.0 General**

- 3.1 Abbreviations
- A. Texas Department of Housing and Community Affairs – Department
  - B. Community Affairs Division – CAD
  - C. Compliance Division - Compliance
  - D. Compliance Division Community Affairs Monitoring Section - CMCA
  - E. Community Affairs Monitoring Manager – CMCA Manager

- F. Community Affairs Compliance Monitor – Compliance Monitor or Monitor
- G. Community Affairs Division program awardees (Non-profit corporations, Counties, Cities, Council of Government's) – Subrecipient
- H. Weatherization Assistance Program – WAP
- I. Comprehensive Energy Assistance Program – CEAP
- J. Community Services Block Grant - CSBG
- K. Department of Energy – DOE
- L. Low Income Housing and Energy Assistance Program – LIHEAP
- M. LIHEAP Weatherization Assistance Program – LI-WAP
- N. Quality Control Inspector - QCI

### 3.2 Purpose

- A. This SOP describes the Community Affairs Monitoring Section's methodology for monitoring Subrecipients.
- B. To comply with Department rules on the administration on program funds.
- C. To comply with Federal Funding source requirements for administering program funds.
- D. It establishes consistent processes and procedures when monitoring CAD programs.
- E. Monitoring activities are planned to focus on areas of highest risk and to help ensure the most effective use of monitoring resources.
- F. To ensure the CMCA Compliance Monitors completed monitoring reports and responses within a designated time frame to ensure Subrecipients address any corrective actions in a timely manner.
- G. To ensure monitoring responses are reviewed to ensure corrective actions were completed.

## **4.0 Responsibilities**

- 4.1 The CMCA section is responsible for ensuring the CSBG, CEAP and WAP programs are administered and funds are expended in accordance with contract provisions and applicable State and Federal rules, regulations, policies, and related statutes.
- 4.2 The CMCA Manager will develop a monitoring schedule that identifies the Subrecipients that are to be monitored.
- 4.3 According to individual program requirements and/or standards, the CMCA section will develop a list of specific compliance requirements to be reviewed. The section will also develop a methodology to review each compliance requirement consistently.
- 4.4 The CMCA section will perform the respective monitoring to determine Subrecipient compliance.

- 4.5 The CMCA section will notify the CMCA Manager and/or Chief of Compliance if a finding or concern of fraud, waste and/or abuse were noted during a Subrecipient's monitoring.
- 4.6 Within 30 days of the completion of the monitoring, the CMCA section will develop a report or correspondence, for the Subrecipient, reflecting the results of the monitoring.
- 4.7 The CMCA section will address the Subrecipient's response to the report and/or close out the monitoring process.
- 4.8 The CMCA section will notify and work with the CAD Training section to address any findings consistent within the Subrecipient network.

## **5.0 Subrecipient Monitoring Selection**

- 5.1 The CMCA section will complete a Subrecipient monitoring review schedule, at least once each year. The schedule will identify the month or quarter in which the Subrecipient will be monitored.
- 5.2 The CMCA section utilizes the most efficient use of its travel and monitoring budget, as its methodology in developing the Subrecipient monitoring review schedule. The schedule takes into account the program contract periods and may require Compliance Monitors to review multiple programs during the review.
- 5.3 The Department's schedule is used as a planning tool and is subject to change. The CMCA Section may encounter situations that arise and cause Subrecipients to be monitored in a different month than what is identified in the schedule. These situations may include:
  - 1. Subrecipient and who may not or have not met the minimum on-site monitoring threshold.
  - 2. Monitor(s) attempt to schedule a monitoring and provides proposed monitoring dates. However, the Subrecipient is unable to accommodate the monitoring during the proposed dates.
  - 4. The Department receives fraud, waste and/or abuse concerns against a Subrecipient.
  - 5. The Department receives a credible complaint against a Subrecipient.
- 5.4 As needed, the Compliance Division will also factor in the results of a Subrecipient's prior monitoring review and/or Single Audit findings when determining the monitoring schedule. Subrecipient's with prior and/or repetitive monitoring and/or Single Audit findings are a priority to be monitored.
- 5.5 At a minimum:
  - A. DOE Subrecipients will be monitored at least once each year (July-June);



B. LIHEAP Subrecipients will be monitored at least once every three (3) years (Triennial).

C. CSBG Subrecipients will be monitored at least once every three (3) years (Triennial).

## **6.0 Determining Compliance Requirements**

- 6.1 The CMCA section will review Subrecipient's compliance with program requirements, contract provisions and Federal, State, local government rules and regulations.
- A. The CMCA section will determine compliance on specific contract provisions, rules, regulations and/or program requirements are most applicable to be reviewed or required to be reviewed by the funding source. The CMCA section will verify if the Subrecipients have complied with the requirements. The CMCA section will utilize a monitoring tool (instrument) that identifies the areas of compliance that will be reviewed. The monitoring tool will have a methodology to reflect the process used to determine compliance of each selected contract provision, rule, regulation and/or requirement.
  - B. The monitoring tool will be in electronic format and the CMCA section will enter the selected compliance requirements into the document.
  - C. The monitoring tool will also be maintained on a paper copy in the instance(s) where the electronic format is not functioning or available.
- 6.2 The monitoring tool and the list of compliance requirements that are to be reviewed may be revised, updated, or changed from period to period due to program, legislative and/or budget changes.
- A. The listed monitoring tool is reviewed on a continual basis, during the federal fiscal year or Subrecipient program year (as applicable), to account for changes in rules and/or program requirements.

## **7.0 Monitoring Announcement**

- 7.1 After it has been determined which Subrecipients will be monitored, the CMCA Manager will assign monitors, to the Subrecipients who will be monitored. The CMCA Manager will determine the method of distributing the Subrecipients to the Monitors.
- 7.2 The Monitor will contact each of the assigned Subrecipients and schedule future on-site monitoring. The Monitor will make every attempt to provide the Subrecipient with a minimum of 30 days notice prior to the visit.

- A. On occasions, the monitoring may occur with fewer than 30 days notice. Situations that may warrant a monitoring occurring with fewer than 30 days notice include:
1. The Subrecipient notifies the Department that it is not able to be monitored the proposed week and chooses the monitoring date.
  2. The Department receives credible fraud, waste and/or abuse concerns against a Subrecipient requiring little to no notice of the monitoring.
  3. The Department receives a credible complaint against a Subrecipient requiring little to no notice of the monitoring.
- 7.3 After the monitoring date has been confirmed, the Monitor will complete a Monitoring Announcement letter. The CMCA Manager is responsible for creating and periodically updating a standard announcement letter to be used to announce an onsite visit. The Monitor is responsible for using the standard letter.
- 7.4 When the announcement letter has been completed, the document will be scanned and saved to the Subrecipient's respective Monitoring file and computerized Monitoring Software.
- 7.5 If a Subrecipient has an email address, the scanned version will be emailed and the original document will be mailed to the Subrecipient. If applicable, a copy of the announcement letter will be sent to appropriate individuals.
- 7.6 The Monitoring Announcement letter should be sent to the Subrecipient as soon as the monitoring dates have been set, but no less than two (2) weeks prior to the monitoring.
- 7.7 In some instances a Monitoring Announcement letter may be submitted less than two (2) weeks from the scheduled monitoring. This may occur when 7.2 A (1) is met.
- 7.8 In some instances a Monitoring Announcement letter may not be submitted to the Subrecipient prior to the monitoring. This may occur when 7.2 A (2) and (3) are met.

### **8.0 Performing the On-site Monitoring**

- 8.1 The CMCA section will utilize electronic monitoring tool to review the selected compliance requirements and to document the Subrecipients compliance with the specific requirement.
- 8.2 If the appropriate Subrecipient staff is available, the Monitor will have an Entrance Conference prior to the start of the monitoring. In the Entrance Conference the Monitor will provide a brief summary of the on-site monitoring process and/or the on-site monitoring plan. The Monitor will also utilize this time to answer Subrecipient questions that are specific to the monitoring and/or the programs.
- 8.4 After the Entrance conference, the Monitor will review the compliance requirements and perform the methodology to determine compliance with the selected requirements. The

monitor will complete each question and section of the selected compliance requirements on electronic testing documents. The CMCA section will document the reason for the inability to verify any of the selected compliance requirements.

A. Weatherization Assistance Program (“WAP”) Monitorings- may be performed as a Full Monitoring or as a Unit Inspection.

1. A Full WAP Monitoring will consist of the Compliance Monitor performing a review to determine compliance with Financial and Expenditure requirements, Administrative requirements, client eligibility requirements and performing an inspection of weatherized units.
  - a. The monitoring tool
2. Unit Inspection monitoring consists of the Compliance Monitor reviewing weatherization client files for compliance and eligibility requirements and performing an inspection of the weatherized unit.
3. Client file reviews and Unit Inspections will vary according to the funding source used to weatherize the unit. When units are weatherized with LIHEAP funding only, the Compliance Monitor will review the weatherized work based on an established Priority Rating sheet. When units are weatherized with DOE funding only, or with DOE and LIHEAP funds only, the Compliance Monitor will review the weatherized work based of an approved Energy Audit. Compliance Monitors will be required to have all applicable field tests performed during the Unit Inspection. The Compliance Monitor may choose to perform the field test themselves or supervise a Subrecipient’s performance of the field test. The Compliance Monitor must document the results of the field tests.
4. The Compliance Monitor will utilize the following as a guide when determining the number of units to inspect. The actual number of units inspected will vary according to the various programs being monitored during the same visit.
  - a. When a Compliance Monitor is conducting a full monitoring during a single visit, the Compliance Monitor will perform a minimum of:
    - i. five (5) unit inspections when there is more than one (1) program being monitored;
    - ii. eight (8) unit inspections when there are no other programs being monitored.
  - b. When a Compliance Monitor is conducting a Unit Inspection Monitoring during a single visit, the Compliance Monitor will perform a minimum of:
    - i. eight (8) unit inspections when there is more than one (1) program being monitored;
    - ii. twelve (12) unit inspections when there are no other programs being monitored.
  - c. A Compliance Monitor may not be able to monitor the minimum number of weatherized units if:
    - i. the Subrecipient does not have enough completed weatherized units;

ii. the geographical location of the weatherized homes prohibits the ability to inspect units;

iii. inclement weather persists.

5. The CMCA Section will be required to monitor a minimum of 5% of all completed weatherized units (at the time of the monitoring) that are funded by DOE and inspected by a QCI who was not involved in the assessment of the weatherized unit. The CMCA Section will monitor a minimum of 10% of all completed weatherized units (at the time of the monitoring) that were inspected by a QCI that was involved in the assessment of the weatherized unit. The CMCA section will utilize the monitoring tracking database to track the number of units that have been inspected. The Department will also review Monthly Expenditure Reports to track the number of total completed units and will adjust the monitoring schedule to ensure that it meets the minimum number of units inspected.

B. Community Services Block Grant

1. A CSBG Monitoring review will consist of the Compliance Monitor performing a review to determine compliance with Financial and Expenditure requirements, Administrative requirements, client eligibility requirements and Organizational Standards.

1. The monitoring tool's methodology identifies the minimum number of expenditures and client files to review.

C. Comprehensive Energy Assistance Program

2. A CEAP Monitoring review will consist of the Compliance Monitor performing a review to determine compliance with Financial and Expenditure requirements, Administrative requirements and client eligibility requirements.

3. The monitoring tool's methodology identifies the minimum number of expenditures and client files to review.

8.5 When the respective methodology is not enough to determine compliance, the Monitor will make every effort to determine if the requirement is compliant. This may require the Monitor to perform additional testing, request additional information or clarification from Subrecipient staff and/or request assistance from peer Monitors, CA Division staff, the CMCA Manager or the Chief of Compliance.

8.6 The Monitor will obtain and maintain the appropriate documentation to justify any finding, disallowed and/or questioned cost.

8.7 Prior to the Exit Conference and time permitting, the Monitor will make every effort to inform Subrecipient staff of any issues and findings. The Monitor may provide technical assistance to address the issues and/or findings and to provide the appropriate corrective action for the Subrecipient to become compliant with the specific requirement.

8.8 If the Monitor is unable to provide Technical Assistance, the Monitor will notify the CA Trainers of the Subrecipient's need for Training and/or Technical Assistance.

- 8.9. If the Monitor is unable to complete the monitoring during the specified period, the Monitor must notify the CMCA Manager of the circumstance(s) that resulted in the inability to complete the monitoring. The CMCA manager will determine the appropriate course of action to complete the monitoring. The Monitor must notify the Subrecipient that additional time is required to complete the monitoring and of the course of action that was determined by the CMCA Manager. The inability to complete the monitoring and the course of action must be documented in the computerized Monitoring Software or the Monitoring Instrument.
- 8.10 Time permitting and if the appropriate Subrecipient staff are available, the Monitor will make every attempt to provide the Subrecipient with an on-site Exit Conference. The Exit Conference is intended to explain, to the Subrecipient, the preliminary results of the monitoring. In some situations the Subrecipient may be provided a few days to submit documentation, if the documentation was not readily available during the onsite visit. In this situation, an Exit conference may not be conducted on-site.
- 8.11 If an on-site exit conference cannot be completed, the Monitor will schedule an Exit conference via conference call. The call will typically occur within 5 business days from the last day the monitoring.
- 8.12 The Monitor(s) will create electronic copies of all applicable monitoring documents and/or Finding support documentation obtained during the review. The Monitor will save the electronic copies to the electronic testing documents and/or to the Subrecipient's respective monitoring folder.

## **9.0 Monitoring Report**

- 9.1 The Monitor(s) will be required to develop a report, detailing the results of the monitoring. Each Monitoring Report will contain general program information and/or a brief description of the monitoring process that was performed. If applicable, the monitoring report will contain:
- A. Finding
    - 1 A brief and concise description of the lack of compliance of a specific program requirement;
    - 2. A brief description of the program requirement;
    - 3. A description of any disallowed or questioned cost; and
    - 4. The respective reference for program compliance.
  - B. Action Required

1. A brief requirement for the Subrecipient to meet;
  2. A requirement for the Subrecipient to complete a specific action to resolve the finding;
  3. A requirement for the Subrecipient to provide a reimbursement, documents, an assurance and/or a response to the monitoring report.
- C. If there were findings of noncompliance, a 30 calendar day corrective action deadline. If there were no Findings or Required Action, the Monitoring Report will reflect that no response is required and that the Monitoring Review is considered closed.
- 9.2 Monitors are expected to, on average, complete monitoring letters within 30 calendar days from the last day of the onsite visit. However, DOE-WAP monitoring letters must be completed within 30 calendar days.
- 9.3 The Monitor(s) will make an electronic copy of the Monitoring Report and save the copy to the Subrecipient's respective monitoring file and to the computerized Monitoring Software. If a Subrecipient has an email address, the scanned version will be emailed and the original document will be mailed to the Subrecipient.
- 9.4 At a minimum, the Monitor will send the original copy of the Monitoring Report to the Subrecipient and a copy of the report to the Subrecipient's Board Chair or the assigned Board representative.
- 9.5 The date the monitoring report is considered complete and submitted to the Subrecipient, is when the report is emailed or mailed to the Subrecipient.

### **10.0 Response to the Monitoring Report**

- 10.1 The Subrecipient will be provided a 30 day corrective action period which can be extended for good cause by the Chief of Compliance.
- 10.2 The Monitor(s) is responsible for tracking corrective action due dates. If the Department has not received the Subrecipient's response, the Monitor(s) will submit a letter to the Subrecipient, notifying them of the delinquent response. The Monitor will document that a letter was sent to the Subrecipient, in the "Notes" area of the Monitoring Tracking System.
- 10.3 If the Subrecipient's response is submitted as a paper document, the Monitor will make an electronic copy of the response. The Monitor will then save the copy to the Subrecipient's respective Monitoring File.
- 10.4 The Monitor(s) will review the Subrecipient's response to the report for compliance with the specific Finding's required action and program rules, regulations and requirements.

- 10.5 Within 45 business days of the receipt of the response, the Monitor(s) will provide correspondence to the Subrecipient addressing each Finding and/or required action. For each Finding, the monitor(s) will:
- A. Briefly state the Finding that occurred;
  - B. The Subrecipient's response and/or documentation;
  - C. Any concern or question posed in the Subrecipient's response;
  - D. The results of the Department's review of the response and/or documentation;
  - E. Necessary information to address the Subrecipient's concern or question;
  - F. If the response and/or documentation is acceptable to resolve the Finding;
  - G. If the Finding is resolved;
  - H. If applicable, the Finding is closed;
    - i. A Finding will not be considered resolved, but closed when the Department believes the Subrecipient's required action is not obtainable. The Subrecipient will no longer be required to complete the required action.
    - ii. The Department should consider the efforts the Subrecipient made to resolve the Finding.
    - iii. A "Closed" Finding will not be used on the Required Action of a Subrecipient to reimburse the Department for disallowed expenditures.
  - I. If applicable, the required action to resolve the Finding.
  - J. Provide the Subrecipient 30 calendar days from the date of the letter, to respond to any unresolved Findings and/or required actions.
- 10.6 The Monitor(s) will make an electronic copy of the document addressing the Subrecipient's response to the report. The Monitor will save the copy to the Subrecipient's respective monitoring file and to the computerized Monitoring Software. If a Subrecipient has an email address, the scanned version will be emailed and the original document will be mailed to the Subrecipient. If applicable, a copy of the document will be sent to appropriate individuals.
- 10.7 If the Subrecipient's response did not resolve the Findings and/or required actions of the monitoring report, the Monitor(s) will keep abreast of the Subrecipient's 30 day response period. If the Department has not received the Subrecipient's response, the Monitor(s) will submit a letter to the Subrecipient, notifying them of the delinquent response. The Monitor will document that a letter was sent to the Subrecipient, in the "Notes" area of the Monitoring Tracking System.

- 10.8 When the Subrecipient submits the response from 10.7, the Monitor(s) will continue at 10.2 of the Monitoring SOP. If the Monitor completes Section 10.5 of the SOP and determines the Subrecipient's response to Finding(s) and/or required action(s) to remain unresolved, the Monitor will continue with 10.6 and 10.7 of the SOP. However, the Monitor will utilize a 10 calendar day response period for the Subrecipient to resolve the Finding(s) and/or required action(s). If the Department has not received the Subrecipient's response, the Monitor(s) will submit a letter to the Subrecipient, notifying them of the delinquent response. The Monitor will document that a letter was sent to the Subrecipient, in the "Notes" area of the Monitoring Tracking System.
- 10.9 Similarly, when the Subrecipient submits the response from 10.8, the Monitor(s) will continue at 10.2 of the Monitoring SOP. If the Monitor completes Section 10.5 of the SOP and determines the Subrecipient's response to Finding(s) and/or required action(s) to remain unresolved, the CMCA Manager will notify the Chief of Compliance. The Chief of Compliance may determine if the matter should be referred to the Department's Enforcement Committee in accordance with Department Rules and SOPs.
- 10.10 If a Subrecipient has submitted its second response and is still not able to comply with the required action(s), the Monitor(s) will note in its subsequent correspondence that the Subrecipient is able to request a meeting with the Department's Compliance committee. The Subrecipient may request the committee to review the validity of the Finding or to appeal the required action.
- A. The Subrecipient must include in its subsequent response that it request a meeting with the Compliance committee.
  - B. Once the request has been received, the Department will follow the rules and the SOP's pertaining to the Compliance committee.

APPROVAL:



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BOARD ACTION REQUEST  
COMMUNITY AFFAIRS DIVISION  
JULY 30, 2015

Presentation, Discussion, and Possible Action on the Federal Fiscal Year 2016 Low Income Home Energy Assistance Program Application and State Plan and Awards for submission to the U.S. Department of Health and Human Services

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs ("TDHCA") develops and submits a State Plan to the U.S. Department of Health and Human Services ("USHHS") each year to administer the Low Income Home Energy Assistance Program ("LIHEAP");

WHEREAS, the Board approved a Draft Federal Fiscal Year ("FFY") 2016 LIHEAP Application and State Plan on June 16, 2015, to be released for public comment; and

WHEREAS, the Department has prepared the Final FFY 2016 LIHEAP Application and State Plan to include authorization to award funds and reflect public comment received, non-substantive corrections, and USHHS guidance;

NOW, therefore, it is hereby

RESOLVED, that the Final FFY 2016 LIHEAP Application and State Plan, in the form presented to this meeting, is hereby approved for submission to the USHHS; and

FURTHER RESOLVED, that the Executive Director or his designee are hereby authorized, empowered, and directed, for and on behalf of this Board to contract for the awards represented in the Plan and in connection therewith to execute, deliver, and cause to be performed such amendments, documents, and other writings as they or any of them may deem necessary or advisable to effectuate the foregoing.

BACKGROUND

The Department develops and submits a LIHEAP Plan each year on or before September 1 to the USHHS. USHHS provides a model plan to guide the format and content. The draft, upon approval by the Board on June 16, 2015, was released for public comment. The public comment period was open from June 16, 2015, to July 14, 2015, and public hearings were held at several locations around the state. Several organizations commented on the draft; a summary with Department response follows.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter A, §1.5) requires a review of LIHEAP awards prior to recommendation to the Board. Except as noted below, the Executive Award and Review Advisory Committee ("EARAC") has approved all of the awards in the Plan conditioned on receipt of any

required Single Audit and resolution of any findings noted in the Single Audit Report to the satisfaction of the Department. EARAC has not reviewed the award, or has conditioned the award for the following entities:

Agency	Recommendation Status
Community Services Agency of South Texas	Approved for an award conditioned on their provision of proof of insurance and proof of being current on taxes (or possessing a valid tax exemption) on HOME multifamily loan numbers 539110, 535253 and 530201 prior to contract execution.
Community Services, Inc.	Approved for an award conditioned on Department receipt and approval of cost allocation plan prior to contract execution.
Northeast Texas Opportunities, Inc.	EARAC has not yet considered a recommendation for an award.
South Plains Community Action Association, Inc.	EARAC has not yet considered a recommendation for an award.
Webb County Community Action Agency	EARAC has not yet considered a recommendation for an award.

While the information above reflects three specific agencies that have not yet been recommended for an award, the funding table of the Plan does provide for their formula derived funding to be reserved for those areas of the state. When the awards are reviewed, EARAC may impose conditions up to and including suspension of funding access pending resolution of material compliance matters and/or initiation of proceedings to reduce funding and/or terminate eligible entity status, if warranted.

## Attachment A: Summary of Public Comments and Staff Recommendations Related to FFY 2016 Low Income Home Energy Assistance Program (LIHEAP) Application and State Plan

### SUMMARY OF PUBLIC COMMENT AND STAFF RECOMMENDATIONS.

Comments were accepted at public hearings held across the State from July 7 thru 13<sup>th</sup> and comments were also accepted in writing. Public comments were accepted beginning June 16, 2015 through July 14, 2015. The Department's response to all comments received is set out below. The comments and responses include both administrative clarifications and corrections and the corresponding Departmental responses. Comments and responses are presented in order as they appear in the LIHEAP State Plan, with comments received from:

- (1) Stella Rodriguez, Executive Director, Texas Association of Community Action Agencies
- (2) Mark Bethune, Executive Director, Concho Valley Community Action Agency
- (3) Bobby Deike, Executive Director, Community Council of South Central Texas
- (4) Karen Swenson, Executive Director, Greater East Texas Community Action Program
- (5) Kristie Smith, Executive Director, Economic Action Committee of the Gulf Coast
- (6) Emma Vasquez, Executive Director, Big Bend Community Action Agency
- (7) Sonia Singleton, Assistant Director, City of Fort Worth, Parks and Community Services Department
- (8) Kelly Franke, Executive Director, Combined Community Action
- (9) Vicki Smith, Executive Director, Community Action Committee of Victoria Texas
- (10) Sunny Erwin, Director of Community Services, Texas Neighborhood Services
- (11) Zachary Thompson, Director, Dallas County Health and Human Services
- (12) Brenda Smith, Energy Services Program Manager, Texoma Council of Governments
- (13) Doug Misenheimer, Travis County Housing, Health and Human Services and Veterans Services
- (14) Jamie Calobrisi, Director of CEAP, Neighborhood Centers Inc.
- (15) Sommer Harrison, Director of Weatherization, Neighborhood Centers, Inc.

#### Section 1 Program Components

##### Estimated Funding Allocation

COMMENT SUMMARY (3, 14, 15): Commenter recommends that the proportion of LIHEAP funds allocated to WAP activities be raised from 15% to 20%.

STAFF RESPONSE: LIHEAP rules require that the initial allocation of WAP funds be capped at 15%. The Department has the ability to request a waiver from USHHS to raise the percentage to 20% after the plan is filed. In prior years when the LIHEAP allocation was raised to 20%, subrecipients did not fully expend the funds and the program had unexpended balances to quickly work to reallocate. Staff will monitor expenditures for LIHEAP WAP to determine if expenditure levels necessitate requesting a waiver to raise the percentage.

Staff recommends no change based on this comment.

##### Determination of Countable Income

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13): Commenters recommend changing the applicable forms of countable income in the Texas Administrative Code to match the LIHEAP State Plan. Also, commenters requested that staff clarify the definition of "general assistance benefits".

COMMENT SUMMARY (7): Commenter recommends eliminating the requirement to include disability income in eligibility and benefit determinations.

STAFF RESPONSE: Determination of countable income as indicated in the Texas Administrative Code ("TAC") is not an issue that is associated with the LIHEAP Plan. The LIHEAP State Plan is the Department's means of communication to USHHS its planned use of federal funds for LIHEAP programs. The Department utilizes the TAC to establish rules for all Community Affairs programs. The list of excluded income categories is included in TAC covers all Community Affairs programs and therefore will not match the list of income inclusions for only LIHEAP programs.

Regarding the elimination of the requirement to include disability income in eligibility and benefit determinations, disability income is not listed as an excluded income source by the Department of Energy Weatherization Assistance Program, nor is it included in the Department of Housing and Urban Development's Federally Mandated Exclusions from Income list. To maintain consistency within TDHCA programs, staff recommends no changes to this requirement for LIHEAP.

Staff recommends no change based on this comment.

Eligibility – In Sections 2, Heating Assistance; Section 3, Cooling Assistance; and Section 4, Crisis Assistance

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14 and 15): Commenters recommend that the Department increase the income eligibility threshold for LIHEAP for all three activity types and Plan sections - Sections 2, Heating Assistance; Section 3, Cooling Assistance; and Section 4, Crisis Assistance. In all of those cases, commenters request that the eligibility threshold be changed to 150% of the federal poverty guidelines (FPG) as allowed by USHHS.

Alternatively, commenters 14 and 15 recommended that the Department not increase the income eligibility threshold for LIHEAP beyond 125% of the federal poverty guidelines (FPG) as allowed by USHHS. Commenter explains that at this point, her agency has many more applications that they are able to assist, due to the lowered funding in the LIHEAP program. Commenter states that if limit is raised, the program should not allow households to self-certify disability.

STAFF RESPONSE: Staff recommends the Board make the requested change by increasing the income eligibility to up to 150% of the federal poverty income guidelines across all three activities and in Plan sections 2, 3, and 4 for LIHEAP programs. The plan has been updated to reflect this change. Regarding self-certification for disability, staff will explore this idea more through dialog with the LIHEAP network of providers and may consider this in a future rulemaking.

COMMENT SUMMARY (12, 13): In all of the three categories there was also comment that recommended the Department increase the income eligibility threshold to 200% of federal poverty guidelines for the CEAP.

STAFF RESPONSE: The federal rules for LIHEAP limit the threshold for LIHEAP-funded programs to 150% of the federal poverty guidelines. Staff has amended the plan to raise the threshold to 150% as requested. Staff advises that this limitation will not apply to households that are categorically eligible for the program.

Staff recommends no change based on this comment.

#### Determination of Benefits for Heating

COMMENT SUMMARY (7): Commenter recommended that the Department revise the sliding scale of benefits that is included in the TAC to reflect that the benefit allowance for 126%-150% be \$1,000; the level for 101%-125% be \$1,200; 76%-100% be \$1,300; 51%-75% be \$1,400, 0-50% be \$1,500; and households with elderly and disabled occupants be \$1,500.

STAFF RESPONSE: The sliding scale benefit matrix as indicated in the Texas Administrative Code ("TAC") is not an issue that is associated with the LIHEAP Plan. Staff does not recommend a change to benefit levels at this time. Staff has amended the plan to increase the income eligibility threshold to 150%. Staff will monitor how this change affects the program and will consider changes to benefit levels during preparation of the next plan.

Staff recommends no change based on this comment at this time.

COMMENT SUMMARY (11): Commenter recommends increasing the heating assistance benefit from \$1,200 to \$1,500.

STAFF RESPONSE: Staff does not recommend a change to benefit levels at this time. Staff has amended the plan to increase the income eligibility threshold to 150% as requested. Staff will monitor how this change affects the program and will consider changes to benefit levels during preparation of the next plan.

Staff recommends no change based on this comment.

COMMENT SUMMARY (14): Commenter recommends that the Department not increase the heating assistance benefit from \$1,200 to \$1,500.

STAFF RESPONSE: Staff does not recommend a change to benefit levels at this time. Staff has amended the plan to increase the income eligibility threshold to 150% as requested. Staff will monitor how this change affects the program and will consider changes to benefit levels during preparation of the next plan.

Staff recommends no change based on this comment.

#### Section 3 Cooling Assistance

##### Determination of Benefits for Cooling

COMMENT SUMMARY (7): Commenter recommended that the Department revise the sliding scale of benefits that is included in the TAC to reflect that the benefit allowance for 126%-150% be \$1,000; the level for 101%-125% be \$1,200; 76%-100% be \$1,300; 51%-75% be \$1,400, 0-50% be \$1,500; and households with

elderly and disabled occupants be \$1,500.

STAFF RESPONSE: The sliding scale benefit matrix as indicated in the Texas Administrative Code ("TAC") is not an issue that is associated with the LIHEAP Plan. Staff does not recommend a change to benefit levels at this time. Staff has amended the plan to increase the income eligibility threshold to 150%. Staff will monitor how this change affects the program and will consider changes to benefit levels during preparation of the next plan.

Staff recommends no change based on this comment.

COMMENT SUMMARY (11): Commenter recommends increasing the cooling assistance benefit from \$1,200 to \$1,500.

STAFF RESPONSE: Staff does not recommend a change to benefit levels at this time. Staff has amended the plan to increase the income eligibility threshold to 150% as requested. Staff will monitor how this change affects the program and will consider changes to benefit levels during preparation of the next plan.

Staff recommends no change based on this comment.

#### Determination of Benefits

COMMENT SUMMARY (7): Commenter recommended that the Department revise the sliding scale of benefits that is included in the TAC to reflect that the benefit allowance for 126%-150% be \$1,000; the level for 101%-125% be \$1,200; 76%-100% be \$1,300; 51%-75% be \$1,400, 0-50% be \$1,500; and households with elderly and disabled occupants be \$1,500.

Commenter further recommends increasing the household crisis benefit from \$1,200 to \$3,000 for disconnection notices.

STAFF RESPONSE: The sliding scale benefit matrix as indicated in the Texas Administrative Code ("TAC") is not an issue that is associated with the LIHEAP Plan. Staff does not recommend a change to benefit levels at this time. Staff has amended the plan to increase the income eligibility threshold to 150%. Staff will monitor how this change affects the program and will consider changes to benefit levels during preparation of the next plan.

Staff recommends no change based on this comment.

COMMENT SUMMARY (11, 12, 13): Commenter recommends increasing the household crisis benefit from \$1,200 to \$1,500.

STAFF RESPONSE: Staff does not recommend a change to benefit levels at this time. Staff has amended the plan to increase the income eligibility threshold to 150%. Staff will monitor how this change affects the program and will consider changes to benefit levels during preparation of the next plan.

Staff recommends no change based on this comment.

COMMENT SUMMARY (7, 12, 13, 14): Commenter recommends that the Department increase the

threshold for HVAC repair in the household crisis component from \$2,500 to \$3,000 to allow for critical repairs as the cost of equipment has gone up and often times there is no ability to match the existing equipment with equipment that is now available.

STAFF RESPONSE: Staff recommends increasing the maximum benefit level for LIHEAP WAP to \$6,500 at this time. As part of this overall increase, staff also recommends increasing the maximum cost for HVAC repair in the household crisis component from \$2,500 to \$3,000. The two changes jointly will best address the needed change. Staff has amended the plan to reflect these changes.

#### Section 5 Weatherization Assistance

##### Eligibility

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 15): Commenters recommend that the Department increase the income eligibility threshold for LIHEAP to 150% of the federal poverty guidelines (FPG) as allowed by USHHS.

STAFF RESPONSE: Staff recommends increasing the income eligibility to up to 150% of the federal poverty income guidelines for LIHEAP programs as requested. Staff has amended the plan to reflect this change.

COMMENT SUMMARY (12, 13): Commenter recommends the Department increase the income eligibility threshold to 200% of federal poverty guidelines for the CEAP.

STAFF RESPONSE: The federal rules for LIHEAP limit the threshold for LIHEAP-funded programs to 150% of the federal poverty guidelines. Staff has amended the plan to raise the threshold to 150% as requested.

Staff recommends no change based on this comment.

##### Benefit Levels

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13): Commenters recommend that the maximum benefit level for LIHEAP WAP be increased from \$5,000 to \$7,500. The increase would allow subrecipients to do more health and safety measures without exceeding the 20 percent overall threshold of Health and Safety measures per program year.

STAFF RESPONSE: Staff agrees that the maximum benefit level should increase. Staff recommends increasing the maximum benefit level for LIHEAP WAP to \$6,500 at this time. Though it is not a part of this plan, as part of this overall increase staff also recommends increasing the maximum cost for duct sealing from \$750 to \$1,000. Staff will monitor expenditures for LIHEAP WAP to determine if program performance necessitates raising the levels further. Staff has amended the Plan to reflect this change.

COMMENT SUMMARY (15): Commenter recommends that the maximum benefit level for LIHEAP WAP be increased from \$5,000 to \$7,400, or to \$6,904 to match the DOE cost per unit at minimum.



STAFF RESPONSE: Staff agrees that the maximum benefit level should increase. Staff recommends increasing the maximum benefit level for LIHEAP WAP to \$6,500 at this time. Though it is not a part of this plan, as part of this overall increase staff also recommends increasing the maximum cost for duct sealing from \$750 to \$1,000. Staff will monitor expenditures for LIHEAP WAP to determine if program performance necessitates raising the levels further.

Staff recommends no change based on this comment.

#### LIHEAP Weatherization Measures

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 15): Commenters pointed out that staff selected the check boxes for “repair of heating and cooling systems” rather than “replacement of heating and cooling systems”. The replacement of systems has been an allowable activity in the past. Commenters recommend that staff select the boxes for replacement of heating and cooling systems, rather than repair of the systems.

STAFF RESPONSE: Staff concurs and has amended the plan to check the boxes for cooling system replacement and heating system replacement.

COMMENT SUMMARY (7): Commenter suggested that the Department bring back the Heating and Cooling component of the CEAP but as an initiative under the LIHEAP WAP.

STAFF RESPONSE: Staff will explore this idea more through dialog with the LIHEAP WAP network of providers.

Staff recommends no change based on this comment at this time.

COMMENT SUMMARY (12, 13): Commenters recommend that the Department consider measures associated with ASHRAE compliance as repair items.

STAFF RESPONSE: Measures associated with ASHRAE compliance is not an issue that is associated with the LIHEAP Plan. Staff will explore this idea more through dialog with the LIHEAP WAP network of providers.

#### Section 11.1 Timely and Meaningful Public Participation

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13): Commenters pointed out that the stakeholder consultation meetings box is not selected. Commenters recommend that staff select the stakeholder consultation meeting box to ensure transparency and communication of the Department’s intent with all stakeholders.

STAFF RESPONSE: Staff has amended the plan to show the stakeholder consultation meeting box as checked.

#### Section 16 Performance Goals and Measures

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13): Commenters pointed out that staff did not

summarize results of performance goals and measures for the prior federal fiscal year. Commenters recommend that staff complete this section.

STAFF RESPONSE: Staff has amended the plan to add information regarding performance goals and measures.

#### Section 17 Program Integrity

##### Identification Documentation Requirements

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13): Commenters pointed out that different versions of the posted plan indicated different boxes selected. Commenters recommend that staff fix this inconsistency.

STAFF RESPONSE: Staff amended the plan to select the correct box for this item.

##### Identification Verification

COMMENT SUMMARY (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13): Commenters questioned whether the requirement to verify the authenticity of identification documents provided by clients who are not U.S. citizens or nationals via the Systematic Alien Verification for Entitlements (“SAVE”) system is applicable to nonprofit organizations. Commenters recommend that if the SAVE system is not applicable to nonprofit organizations, staff should amend this section to clarify.

STAFF RESPONSE: Staff has amended the plan to clarify that the SAVE requirement applies only to those public organizations whose benefit determinations are not completed by a private nonprofit organization.

##### Citizenship/Legal Residency Verification

COMMENT SUMMARY (13): Commenter recommends that the Department allow the use of Social Security cards as proof of citizenship, in addition to birth certificates.

STAFF RESPONSE: Federal rules regarding verification of citizenship do not allow the use of social security cards as primary proof of citizenship. Social security cards, as well as birth certificates, may be used as secondary documentation paired with other government-issued identification documents. Staff recommends no change based on this comment.

##### Income Verification

COMMENT SUMMARY (13): Commenter recommends that for LIHEAP-funded programs, the Department allow use of bank statements and income tax documents to verify household income in addition to the accepted forms of income documentation.

STAFF RESPONSE: Allowable income verification documentation is not an issue that is associated with the LIHEAP Plan. The TAC requires documentation of income from the 30-day period prior to application. Income tax documents would not meet this requirement. Further, the TAC requires documentation of gross

income, while bank statements show the net amount that was deposited into an account, so would not meet this requirement.

Staff recommends no change based on this comment.

FFY 2016 CEAP ALLOCATIONS\*  
January 1, 2016 - December 31, 2016

SUBRECIPIENT		ESTIMATED AWARD
1	Aspermont Small Business Development Center, Inc.	585,826
2	Bexar County Community and Development Programs	5,534,765
3	Big Bend Community Action Committee, Inc.	685,456
4	Brazos Valley Community Action Agency	2,771,547
5	Central Texas Opportunities, Inc.	904,124
6	Combined Community Action, Inc.	611,806
7	Community Action Committee of Victoria, Texas	1,051,670
8	Community Action Corporation of South Texas	3,486,942
9	Community Action Inc. of Central Texas	577,522
10	Community Council of South Central Texas	2,811,830
11	Community Services Agency of South Texas	674,329
12	Community Services, Inc.	3,512,897
13	Community Services Northeast Texas, Inc.	959,477
14	Concho Valley Community Action Agency	1,148,372
15	County of Hidalgo Community Services Agency	3,978,257
16	Dallas County Department of Health and Human Services	6,776,940
17	Economic Action Committee of the Gulf Coast	181,142
18	Economic Opportunities Advancement Corporation of Planning Region XI	1,571,126
19	El Paso Community Action Program, Project BRAVO, Inc.	3,829,343
20	Fort Worth, City of, Parks and Community Services Department	4,121,912
21	Galveston County Community Action Council, Inc.	2,121,508
22	Greater East Texas Community Action Program	4,763,116
23	Hill Country Community Action Association, Inc.	1,432,293
24	Kleberg County Human Services	461,237
25	Lubbock, City of, Community Development Department	969,170
26	Neighborhood Centers, Inc.	10,781,702
28	To Be Determined** (Areas currently served by NETO, Inc.)	839,618
27	Nueces County Community Action Agency	1,319,305
29	Panhandle Community Services	2,277,457
30	Pecos County Community Action Agency	450,033
32	Rolling Plains Management Corporation	1,881,213
33	South Plains Community Action Association, Inc.***	1,090,107
34	South Texas Development Council	709,473
35	Texas Neighborhood Services	1,071,394
36	Texoma Council of Governments	667,508
37	Travis County Health and Human Services Department	2,517,304

38	Tri-County Community Action, Inc.	1,367,528
39	Webb County Community Action Agency***	1,126,862
40	West Texas Opportunities, Inc.	2,252,415
41	Williamson-Burnet Counties Opportunities, Inc.	581,887
	TOTAL	86,175,641

\* All figures are based on an assumption of level funding from FFY 2015. Staff will revise budgets according to formula upon Congressional Approval and receipt of grant notifications from US Department of Health and Human Services.

\*\* FFY 2016 funds for Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties are being awarded for the service area, pending the Department's resolution of concerns with NETO, Inc. or identification of an alternate service provider.

\*\*\* EARAC has not yet considered the previous participation review of these entities

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

MODEL PLAN

PUBLIC LAW 97-35, AS AMENDED

FEDERAL FISCAL YEAR 2016

GRANTEE: Texas Department of Housing and Community Affairs

EIN: 17426105429

ADDRESS: P.O. Box 13941  
Austin, Texas 78711-3941

LIHEAP COORDINATOR: Michael DeYoung

EMAIL: michael.deyoung@tdhca.state.tx.us

TELEPHONE: (512) 475-2125 FAX: (512) 475-3935

CHECK ONE: TRIBE / TRIBAL ORGANIZATION \_\_\_\_\_ STATE  INSULAR AREA \_\_\_\_\_

Department of Health and Human Services  
Administration for Children and Families  
Office of Community Services  
Washington, DC 20447

August 1987, revised 05/92, 02/95, 03/96, 12/98, 11/01  
OMB Approval No. 0970-0075

THE PAPERWORK REDUCTION ACT OF 1995 (Pub. L. 104-13)

Use of this model plan is optional. However, the information requested is required in order to receive a Low Income Home Energy Assistance Program (LIHEAP) grant in years in which the grantee is not permitted to file an abbreviated plan. Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

## Assurances

The Texas Department of Housing and Community Affairs agrees to:

(1) use the funds available under this title to--

(A) conduct outreach activities and provide assistance to low income households in meeting their home energy costs, particularly those with the lowest incomes that pay a high proportion of household income for home energy, consistent with paragraph (5);

(B) intervene in energy crisis situations;

(C) provide low-cost residential weatherization and other cost-effective energy-related home repair; and

(D) plan, develop, and administer the State's program under this title including leveraging programs,

and the State agrees not to use such funds for any purposes other than those specified in this title;

(2) make payments under this title only with respect to--

(A) households in which one or more individuals are receiving--

(i) assistance under the State program funded under part A of title IV of the Social Security Act;

(ii) supplemental security income payments under title XVI of the Social Security Act;

(iii) food stamps under the Food Stamp Act of 1977; or

(iv) payments under section 415, 521, 541, or 542 of title 38, United States Code, or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; or

(B) households with incomes which do not exceed the greater of--

(i) an amount equal to 150 percent of the poverty level for such State; or

(ii) an amount equal to 60 percent of the State median income;

except that a State may not exclude a household from eligibility in a Federal fiscal year solely on the basis of household income if such income is less than 110 percent of the poverty level for such State, but the State may give priority to those households with the highest home energy costs or needs in relation to household income.

(3) conduct outreach activities designed to assure that eligible households, especially households with elderly individuals or disabled individuals, or both, and households with high home energy burdens, are made aware of the assistance available under this title, and any similar energy-related assistance available under subtitle B of title VI (relating to community services block grant program) or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(4) coordinate its activities under this title with similar and related programs administered by the Federal Government and such State, particularly low-income energy-related programs under subtitle B of title VI (relating to community services block grant program), under the supplemental security income program, under part A of title IV of the Social Security Act, under title XX of the Social Security Act, under the low-income weatherization assistance program under title IV of the Energy Conservation and Production Act, or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(5) provide, in a timely manner, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size, except that the State may not differentiate in implementing this section between the households described in clauses 2(A) and 2(B) of this subsection;

(6) to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of this title, to give special consideration, in the designation of such agencies, to any local public or private nonprofit agency which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964 or any other provision of law on the day before the date of the enactment of this Act, except that--

(A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and

(B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the State shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the Federal fiscal year preceding the Federal fiscal year for which the determination is made;

(7) if the State chooses to pay home energy suppliers directly, establish procedures to--

(A) notify each participating household of the amount of assistance paid on its behalf;

(B) assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment made by the State under this title;



(C) assure that the home energy supplier will provide assurances that any agreement entered into with a home energy supplier under this paragraph will contain provisions to assure that no household receiving assistance under this title will be treated adversely because of such assistance under applicable provisions of State law or public regulatory requirements; and

(D) ensure that the provision of vendor payments remains at the option of the State in consultation with local grantees and may be contingent on unregulated vendors taking appropriate measures to alleviate the energy burdens of eligible households, including providing for agreements between suppliers and individuals eligible for benefits under this Act that seek to reduce home energy costs, minimize the risks of home energy crisis, and encourage regular payments by individuals receiving financial assistance for home energy costs;

(8) provide assurances that--

(A) the State will not exclude households described in clause (2)(B) of this subsection from receiving home energy assistance benefits under clause (2), and

(B) the State will treat owners and renters equitably under the program assisted under this title;

(9) provide that--

(A) the State may use for planning and administering the use of funds under this title an amount not to exceed 10 percent of the funds payable to such State under this title for a Federal fiscal year; and

(B) the State will pay from non-Federal sources the remaining costs of planning and administering the program assisted under this title and will not use Federal funds for such remaining cost (except for the costs of the activities described in paragraph (16));

(10) provide that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under this title, including procedures for monitoring the assistance provided under this title, and provide that the State will comply with the provisions of chapter 75 of title 31, United States Code (commonly known as the "Single Audit Act");

(11) permit and cooperate with Federal investigations undertaken in accordance with section 2608;

(12) provide for timely and meaningful public participation in the development of the plan described in subsection (c);

(13) provide an opportunity for a fair administrative hearing to individuals whose claims for assistance under the plan described in subsection (c) are denied or are not acted upon with reasonable promptness; and

(14) cooperate with the Secretary with respect to data collecting and reporting under section 2610.

(15) beginning in Federal fiscal year 1992, provide, in addition to such services as may be offered by State Departments of Public Welfare at the local level, outreach and intake functions for crisis situations and heating and cooling assistance that is administered by additional State and local governmental entities or community-based organizations (such as community action agencies, area agencies on aging and not-for-profit neighborhood-based organizations), and in States where such organizations do not administer functions as of September 30, 1991, preference in awarding grants or contracts for intake services shall be provided to those agencies that administer the low-income weatherization or energy crisis intervention programs.

(16) use up to 5 percent of such funds, at its option, to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance, including needs assessments, counseling, and assistance with energy vendors, and report to the Secretary concerning the impact of such activities on the number of households served, the level of direct benefits provided to those households, and the number of households that remain unserved.

Certification to the Assurances: As Chief Executive Officer, I agree to comply with the sixteen assurances contained in Title XXVI of the Omnibus Budget Reconciliation Act of 1981, as amended. By signing these assurances, I also agree to abide by the standard assurances on lobbying, debarment and suspension, and a drug-free workplace.

Signature of the Tribal or Board Chairperson or Chief Executive Officer of the State or Territory.

Signature: \_\_\_\_\_

Title: Executive Director, Texas Department of Housing and Community Affairs

Date: August , 2015

The Governor of Texas has delegated the responsibility of signing this document to the Executive Director of the Texas Department of Housing and Community Affairs. A copy of the letter is attached.

The EIN (Entity Identification Number) of the Texas Department of Housing & Community Affairs, which receives the grant funds, appears on the cover of this application.

In the above assurances which are quoted from the law, "State" means the 50 States, the District of Columbia, an Indian Tribe or Tribal Organization, or a Territory; "title" of the Act refers to Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (OBRA), as amended, the "Low Income Home Energy Assistance Act"; "section" means Section 2605 of OBRA; and, "subsection" refers to Section 2605(b) of OBRA.

Section 1<sup>1</sup>

Program Components, 2605(a), 2605(b)(1) – Assurance 1, 2605(c)(1)(C)

1.1 Check which components you will operate under the LIHEAP program. (Note: You must provide information for each component designated here as requested elsewhere in this plan.)

Dates of Operation<sup>2</sup>

<input checked="" type="checkbox"/>	Heating assistance	Start date: 01/01/2016	End date: 02/28/2016
<input checked="" type="checkbox"/>	Cooling assistance	Start date: 03/01/2016	End date: 11/30/2016
<input checked="" type="checkbox"/>	Crisis assistance	Start date: 01/01/2016	End date: 12/31/2016
<input checked="" type="checkbox"/>	Weatherization assistance	Start date: 01/01/2016	End date: 12/31/2016

Estimated Funding Allocation, 2604(c), 2605(k)(1), 2605(b)(9), 2605(b)(16) – Assurances 9 and 16

1.2 Estimate what amount of available LIHEAP funds will be used for each component that you will operate: The total of all percentages must add up to 100%.

10% heating assistance

40% cooling assistance

25% crisis assistance

Up to 15% weatherization assistance<sup>3</sup>

0% carryover to the following Federal fiscal year

10% administrative and planning costs

0% services to reduce home energy needs including needs assessment (Assurance 16)

0% used to develop and implement leveraging activities

100% TOTAL

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<sup>1</sup> Capitalized terms are defined in Title 10, Chapter 1 or Chapter 5 (as applicable) of the Texas Administrative Code or by federal law.

<sup>2</sup> Dates of operation signify periods in which we most expect seasonal usage. Identification of these periods does not limit the payment of assistance on any “seasonal” basis.

<sup>3</sup> If 15% is not used for weatherization assistance, the balance will be added to heating, cooling, or crisis assistance as needed.

Alternate Use of Crisis Assistance Funds, 2605(c)(1)(C)

1.3 The funds reserved for winter crisis assistance that have not been expended by March 15 will be reprogrammed to:

- Heating assistance
- Weatherization assistance
- Cooling assistance
- Other (specify): year-round crisis

Categorical Eligibility, 2605(b)(2)(A) – Assurance 2, 2605(c)(1)(A), 2605(b)(8A) – Assurance 8

1.4 Do you consider households categorically eligible if one household member receives one of the following categories of benefits in the left column below?  Yes  No

Program	Cooling	Heating	Crisis	Weatherization
Supplemental Security Income	Yes	Yes	Yes	Yes
Temporary Assistance for Needy Families	No	No	No	No
Supplemental Nutrition Assistance Program	No	No	No	No
Means-tested Veteran’s Programs	Yes	Yes	Yes	Yes

1.5 Do you automatically enroll households without a direct annual application?

- Yes  No

1.6 How do you ensure there is no difference in the treatment of categorically eligible households from those not receiving other public assistance when determining eligibility and benefit amounts?

This is the first year that Texas will incorporate categorical eligibility into its program. State rules will be amended to include a provision that there is to be no difference in the treatment of categorically eligible households.

SNAP Nominal Payments

1.7 Do you allocate LIHEAP funds toward a nominal payment for SNAP clients?

- Yes  No

Amount of Minimal Assistance: \$ \_\_\_ NA \_\_\_\_\_

Frequency of Assistance:

- Once per year
- Once every five years
- Other (describe): \_\_\_\_\_ NA \_\_\_\_\_

Determination of Eligibility – Countable Income

1. In determining a household’s income eligibility for LIHEAP, do you use gross income or net income?

- Gross Income (except for self employment or farm income or gambling/lottery winnings)
- Net Income

2. Select all of the applicable forms of countable income used to determine a household's income eligibility for LIHEAP.

- Wages (except as prohibited by the Workforce Investment Act of 1998 )
- Self-employment income
- Contract income
- Payments from mortgage or sales contracts
- Unemployment Insurance
- Strike pay
- Social Security Administration (SSA) benefits
  - Including MediCare deduction
  - Excluding MediCare deduction
- Supplemental Security Income (SSI)
- Retirement / pension benefits
- General Assistance benefits (except as excluded by federal law)
- Temporary Assistance for Needy Families (TANF) benefits (except for one-time payments)
- Supplemental Nutrition Assistance Program (SNAP) benefits
- Women, Infants, and Children Supplemental Nutrition Program (WIC) benefits
- Loans that need to be repaid
- Cash gifts
- Savings account balance
- One-time lump-sum payments, such as rebates/credits, refund deposits, etc.
- Jury duty compensation
- Rental income
- Income from employment through Workforce Investment Act (WIA)
- Income from work study programs
- Alimony
- Child support
- Interest, dividends, or royalties
- Commissions
- Legal settlements
- Insurance payments made directly to the insured
- Insurance payments made specifically for the repayment of a bill, debt, or estimate
- Veterans Administration (VA) benefits (Some types are included, some types are excluded)
- Earned income of a child under the age of 18
- Balance of retirement, pension, or annuity accounts where funds cannot be withdrawn without a penalty.
- Income tax refunds
- Stipends from senior companion programs, such as VISTA
- Funds received by household for the care of a foster child
- AmeriCorps Program payments for living allowances, earnings, and in-kind aid.
- Reimbursements (for mileage, gas, lodging, meals, etc.)
- Other

Worker's compensation, military family allotments (except where excluded by other federal law), gambling or lottery winnings;

Section 2 - HEATING ASSISTANCE

Eligibility, 2605(b)(2) – Assurance 2

2.1 Designate The income eligibility threshold used for the heating component:

2015 HHS poverty income level:   
OR  
FY 2016 state’s median income 60%<sup>4</sup>

2.2 Do you have additional eligibility requirements for HEATING ASSISTANCE?

Yes<sup>5</sup>    No

2.3 Check the appropriate boxes below and describe the policies for each.

- |  | <u>Yes</u>                          | <u>No</u>                           |
|--|-------------------------------------|-------------------------------------|
| ● Do you require an assets test?                             | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| ● Do you have additional/differing eligibility policies for: |                                     |                                     |
| ● Renters?   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| ● Renters living in subsidized housing?                      | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| ● Renters with utilities included in the rent? <sup>6</sup>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| ● Do you give priority in eligibility to:                    |                                     |                                     |
| ● Elderly?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| ● Disabled?  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| ● Young children?  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| ● Households with high energy burdens?                       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| ● Other?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Households with high energy consumption                      |                                     |                                     |

Determination of Benefits, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

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<sup>4</sup> In the county of a major disaster or emergency designated by the Secretary of the Department of Health and Human Services or by the President under the Disaster Relief Act of 1974, the State will use the highest of 125% of the poverty guidelines or 60% of the State’s median income (“SMI”). The State may also use this flexibility to set poverty guidelines in a local crisis as defined by the Department’s Executive Director. The State will communicate this designation to affected subrecipients through email and by website posting. Subrecipients must receive prior written approval before using 60% SMI. Place based assistance must be performed in the county, but person based assistance for those displaced by a disaster or emergency may be in other counties.

<sup>5</sup> Currently, §5.407(e) of 10 Texas Administrative states: “A Household unit cannot be served if the meter is utilized by another Household.” The Department is considering a change to this rule to allow for assistance in certain circumstances.

<sup>6</sup> If the renter’s situation is one where the utilities are not a distinct charge from the rent, we do not provide assistance as there is no individual bill and neither energy cost nor energy burden can be determined.

2.4 Describe how you prioritize the provision of heating assistance to vulnerable households, e.g., benefit amounts, application period, etc.

Subrecipients use a household rating system which determines priority based on persons in Households who are particularly vulnerable such as the Elderly, Persons with Disabilities, Households with Young Children, Households with High Energy Burden, and Households with High Energy Consumption. Benefit amounts are determined on a sliding scale based on the Household's income. The number of benefit payments is based on the presence of a vulnerable member such as the Elderly, Persons with Disabilities, and Households with Young Children. The maximum benefit amount is determined per-program year based on household need, is split between heating and cooling assistance, and is not required to be applied equally to heating and cooling costs.

2.5 Check the variables you use to determine your benefit levels. (Check all that apply):

- Income
- Family (household) size
- Home energy cost or need:
  - Fuel type
  - Climate/region
  - Individual bill
  - Dwelling type
  - Energy burden (% of income spent on home energy)
  - Energy need
  - Other (Describe)

Benefit Levels, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

2.6 Describe benefit levels:

\$0 Minimum benefit      \$1200 Maximum benefit

2.7 Do you provide in-kind (e.g., blankets, space heaters) and/or other forms of benefits?

Yes     No -- If yes, describe.

Under energy crisis, a Household may receive repair of existing heating and cooling units not to exceed \$3,000. Households that include at least one member that is elderly, disabled, or a child age 5 or younger, may receive either repair of existing heating and cooling units or crisis-related purchase of portable heating and cooling units not to exceed \$3,000.



Section 3: COOLING ASSISTANCE

Eligibility, 2605(c)(1)(A), 2605(b)(2) – Assurance 2

3.1 Designate the income eligibility threshold used for the cooling component:

2015 HHS poverty income level  150%  
 OR  
 FY 2016 median income 60%<sup>7</sup>

3.2 Do you have additional eligibility requirements for COOLING ASSISTANCE

Yes<sup>8</sup>     No

3.3 Check the appropriate boxes below and describe the policies for each.

	<u>Yes</u>	<u>No</u>
● Do you require an assets test?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Do you have additional/differing eligibility policies for:		
● Renters?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Renters living in subsidized housing?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Renters with utilities included in the rent?	<input checked="" type="checkbox"/> <sup>9</sup>	<input type="checkbox"/>
● Do you give priority in eligibility to:		
● Elderly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Disabled?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Young children?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Households with high energy burdens?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Other?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Households with high energy consumption		

3.4 Describe how you prioritize the provision of cooling assistance to vulnerable households, e.g., benefit amounts, application period, etc.

<sup>7</sup> In the county of a major disaster or emergency designated by the Secretary of the Department of Health and Human Services or by the President under the Disaster Relief Act of 1974, the State will use the highest of 125% of the poverty guidelines or 60% of the State’s median income. The State may also use this flexibility to set poverty guidelines in a local crisis as defined by the Department’s Executive Director. The State will communicate this designation to affected subrecipients through email and by website posting. Subrecipients must receive prior written approval before using 60% SMI. Place based assistance must be performed in the county, but person based assistance for those displaced by a disaster or emergency may be in other counties.

<sup>8</sup> Currently, §5.407(e) of 10 Texas Administrative Code states: “A Household unit cannot be served if the meter is utilized by another Household.” The Department is considering a change to this rule to allow for assistance in certain circumstances.

<sup>9</sup> If the renter’s situation is one where the utilities are not a distinct charge from the rent, we do not provide assistance as there is no individual bill and neither energy cost nor energy burden can be determined.

Subrecipients use a household rating system which determines priority based on persons in Households who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption. Benefit amounts are determined on a sliding scale based on the Household's income. The number of benefit payments is based on the presence of a vulnerable member such as the Elderly, Persons with Disabilities, and Households with Young Children. The maximum benefit amount is determined per-program year based on household need, is split between heating and cooling assistance, and is not required to be applied equally to heating and cooling costs.

Determination of Benefits, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

3.5 Check the variables you use to determine your benefit levels. (Check all that apply):

- Income
- Family (household) size
- Home energy cost or need
  - Fuel type
  - Climate/region
  - Individual bill
  - Dwelling type
  - Energy burden (% of income spent on home energy)
  - Energy need
  - Other (describe)

Benefit Levels, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

3.6 Describe benefit levels:

\$0 Minimum benefit \$1200 Maximum benefit

3.7 Do you provide in-kind (e.g., fans, air conditioners) and/or other forms of benefits?

Yes  No -- If yes, describe.

Under energy crisis, a Household may receive repair of existing heating and cooling units not to exceed \$3,000. Households that include at least one member that is elderly, disabled, or a child age 5 or younger, may receive either repair of existing heating and cooling units or crisis-related purchase of portable heating and cooling units not to exceed \$3,000

Section 4: CRISIS ASSISTANCE,

Eligibility - 2604(c), 2605(c)(1)(A)

4.1 Designate the income eligibility threshold used for the crisis component:

2015 HHS poverty income level   
OR  
FY 2016 state median income 60%

4.2 Provide your LIHEAP program's definition for determining a crisis.

A bona fide Household crisis exists when extraordinary events or situations resulting from extreme weather conditions and/or fuel supply shortages or a terrorist attack have depleted or will deplete Household financial resources and/or have created problems in meeting basic Household expenses, particularly bills for energy so as to constitute a threat to the well-being of the Household, particularly the Elderly, Persons with Disabilities, or children age 5 and younger. A utility disconnection notice may constitute a Household energy crisis.

Particularly:

- (1) the previous day's highest temperature did not exceed 32 degrees Fahrenheit, and the temperature is predicted to remain at or below that level for the next 24 hours, according to the nearest National Weather Service (NWS) reports; or
- (2) the NWS issues a heat advisory for any county in the electric utility's service territory, or when such advisory has been issued on any one of the preceding two calendar days.

4.3 What constitutes a life-threatening crisis?

State rules define a life threatening crisis as: "A life threatening crisis exists when at least one person in the applicant household could lose their life without the Subrecipient's utility assistance because there is a shut-off notice or a delivered fuel source is below a ten (10) day supply (by client report) and any member of the Household is dependent upon equipment that is prescribed by a medical professional, operated on electricity or gas and is necessary to sustain the person's life. Examples of life-sustaining equipment include but are not limited to kidney dialysis machines, oxygen concentrators, cardiac monitors, and in some cases heating and air conditioning when ambient temperature control is prescribed by a medical professional. Documentation must not include information regarding the applicant's medical condition but may include certification that such a device is required in the home to sustain life."

Crisis Requirements, 2604(c)

4.4 Within how many hours do you provide crisis assistance that will resolve the energy crisis for eligible households? 48 Hours

4.5 Within how many hours do you provide crisis assistance that will resolve the energy crisis for eligible households in life-threatening situations? 18 Hours<sup>10</sup>

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<sup>10</sup> Pursuant to §2604(c)(2) of the LIHEAP Statute, the Department provides "some form of assistance that will resolve the energy crisis" not later than 18 hours after a household applies for crisis benefits if such household is eligible to receive such benefits and is in a life-threatening situation.

Crisis Eligibility, 2605(c)(1)(A)?

4.6 Do you have additional eligibility requirements for CRISIS ASSISTANCE?

Yes     No

4.7 Check the appropriate boxes below and describe the policies for each.

	<u>Yes</u>	<u>No</u>
● Do you require an assets test?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Do you give priority in eligibility to:		
● Elderly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Disabled?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Young children?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Households with high energy burdens?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Other?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Households with high energy consumption		
● In order to receive crisis assistance: <sup>11</sup>		
● Must the household have received a shut-off notice or have a near empty tank?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Must the household have been shut off or have an empty tank?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Must the household have exhausted their regular heating benefit?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Must renters with heating costs included in their rent have received an eviction notice?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Must heating/cooling be medically necessary?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Must the household have non-working heating or cooling equipment?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Other?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Do you have additional/differing eligibility policies for:		
● Renters?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Renters living in subsidized housing?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Renters with utilities included in the rent?	<input checked="" type="checkbox"/> <sup>12</sup>	<input type="checkbox"/>

Determination of Benefits

4.8 How do you handle crisis situations?

Separate component

<sup>11</sup> The program has different requirements depending on whether the Household contains a member of a priority group.

<sup>12</sup> If the renter's situation is one where the utilities are not a distinct charge from the rent, we do not provide assistance as there is no individual bill and neither energy cost nor energy burden can be determined.

Fast Track

Other

4.9 If you have a separate component, how do you determine crisis assistance benefits?

Amount to resolve crisis, up to a maximum of \$1200

Other  
Heating and cooling equipment repair or replace up to \$3,000

Crisis Requirements, 2604(c)

4.10 Do you accept applications for energy crisis assistance at sites that are geographically accessible to all households in the area to be served?

Yes     No

According to state program rules: "Subrecipients shall accept applications at sites that are geographically and physically accessible to all Households requesting assistance. If Subrecipient's office is not accessible, Subrecipient shall make reasonable accommodations to ensure that all Households can apply for assistance."

4.11 Do you provide individuals who have physical disabilities the means to:

■ Submit applications for crisis benefits without leaving their homes?

Yes     No If yes, explain.

Applications can be mailed in. In some cases, applications may be completed online or the organization will go to the applicant's home to take the application.

■ Travel to the sites at which applications for crisis assistance are accepted?

Yes     No If yes, explain.

Benefit Levels, 2605(c)(1)(B)

4.12 Indicate the maximum benefit for each type of crisis assistance offered.

Winter Crisis                      \$\_\_\_\_\_ maximum benefit

Summer Crisis                      \$\_\_\_\_\_ maximum benefit

Year-round Crisis                      \$1200 maximum benefit

4.13 Do you provide in-kind (e.g., blankets, space heaters, fans) and/or other forms of benefits?     Yes     No If yes, describe.

Purchase of portable heating/cooling units, temporary shelter, blankets, fans, generators.

4.14 Do you provide for equipment repair or replacement using crisis funds?

Yes       No

4.15 Check appropriate boxes below to indicate type(s) of assistance provided:

	Winter Crisis	Summer Crisis	Year- round Crisis
Heating system repair			X
Heating system replacement			
Cooling system repair			X
Cooling system replacement			
Wood stove purchase			X
Pellet stove purchase			X
Solar panel(s)			
Windmill(s)			
Utility poles / Gas line hook-ups			
Other (Specify): _____			

4.17 Do any of the utility vendors you work with enforce a winter moratorium on shut offs?

Yes       No

4.18 Describe the terms of the moratorium and any special dispensation received by LIHEAP clients during or after the moratorium period.

Pursuant to §25.483 Disconnection of Service of the Texas Public Utilities Commission rules:

“An electric utility cannot disconnect a customer anywhere in its service territory on a day when:

- (1) the previous day’s highest temperature did not exceed 32 degrees Fahrenheit, and the temperature is predicted to remain at or below that level for the next 24 hours, according to the nearest National Weather Service (NWS) reports; or
- (2) the NWS issues a heat advisory for any county in the electric utility’s service territory, or when such advisory has been issued on any one of the preceding two calendar days.”

Section 5: WEATHERIZATION ASSISTANCE

Eligibility, 2605(c)(1)(A), 2605(b)(2) – Assurance 2

5.1 Designate the income eligibility threshold used for the weatherization component:

2015 HHS poverty income level  150%  
OR  
FY 2016 state median income 60%<sup>13</sup>

5.2 Do you enter into an interagency agreement to have another government agency administer a WEATHERIZATION component?  Yes  No

5.3 Name the agency. \_NA\_

5.4 Is there a separate monitoring protocol for weatherization?  Yes  No

WEATHERIZATION - Types of Rules

5.5 Under what rules do you administer LIHEAP weatherization? (Check only one.)

- Entirely under LIHEAP (not DOE) rules
- Entirely under DOE WAP (not LIHEAP) rules
- Mostly under LIHEAP rules with the following DOE WAP rule(s) where LIHEAP and WAP rules differ: (Check all that apply.)
  - Income Threshold
  - Weatherization of entire multi-family housing structure is permitted if at least 66% of units (50% in 2- & 4-unit buildings) are eligible units or will become eligible within 180 days.
  - Weatherization of shelters temporarily housing primarily low income persons (excluding nursing homes, prisons, and similar institutional care facilities) is permitted.
  - Other (describe)
- Mostly under DOE WAP rules, with the following LIHEAP rule(s) where LIHEAP and WAP rules differ: (Check all that apply.)
  - Income Threshold.

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<sup>13</sup> In the county of a major disaster or emergency designated by the Secretary of the Department of Health and Human Services or by the President under the Disaster Relief Act of 1974, the State will use the highest of 125% of the poverty guidelines or 60% of the State's median income. The State may also use this flexibility to set poverty guidelines in a local crisis as defined by the Department's Executive Director. The State will communicate this designation to affected subrecipients through email and by website posting. Subrecipients must receive prior written approval before using 60% SMI. Place based assistance must be performed in the county, but person based assistance for those displaced by a disaster or emergency may be in other counties.

Weatherization not subject to DOE WAP maximum statewide average cost per dwelling unit.

Weatherization measures are not subject to DOE Savings to Investment Ratio (SIR) standards.

Other (describe)

Energy-related home repair: TDHCA will allow the use of LIHEAP weatherization funds for structural and ancillary repairs only if required to enable effective weatherization.

For multifamily weatherization, DOE building eligibility rules apply; however the 200% income eligibility threshold used by DOE (as of this writing) does not apply for assisted households, unless the household is categorically eligible as described in Section 1.4 of this plan.

#### Eligibility, 2605(b)(5) – Assurance 5

	<u>Yes</u>	<u>No</u>
5.6 Do you require an assets test?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5.7 Do you have additional/differing eligibility policies for:		
• Renters?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Renters living in subsidized housing?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5.8 Do you give priority in eligibility to:		
• Elderly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Disabled?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Young children?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Households with high energy burdens?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Other?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Households with high energy consumption		

#### Benefit Levels

5.9 Do you have a maximum LIHEAP weatherization benefit/expenditure per household?

Yes       No

5.10 What is the maximum amount? \$6,500, unless additional expenditure is authorized in writing by the Department.

Types of Assistance, 2605(c)(1), (B) & (D)

5.11 What LIHEAP weatherization measures do you provide? (Check all categories that apply.)



- |   |       |   |
|---|-------|---|
| <input checked="" type="checkbox"/> Weatherization assessments/audits | needs | <input checked="" type="checkbox"/> Major appliance repairs                           |
| <input checked="" type="checkbox"/> Caulking and insulation           |       | <input checked="" type="checkbox"/> Major appliance replacement                       |
| <input type="checkbox"/> Install storm windows                        |       | <input type="checkbox"/> Install windows/sliding glass doors                          |
| <input checked="" type="checkbox"/> heating system repairs            |       | <input type="checkbox"/> Install doors (interior/exterior)                            |
| <input checked="" type="checkbox"/> Heating system replacement        |       | <input checked="" type="checkbox"/> Install water heater                              |
| <input checked="" type="checkbox"/> Cooling system repairs            |       | <input checked="" type="checkbox"/> Water conservation measures                       |
| <input checked="" type="checkbox"/> Cooling system replacement        |       | <input checked="" type="checkbox"/> Compact fluorescent light bulbs                   |
| <input checked="" type="checkbox"/> Energy related roof repair        |       | <input checked="" type="checkbox"/> Other ( describe)<br>Solar screens or window film |

Section 6: Outreach, 2605(b)(3) – Assurance 3, 2605(c)(3)(A)

6.1 Select all outreach activities that you conduct that are designed to assure that eligible households are made aware of all LIHEAP assistance available:

- Place posters/flyers in local and county social service offices, offices of aging, Social Security offices, VA, etc.
- Publish articles in local newspapers or broadcast media announcements.
- Include inserts in energy vendor billings to inform individuals of the availability of all types of LIHEAP assistance.
- Mass mailing(s) to prior-year LIHEAP recipients.
- Inform low income applicants of the availability of all types of LIHEAP assistance at application intake for other low-income programs.
- Execute interagency agreements with other low-income program offices to perform outreach to target groups.
- Other ( specify):

Section 7: Coordination, 2605(b)(4) – Assurance 4

7.1 Describe how you will ensure that the LIHEAP program is coordinated with other programs available to low-income households (TANF, SSI, WAP, etc.)

- Joint application for multiple programs
- Intake referrals to/from other programs
- One-stop intake centers
- Other – describe:

Section 8: Agency Designation, 2605(b)(6) – Assurance 6

8.1 How would you categorize the primary responsibility of your State agency?

- Administration Agency
- Commerce Agency
- Community Services Agency
- Energy/Environment Agency
- Housing Agency
- Welfare Agency
- Other – describe:

Alternate Outreach and Intake, 2605(b)(15) – Assurance 15

8.2 How do you provide alternate outreach and intake for HEATING ASSISTANCE?

Report of available services at various workgroup meetings with community stakeholders (disability, health services, homeless, etc), presentation at area events organized by state representatives and other service providers.

8.3 How do you provide alternate outreach and intake for COOLING ASSISTANCE?

Report of available services at various workgroup meetings with community stakeholders (disability, health services, homeless, etc), presentation at area events organized by state representatives and other service providers.

8.4 How do you provide alternate outreach and intake for CRISIS ASSISTANCE?

In instances of natural disaster, Subrecipient coordinates with other assistance organizations (shelters, Red Cross, etc.). Report of available services at various workgroup meetings with community stakeholders (disability, health services, homeless, etc), presentation at area events organized by or at the direction or request of elected officials and other service providers.

	<u>Heating</u>	<u>Cooling</u>	<u>Crisis</u>	<u>Weatherization</u>
Who determines client eligibility?	Local government, CAAs and Other Nonprofits	Local government, CAAs and Other Nonprofits	Local government, CAAs and Other Nonprofits	Local governments, CAAs and Other Nonprofits

Who processes benefit payments to gas and electric vendors?	Local governments, CAAs and Other Nonprofits	Local governments, CAAs and Other Nonprofits	Local governments, CAAs and Other Nonprofits	N/A
Who processes benefit payments to bulk fuel vendors?	Local governments, CAAs and Other Nonprofits	Local governments, CAAs and Other Nonprofits	Local governments, CAAs and Other Nonprofits	N/A
Who performs installation of weatherization measures?	N/A	N/A	N/A	Local governments, CAAs and Other Nonprofits

8.5 What is your process for selecting local administering agencies?

The Department ensures that to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of Title 42 U.S.C. §§8621, et seq. special consideration is given to any local public or private nonprofit agency which was receiving Federal funds.

(1) The Department before giving such special consideration, determines that the agency involved meets program and fiscal requirements established by law and by the Department; and

(2) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the Department gives special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made.

The Department administers the program through the existing Subrecipients that have demonstrated that they are operating the program in accordance with the Economic Opportunity Act of 1964, the Low-Income Home Energy Assistance Act of 1981, as amended (42 U.S.C. §§8621, et seq.), and the Department rules. If Subrecipients are successfully administering the program, the Department may offer to renew the contract.

When the Department determines that an organization is not administering the program satisfactorily, corrective actions are taken to remedy the problem. Thereafter, if Subrecipient fails to administer the program correctly, the Department reassigns the service area or a portion to another existing Subrecipient or conducts solicitation or selection of a new Subrecipient in accordance with the Low-Income Home Energy Assistance Act of 1981. The affected Subrecipient may request a hearing in accordance with §2105.204 of the Texas Government Code,

8.6 How many local administering agencies do you use?

41

8.7 Have you changed any local administering agencies from last year?

Yes     No

8.8 Why?

Agency was in noncompliance with grantee requirements for LIHEAP

Agency is under criminal investigation

Added agency

Agency closed

Other - describe

Section 9: Energy Suppliers, 2605(b)(7) – Assurance 7

9.1 Do you make payments directly to home energy suppliers?

Heating  Yes  No

Cooling  Yes  No

Crisis  Yes  No

Are there exceptions?  Yes  No

9.2 How do you notify the client of the amount of assistance paid?

The administering agency informs them once the determination is made.

9.3 How do you assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment?

Vendor agreements are used in all components. A sample copy is attached with the Program Integrity Assessment Report.

9.4 How do you assure that no household receiving assistance under this title will be treated adversely because of their receipt of LIHEAP assistance?

Vendor agreements are used in all components. A sample copy is attached with the Program Integrity Assessment Report.

9.5 Do you make payments contingent on unregulated vendors taking appropriate measures to alleviate the energy burdens of eligible households?  Yes  No. If so, how?

Section 10: Program, Fiscal Monitoring, and Audit, 2605(b)(10) – Assurance 10

10.1. How do you ensure good fiscal accounting and tracking of LIHEAP funds?

1. Review annual audits
2. Monitor fiscal records
3. Review current and prior year monthly expenditure and performance reports

Audit Process

10.2. Is your LIHEAP program audited annually under the Single Audit Act and OMB Circular A-133?

Yes      No

10.3. Describe any audit findings rising to the level of material weakness or reportable condition cited in the A-133 audits, Grantee monitoring assessments, inspector general reviews, or other government agency reviews of the LIHEAP agency from the most recently audited federal fiscal year.

Finding <sup>14</sup>	Type	Brief Summary	Resolved?	Action Taken

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<sup>14</sup>The Department has a single audit annually, but LIHEAP is not audited as a major program every year. LIHEAP was last audited as a major program in FY 2013.

10.4. Audits of Local Administering Agencies

What types of annual audit requirements do you have in place for local administering agencies/district offices?

- Local agencies/district offices are required to have an annual audit in compliance with the Single Audit Act and OMB Circular A-133.<sup>15</sup>
- Local agencies/district offices are required to have an annual audit (other than A-133).
- Local agencies/district offices' A-133 or other independent audits are reviewed by Grantee as part of compliance process.
- Grantee conducts fiscal and program monitoring of local agencies/district offices.

Compliance Monitoring

10.5. Describe the Grantee's strategies for monitoring compliance with the Grantee's and Federal LIHEAP policies and procedures by:

Grantee employees:

- Internal program review
- Departmental oversight
- Secondary review of invoices and payments
- Other program review mechanisms are in place. Describe: Cross Division peer review of documents

Local Administering Agencies/District Offices:

- On-site evaluation
- Annual program review
- Monitoring through Central Database
- Desk reviews
- Client File Testing/Sampling
- Other program review mechanisms are in place. Describe: Desk review of A-133; A review of the Subrecipient's resolution of prior monitoring or Single Audit reports is performed prior to awarding new contracts.

10.6. Explain, or attach a copy of, your local agency monitoring schedule and protocol.  
See attached monitoring schedule and monitoring instruments.

10.7. Describe how you select local agencies for monitoring reviews? Each subrecipient is monitored at least once every three years. If the subrecipient also has Community Service Block Grant funds, the LIHEAP monitoring may be done at the same time. Subrecipients that leverage LIHEAP funds with DOE funds for weatherization are monitored according to the DOE monitoring schedule (once a year).

Site Visits: Onsite monitoring visits are conducted at least once every three years. The Department will inspect a minimum of 2.5% of all LIHEAP weatherized units reported as complete. The Department estimates the percentage inspected would be in excess of 150 weatherized units.

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<sup>15</sup> For 2016, subrecipients will follow the audit requirements in 45 CFR 75, as applicable, and the requirements in the Texas Single Audit Act.

Desk Reviews: Some materials are requested and reviewed at the Department's office prior to the onsite visit. If the review results in findings of noncompliance, corrective action reviews are completed as a desk review rather than a return to the subrecipient's office.

- 10.8. How often is each local agency monitored? At least once, every three years.
- 10.9. What is the combined error rate for eligibility determinations? (Optional question)  
Optional
- 10.10. What is the combined error rate for benefit determinations? (Optional question)  
Optional
- 10.11. How many local agencies are currently on corrective action plans for eligibility and/or benefit determination issues? (Number only) 0
- 10.12. How many local agencies are currently on corrective action plans for financial accounting or administrative issues? (Number only) 0



Section 11: Timely and Meaningful Public Participation, 2605(b)(12) – Assurance 12, 2605(c)(2)

11.1 How did you obtain input from the public in the development of your LIHEAP plan?

Check all that apply:

- Tribal Council meeting(s)
- Public Hearing(s)
- Draft Plan posted to website and available for comment
- Hard copy of plan is available for public view and comment
- Comments from applicants are recorded
- Request for comments on draft Plan is advertised
- Stakeholder consultation meeting(s)
- Comments are solicited during outreach activities
- Other, describe: Comments are solicited via on-line forums.

11.2 What changes did you make to your LIHEAP plan as a result of this participation?

Will be completed after the public participation process is complete.

Public Hearings, 2605(a)(2)

11.3 List the date(s) and location(s) that you held public hearing(s) on the proposed use and distribution of your LIHEAP funds?

Date	Event Description
July 7, 2015	CSBG/LIHEAP Plan Public Hearing – Austin, Texas
July 8, 2015	CSBG/LIHEAP Plan Public Hearing – San Antonio, Texas
July 9, 2015	CSBG/LIHEAP Plan Public Hearing – Houston, Texas
July 13, 2015	CSBG/LIHEAP Plan Public Hearing – Fort Worth, Texas

11.4 How many parties commented on your plan at the hearing(s)?

Will be completed after the public participation process is complete.

11.5 Summarize the comments you received at the hearing(s).

Will be completed after the public participation process is complete.

11.6 What changes did you make to your LIHEAP plan as a result of the public hearing(s)?

Will be completed after the public participation process is complete.

Section 12: Fair Hearings, 2605(b)(13) – Assurance 13

12.1 How many fair hearings did the grantee have in the prior Federal fiscal year?

None

12.2 How many of those fair hearings resulted in the initial decision being reversed?

N/A

12.3 Describe any policy and/or procedural changes made in the last Federal fiscal year as a result of fair hearings?

N/A

12.4 Describe your fair hearing procedures for households whose applications are denied.

Subgrantee contracts include the following section:

SECTION 39. APPEALS PROCESS

In compliance with the LIHEAP Act, Subrecipient must provide an opportunity for a fair administrative hearing to individuals whose application for assistance is denied, terminated or not acted upon in a timely manner. Subrecipient must establish a denial of service complaint procedure in accordance with §5.405 the State Rules. The rule states:

(a) Subrecipient shall establish a denial of service complaint procedure to address written complaints from program applicants/clients. At a minimum, the procedures described in paragraphs (1) - (8) of this subsection shall be included:

(1) Subrecipients shall provide a written denial of assistance notice to applicant within ten (10) days of the adverse determination. This notification shall include written notice of the right of a hearing and specific reasons for the denial by component. The applicant wishing to appeal a decision must provide written notice to Subrecipient within twenty (20) days of receipt of the denial notice.

(2) Subrecipient who receives an appeal shall establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their client files.

(3) Subrecipients shall hold the appeal hearing within ten (10) business days after the Subrecipient received the appeal request from the applicant.

(4) Subrecipient shall record the hearing.

(5) The hearing shall allow time for a statement by Subrecipient staff with knowledge of the case.

(6) The hearing shall allow the applicant at least equal time, if requested, to present relevant information contesting the decision.

(7) Subrecipient shall notify applicant of the decision in writing. The Subrecipient shall mail the notification by close of business on the business day following the decision (1 day turn-around).

(8) If the denial is solely based on income eligibility, the provisions described in paragraphs (2) - (7) of this subsection do not apply and the applicant may request a recertification of income eligibility based on initial documentation provided at the time of the original application. The recertification will be an analysis of the initial calculation based on the documentation received with the initial application for services and will be performed by an individual other than the person who performed the initial determination. If the recertification upholds the denial based on income eligibility documents provided at the initial application, the applicant is notified in writing and no further appeal is afforded to the applicant.

(b) If the applicant is not satisfied, the applicant may further appeal the decision in writing to the Department within ten (10) days of notification of an adverse decision.

(c) Applicants/clients who allege that the Subrecipient has denied all or part of a service or benefit in a manner that is unjust, violates discrimination laws, or without reasonable basis in law or fact, may request a contested hearing under Texas Government Code, Chapter 2001.

(d) The hearing shall be conducted by the State Office of Administrative Hearings on behalf of the Department in the locality served by the Subrecipient.

(e) If client appeals to the Department, the funds should remain encumbered until the Department completes its decision.

#### 12.5 When and how are applicants informed of these rights?

Within ten days of the determination the Subrecipient must provide written notification; can be made in person or by mail.

#### 12.6 Describe your fair hearing procedures for households whose applications are not acted on in a timely manner.

Applicants are required to submit an application each program year. During the intake process, applicants are assigned a priority rating based on indicators such as poverty level, energy burden and use, and the presence of vulnerable household members. The applicant is informed of their rating at that time and informed whether their application will be acted on immediately or if higher priority applicants will be served first. If due to a low priority rating an applicant does not receive services during a program year, the applicant must re-apply the following year. This is a program requirement and is not subject to applicant appeal.

If an applicant is concerned that their application has been mishandled, the applicant may file a complaint with the Department. TDHCA has an online complaint system, and staff phone numbers are posted online. In general, applicants who have a complaint are given contact information for TDHCA at the time the complaint is received by the Subrecipient. Applicants who call are encouraged to use the online system but rarely do. Staff records the complaint and proceeds as if the complaint were a denial of services appeal, as described in Section 12.4 above.

#### 12.7 When and how are applicants informed of these rights?

Applicants who have a complaint are given contact information for TDHCA at the time the complaint is received by the Subrecipient.

## Section 13: Reduction of home energy needs, 2605(b)(16) – Assurance 16

13.1 Describe how you use LIHEAP funds to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance?

Provide literature and energy conservation education; refer client to other appropriate programs; encourage responsible vendor and consumer behavior; provide applications, forms, and energy education materials in Spanish, English, or other language when appropriate.

13.2 How do you ensure that you don't use more than 5% of your LIHEAP funds for these activities?

The Department does not administer Assurance 16 as a stand-alone budget item or component. The activities described in Assurance 16 are carried out as part of regular intake and outreach in the Program Services budget category.

13.3 Describe the impact of such activities on the number of households served in the previous Federal fiscal year.

The Department does not administer Assurance 16 as a stand-alone program or component. Households are not required to apply for these services. As such, the Department does not track this data.

13.4 Describe the level of direct benefits provided to those households in the previous Federal fiscal year.

The Department does not administer Assurance 16 as a stand-alone program or component. All clients benefit from these activities as part of intake and outreach. Benefit levels are the same as previously described.

13.5 How many households applied for these services?

The Department does not administer Assurance 16 as a stand-alone program or component. Households are not required to apply for these services.

13.6 How many households received these services?

Since the Department does not administer Assurance 16 as a stand-alone budget item or component and there is no application requirement, this question is not applicable.

Section 14: Leveraging Incentive Program, 2607A

14.1 Do you plan to submit an application for the leveraging incentive program?

Yes<sup>16</sup>     No

14.2 Describe instructions to the third parties and/or local agencies for submitting LIHEAP leveraging resource information and retaining records.

Pursuant to the Memorandum of Understanding between the Department and the Texas Public Utility Commission, the Commission will make available to the Department information on LITE-UP electric discount program electric activities sufficient for the Department to report activities to USHHS for the previous federal fiscal year.

14.3 For each type of resource and/or benefit to be leveraged in the upcoming year that will meet the requirements of 45 C.F.R. § 96.87(d)(2)(iii), describe the following:

What is the type of resource or benefit?	What is the source(s) of the resource?	How will the resource be integrated and coordinated with the LIHEAP program?
Electric utility discount	Texas Public Utility Commission	The Department will refer eligible LIHEAP households to LITE-UP (Rate discount for Elderly households), and the Commission will refer eligible LITE-UP households to the Department.

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<sup>16</sup> Should funding be available.

Section 15: Training

15.1. Describe the training you provide for each of the following groups:

a. Grantee Staff:

Formal training on grantee policies and procedures

How often?

Annually

Biannually

As needed

Other – Describe:

Employees are provided with policy manual

Other – Describe: The Department has procured training on the new OMB requirements that will be provided to the Community Affairs program and compliance staff in August of 2015. The training will be presented by Management Concepts.

b. Local Agencies:

Formal training conference

How often?

Annually

Biannually

As needed

Other – Describe: The conference is sponsored by the Texas Association of Community Action Agencies; the Department provides training at this conference.

On-site training

How often?

Annually

Biannually

As needed

Other – As needed as determined either by the Department or by request of the agency.

Employees are provided with policy manual

Other – Describe: the Department schedules a teleconference each quarter to provide information, training, and technical assistance to the local agencies.

c. Vendors

Formal training conference

How often?

Annually

Biannually

As needed

Other – Describe:

Policies communicated through vendor agreements

Policies are outlined in a vendor manual

Other – Describe:

15.2. Does your training program address fraud reporting and prevention?

Yes

No

Section 16: Performance Goals and Measures, 2605(b)

16.1 Describe performance goals and measures that will be tracked for the upcoming Federal fiscal year.

Texas has reviewed data collected by Subrecipients and determined that the required data is already collected at the Subrecipient level. Starting October 1, 2014 Texas will provide its Subrecipients with the means to report this data to the state office through monthly submission in a spreadsheet format. This data will be compiled by Department staff and will be reported as part of the 2016 LIHEAP Grantee Survey Form. The Department is working to update the Community Affairs Contracts System, our online reporting system, to include the required data with the Subrecipients' regular monthly reporting.

16.2 Summarize results of performance goals and measures for the prior Federal fiscal year.

Texas will have its first full reporting of this data in FFY 2016 and will report the data as part of the 2016 LIHEAP Grantee Survey Form.

Section 17: Program Integrity, 2605(b)(10)

17.1. Fraud Reporting Mechanisms

a. Describe all mechanisms available to the public for reporting cases of suspected waste, fraud, and abuse.

- Online Fraud Reporting
- Dedicated Fraud Reporting Hotline
- Report directly to local agency/district office or Grantee office
- Report to State Inspector General or Attorney General
- Forms and procedures in place for local agencies/district offices and vendors to report fraud, waste, and abuse.
- Other – describe:

b. Describe strategies in place for advertising the above-referenced resources.

- Printed outreach materials
- Addressed on LIHEAP application
- Website
- Other – describe:

17.2. Identification Documentation Requirements

a. Indicate which of the following forms of identification are required or requested to be collected from LIHEAP applicants or their household members.

REQUIRED Type of Identification Collected	Collected from Whom?		
	Applicant Only	All Adults in HH	HH Members Seeking Assistance*
Social Security Card is photocopied and retained	Required <input type="checkbox"/>	Required <input type="checkbox"/>	Required <input type="checkbox"/>

	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>
Social Security Number (without actual card)	Required <input type="checkbox"/>	Required <input type="checkbox"/>	Required <input type="checkbox"/>
	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>
Government-issued identification card (i.e.,: driver's license, state ID, Tribal ID, passport, etc.)	Required <input checked="" type="checkbox"/>	Required <input type="checkbox"/>	Required <input type="checkbox"/>
	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>
Other: _____	Required <input type="checkbox"/>	Required <input type="checkbox"/>	Required <input type="checkbox"/>

\*Households may include members who are not seeking assistance and may not be included in the household count.

b. Describe any exceptions to the above policies.

### 17.3. Identification Verification

Describe what methods are used to verify the authenticity of identification documents provided by clients or household members.

- Verify SSNs with Social Security Administration
- Match SSNs with death records from Social Security Administration or state agency
- Match SSNs with state eligibility/management system (e.g., SNAP, TANF)
- Match with state Department of Labor system
- Match with state and/or federal corrections system
- Match with state child support system
- Verification using private software (e.g., The Work Number)
- In-person certification by staff
- Match SSN/Tribal ID number with tribal database [
- Other – describe:

The Department verifies the authenticity of identification documents provided by clients who are not U.S. citizens or nationals. That verification is made through the Systematic Alien Verification for Entitlements (“SAVE”) system. Verification is required of public organizations whose client eligibility determinations are not completed by a private nonprofit organization.

### 17.4. Citizenship/Legal Residency Verification

What are your procedures for ensuring that household members are U.S. citizens or aliens who are qualified to receive LIHEAP benefits?

- Clients sign an attestation of citizenship or legal residency
- Clients' submission of Social Security cards is accepted as proof of legal residency
- Noncitizens/non-nationals must provide documentation of immigration status
- Citizens/Nationals must provide a copy of their birth certificate, naturalization papers, or passport
- Noncitizens/non-nationals are verified through the SAVE system



- Tribal members are verified through Tribal database/Tribal ID card
- Other – describe:

17.5. Income Verification

What methods does your agency utilize to verify household income?

- Require documentation of income for all adult household members
  - Pay stubs
  - Social Security award letters
  - Bank statements
  - Tax statements
  - Zero-income statements
  - Unemployment Insurance letters
  - Other – describe: Court Documents or government benefit statements as applicable.
- Computer data matches:
  - Income information matched against state computer system (e.g., SNAP, TANF)
  - Proof of unemployment benefits verified with state Department of Labor
  - Social Security income verified with SSA
  - Utilize state directory of new hires
- Other – describe:

17.6. Protection of Privacy and Confidentiality

Describe the financial and operating controls in place to protect client information against improper use or disclosure.

- Policy in place prohibiting release of information without written consent
- Grantee LIHEAP database includes privacy/confidentiality safeguards
- Employee training on confidentiality for:
  - Grantee employees
  - local agencies/district offices
- Employees must sign confidentiality agreement
  - Grantee employees
  - local agencies/district offices
- Physical files are stored in a secure location
- Other – describe:

Grantee contracts include the following section:

SECTION 9. RECORD KEEPING REQUIREMENTS

Subrecipient acknowledges that all information collected, assembled, or maintained by Subrecipient pertaining to this Contract, except records made confidential by law, is subject to the Texas Public Information Act (Chapter 552 of Texas Government Code) and must provide citizens, public agencies, and other interested parties with reasonable access to all records pertaining to this Contract subject to and in accordance with the Texas Public Information Act.

Texas Administrative Code, Title 10 Chapter 5, Subchapter A §5.22 requires that:

Client Records. The Department requires Subrecipient organizations that administer Community Affairs Programs and serve clients to document client services. Subrecipient organizations must

arrange for the security of all program-related computer files through a remote, online, or managed backup service. Confidential client files must be maintained in a manner to protect the privacy of each client and to maintain the same for future reference. Subrecipient organizations must store physical client files in a secure space in a manner that ensures confidentiality and in accordance with Subrecipient organization policies and procedures. To the extent that it is financially feasible, archived client files should be stored offsite from Subrecipient headquarters, in a secure space in a manner that ensures confidentiality and in accordance with organization policies and procedures.

Texas Administrative Code, Title 10 Chapter 1, Subchapter A §1.24<sup>17</sup>

(a) Definitions. The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Affiliate--Shall have the meaning assigned by the specific program or programs described in this title.

(2) Department--The Texas Department of Housing and Community Affairs.

(3) Protected Health Information--As defined in 45 CFR §160.103.

(4) Subrecipient--Includes any entity receiving funds or awards from the Department.

(b) If Subrecipients or Affiliates collect or receive Protected Health Information in the course of administering Department programs, they are required to follow the procedures in Texas Health and Safety Code, Subtitle I, Chapter 181.

(c) A nonprofit agency is exempt from this subchapter; unless the nonprofit's primary business is the provision of health care or reimbursement for health care services.

#### 17.7. Verifying the Authenticity of Energy Vendors

What policies are in place for verifying vendor authenticity?

- All vendors must register with the State
- All vendors must supply a valid SSN or TIN/W-9 form
- Vendors are verified through energy bills provided by the household
- Grantee and/or local agencies/district offices perform physical monitoring of vendors
- Other – describe, and note any exceptions to policies above:

#### 17.8. Benefits Policy – Gas and Electric Utilities

What policies are in place to protect against fraud when making benefit payments to gas and electric utilities on behalf of clients?

- Applicants required to submit proof of physical residency
- Applicants must submit current utility bill
- Data exchange with utilities that verifies:
  - Account ownership
  - Consumption
  - Balances
  - Payment history
  - Account is properly credited with benefit
  - Other – describe:

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<sup>17</sup> This subsection will be modified to reflect the requirements of the 2015 Texas Legislature.

- Centralized computer system/database tracks payments to all utilities
- Centralized computer system automatically generates benefit level
- Separation of duties between intake and payment approval
- Payments coordinated among other heating assistance programs to avoid duplication of payments
- Payments to utilities and invoices from utilities are reviewed for accuracy
- Computer databases are periodically reviewed to verify accuracy and timeliness of payments made to utilities
- Direct payment to households are made in limited cases only
- Procedures are in place to require prompt refunds from utilities in cases of account closure
- Vendor agreements specify requirements selected above, and provide enforcement mechanism
- Other – describe:

17.9. Benefits Policy — Bulk Fuel Vendors

What procedures are in place for averting fraud and improper payments when dealing with bulk fuel suppliers of heating oil, propane, wood, and other bulk fuel vendors?

- Vendors are checked against an approved vendors list
- Centralized computer system/database is used to track payments to all vendors
- Clients are relied on for reports of non-delivery or partial delivery
- Two-party checks are issued naming client and vendor
- Direct payment to households are made in limited cases only
- Conduct monitoring of bulk fuel vendors
- Bulk fuel vendors are required to submit reports to the Grantee
- Vendor agreements specify requirements selected above, and provide enforcement mechanism
- Other – describe:

17.10. Investigations and Prosecutions

Describe the Grantee's procedures for investigating and prosecuting reports of fraud, and any sanctions placed on clients/staff/vendors found to have committed fraud.

- Refer to state Inspector General
- Refer to local prosecutor or state Attorney General
- Refer to US DHHS Inspector General (including referral to OIG hotline)
- Local agencies/district offices or Grantee conduct investigation of fraud complaints from public
- Grantee attempts collection of improper payments. If so, describe the recoupment process.
- Clients found to have committed fraud are banned from LIHEAP assistance. For how long is a household banned?
- Contracts with local agencies require that employees found to have committed fraud are reprimanded and/or terminated
- Vendors found to have committed fraud may no longer participate in LIHEAP
- Other — describe: A Subrecipient may be referred to the Department's Enforcement Committee or proposed for debarment.

## Section 18: Certification Regarding Debarment, Suspension, and Other Responsibility Matters

### Certification Regarding Debarment, Suspension, and Other Responsibility Matters--Primary Covered Transactions

#### Instructions for Certification

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.

6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of

Parties Excluded from Federal Procurement and Nonprocurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

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#### Certification Regarding Debarment, Suspension, and Other Responsibility Matters--Primary Covered Transactions

(1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

#### Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions

##### Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to

which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, [[Page 33043]] should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled ``Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

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#### Certification Regarding Debarment, Suspension, Ineligibility an Voluntary Exclusion--Lower Tier Covered Transactions

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

. By checking this box, the prospective primary participant is providing the certification set out above.

## Section 19: Certification Regarding Drug-Free Workforce Requirements

This certification is required by the regulations implementing the Drug-Free Workplace Act of 1988: 45 CFR Part 76, Subpart, F. Sections 76.630(c) and (d)(2) and 76.645(a)(1) and (b) provide that a Federal agency may designate a central receipt point for STATE-WIDE AND STATE AGENCY-WIDE certifications, and for notification of criminal drug convictions. For the Department of Health and Human Services, the central point is: Division of Grants Management and Oversight, Office of Management and Acquisition, Department of Health and Human Services, Room 517-D, 200 Independence Avenue, SW Washington, DC 20201.

### Certification Regarding Drug-Free Workplace Requirements (Instructions for Certification)

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.
2. The certification set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. For grantees other than individuals, Alternate I applies.
4. For grantees who are individuals, Alternate II applies.
5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).
7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).
8. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

Controlled substance means a controlled substance in Schedules I through V of the Controlled

Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

Conviction means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

Criminal drug statute means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

Employee means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All direct charge employees; (ii) All indirect charge employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

#### Certification Regarding Drug-Free Workplace Requirements

##### Alternate I. (Grantees Other Than Individuals)

The grantee certifies that it will or will continue to provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing an ongoing drug-free awareness program to inform employees about --(1)The dangers of drug abuse in the workplace;  
(2) The grantee's policy of maintaining a drug-free workplace;  
(3) Any available drug counseling, rehabilitation, and employee assistance programs; and  
(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --  
(1) Abide by the terms of the statement; and  
(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- (e) Notifying the agency in writing, within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;



(f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted -

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

(B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

221 East 11<sup>th</sup> Street

Austin, Travis County, Texas, 78701

Check if there are workplaces on file that are not identified here.

Alternate II. (Grantees Who Are Individuals)

(a) The grantee certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the grant;

(b) If convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity, he or she will report the conviction, in writing, within 10 calendar days of the conviction, to every grant officer or other designee, unless the Federal agency designates a central point for the receipt of such notices. When notice is made to such a central point, it shall include the identification number(s) of each affected grant.

[55 FR 21690, 21702, May 25, 1990]

By checking this box, the prospective primary participant is providing the certification set out above.

Section 20: Certification Regarding Lobbying

The submitter of this application certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

#### Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

By checking this box, the prospective primary participant is providing the certification set out above.

#### REQUIRED ATTACHMENTS

The following documents must be attached to this application:

- Assurances signature page
- Designation letter for signature to Assurances is required if someone other than the Governor or Tribal Chairperson signs the Assurances.
- Heating component benefit matrix.
- Cooling component benefit matrix.
- Local Agency Monitoring Schedule

10

BOARD ACTION REQUEST  
COMMUNITY AFFAIRS DIVISION  
JULY 30, 2015

Presentation, Discussion, and Possible Action Authorizing Staff to Identify a Provider, through release and subsequent award of a Request for Applications ("RFA") or through a direct designation, to Temporarily or Permanently administer the Comprehensive Energy Assistance Program ("CEAP") in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties.

RECOMMENDED ACTION

WHEREAS, the Department is the administrator of the Low Income Home Energy Assistance Program ("LIHEAP") awarded from the U.S. Department of Health and Human Services ("HHS");

WHEREAS, Northeast Texas Opportunities, Inc. ("NETO") is a member of the network of organizations that receives formula funds (consistent with the CEAP program to provide utility assistance in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties);

WHEREAS, there are funds from Program Years 2014, 2015, and 2016 that are calculated by formula to be provided to those areas served by NETO, but have not yet been contracted including:

- Approximately \$204,006 of 2014 Unexpended Balances,
- Approximately \$103,000 of 2015 Program Year funds not yet provided via addendum to NETO, and
- An award of 2016 Program Year funds for an estimated \$943,343;

WHEREAS, there are also funds from Program Year 2015 that were already calculated by formula and have been contracted to NETO, but for which a remaining fund balance will be determined after proper closeout;

WHEREAS, NETO has materially breached the agreement signed on January 21, 2015, between TDHCA and the NETO Executive Director at the time, and as of today continues to owe the Department disallowed costs;

WHEREAS, in spite of the Department remaining hopeful that NETO will be able to immediately repay disallowed costs in full;

WHEREAS, the Department is recommending under a separate agenda item on this agenda, the ability to make an award of 2014 funds in the amount of \$204,006 to promote prompt use of funds and limit any gaps in continuity of utility assistance services provided;

WHEREAS, the state is authorized to issue Requests for Applications ("RFA") to identify an alternate temporary or permanent provider to provide CEAP services should the need arise or may directly select an alternate provider to temporarily administer the remaining PY 2014, and PY 2015 funds; and

WHEREAS, in the process of an alternate entity providing services on behalf of another provider minimal costs may be incurred relating to that transfer or startup;

NOW, therefore, it is hereby;

RESOLVED, that to expedite the delivery of services to eligible low-income households in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties and to strive to fully expend funds, the Department is authorized to release an emergency RFA to quickly identify a potential temporary or permanent alternate entity to administer all or some portion of the funds noted in the above recitals, for the benefit of eligible low-income households in the service area or to directly select an alternate provider;

FURTHER RESOLVED, that to provide for the long-term provision of services to eligible low-income households in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties, the Department is authorized to release a Request for Application, which may be jointly released with the above-noted RFA;

FURTHER RESOLVED, that this process and the RFAs will adhere to any administrative requirements in accordance with the LOW-INCOME HOME ENERGY ASSISTANCE ACT OF 1981 (Title XXVI of the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, as amended) and Chapter 2105 of the Texas Government Code;

FURTHER RESOLVED, that if one or more entity(ies) successfully responds to the RFAs, or agrees to become a direct provider of LIHEAP, to serve Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties, those entities, in the interest of limiting delay in serving households, will be authorized to proceed immediately with program administration and client services, with an affirmative recommendation from EARAC, and with subsequent ratification by the Board for any or all of the funds stated in the above recitals;

FURTHER RESOLVED, that if needed, the provision of limited funds to a successful RFA respondent is hereby authorized to offset start-up or transfer costs that may be incurred in the temporary or permanent transfer of the program from NETO; and

FURTHER RESOLVED, that the Executive Director and his designees be and each of them are hereby authorized, empowered, and directed for and on behalf of the Department, to take such actions and execute such documents that they or any of them may deem necessary to effectuate the use of funds in this manner.

## BACKGROUND

This background is not provided as an indication of NETO's ultimate award status from the Department but rather is provided in an effort to convey the concerns that give rise to the need for the issuance of an RFA.

During a TDHCA monitoring visit to NETO in December 2013, Compliance staff identified CEAP disallowed costs in the amount of \$151,752 that required repayment to the Department. Subsequently, no payments were made to TDHCA on the balance of the disallowed costs. NETO advised that it anticipated an insurance settlement that would be used for that purpose.

In preparation for the PY 2015 awards to be presented to the Board, the Previous Participation Review ("PPR") process identified the delinquent amount and the repayment concerns were provided to the EARAC committee. EARAC determined that an informal conference should be offered to NETO to determine if an agreement could be established.

On December 17, 2014, the informal conference took place at TDHCA's offices with NETO's then Executive Director in attendance. During the informal conference, a framework of an agreement was reached and staff determined that the 2015 LIHEAP award might be possible if the agreement could be implemented by both TDHCA and NETO.

At the Board Meeting of December 18, 2014, at the recommendation of staff, the Governing Board delayed the award for the PY 2015 LIHEAP and CSBG funds to NETO to allow staff time to work out an agreement with NETO as outlined in the EARAC meeting of the prior day. Following the Board Meeting approval, staff drafted and submitted an agreement to NETO memorializing the arrangement discussed in the EARAC meeting. NETO reviewed, approved, and executed the Agreement.

Compliance staff conducted a monitoring visit to NETO the week of June 29, 2015, and obtained documentation which confirmed that the settlement payment had in fact been received and had not been remitted to TDHCA as required by the Agreement. Concurrently, the A-133 Auditor contracted by NETO identified the reimbursement amount as \$466,364.98 due to the Department.

On July 16<sup>th</sup> notification was sent to Interim Executive Director, Marty Byers, and the new Board Chair identifying the material breach of the Agreement, and informing NETO that the material breach was not curable due to the fact that a portion of the insurance proceeds received had already been applied for other uses. Section 4E of the 2013 CEAP Contract states:

"Subrecipient shall refund, within fifteen (15) days of the Department's request, any sum of money paid to Subrecipient which Department determines has resulted in an overpayment or has not been spent in accordance with the terms of the Contract."

The July 2015 letter gave NETO notice that it must repay the Department in full the sum of \$466,364.98 on or before July 31, 2015, which is the end of the 15 day period.

Staff is concerned that area households will be negatively impacted by any delay in contract services. In an effort to minimize the impact of a delay on the eligible low-income households in the service

area, the Department intends to select an adjacent provider for the PY 2014 funds, the remaining PY 2015 funds, and potentially funding years moving forward. Staff intends to issue a RFA to select a potential alternate provider for the CEAP program for Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties.

Staff recommends that an RFA be released as soon as possible that allows for the identification of a replacement provider(s) or for staff to directly select such provider(s), either temporary or permanent, for the CEAP program that will ensure prompt assistance in delivering utility payment services in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties. This recommendation does not include CSBG funds as the CSBG Act does not permit the withholding of a CSBG award without specific notification and an opportunity for a hearing, except in the instance of a voluntary relinquishment of eligible entity status under the CSBG Act.

The release of RFAs should not be precluded by any possible action to be taken elsewhere on this agenda; it reflects only that in the interest of the timely delivery of services to eligible low-income households in the area, an alternative solution is simultaneously being pursued.

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**BOARD ACTION REQUEST**  
**COMMUNITY AFFAIRS DIVISION**  
**JULY 30, 2015**

Presentation, Discussion, and Possible Action regarding an Award to Texoma Council of Governments ("Texoma") for the Provision of Comprehensive Energy Assistance Program funds from Program Year 2014 Comprehensive Energy Assistance Program Unexpended Balance funds previously programmed to be Provided to North East Texas Opportunities, Inc. ("NETO") for Use in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties.

RECOMMENDED ACTION

WHEREAS, NETO is currently the designated network provider for operating the Comprehensive Energy Assistance Program ("CEAP") in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties;

WHEREAS, each year network providers have some unspent balances of CEAP contract funds which are called Unexpended Balance ("UB") funds which are aggregated and then reallocated by formula (10 TAC §5.403), among the network;

WHEREAS, Program Year 2014 CEAPUB funds designated for the area served by North East Texas Opportunities, Inc. ("NETO") are approximately \$204,000 which does not trigger the notification requirements in Section 2105 of the Texas Government Code and a contract for those funds has not yet been executed with NETO;

WHEREAS, the Department currently has concerns with NETO, as further described in a separate Board item on this same agenda and therefore staff does not recommend executing a contract with NETO for the 2014 CEAP UB funds at this time;

WHEREAS, the Department desires to identify a temporary alternate provider to maintain CEAP continuity of services to low-income eligible households in the counties served by NETO;

WHEREAS, Texoma is an existing adjacent provider of CEAP and also has an existing presence in the counties covered by NETO through the Department funded Weatherization Assistance Program and is in a position to provide CEAP assistance temporarily in those counties; and

WHEREAS, in the process of an alternate provider providing services on behalf of another provider, minimal costs may be incurred relating to that transfer or start-up;

NOW, therefore, it is hereby

RESOLVED, that an amount equal to the Program Year 2014 CEAP UB funds designated for the area served by North East Texas Opportunities, Inc. ("NETO") totaling approximately \$204,000 may be awarded August 1, 2015, and immediately provided for up to six months not subject to the annual renewal process in Chapter 2105 of the Texas Government Code or in 10 TAC §5.403 to Texoma, a neighboring provider, in order to maintain CEAP continuity of services to eligible low-income households in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties;

FURTHER RESOLVED, that if needed, limited funds from the Low Income Home Energy Assistance Program ("LIHEAP") administrative funds or other administrative funds may be provided to Texoma to offset start-up or transfer costs that may be incurred in the temporary or permanent transfer of the program from NETO; and

FURTHER RESOLVED, that if needed, additional funds from LIHEAP administrative funds may be provided to Texoma to ensure that utility assistance services are uninterrupted and available to the residents of Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties through the end of the calendar year

#### BACKGROUND

In a separate agenda item presented at this Board meeting, significant information is provided relating to North East Texas Opportunities, Inc. ("NETO"). That information is not being restated herein, but in short, the Department currently has concerns with NETO and in the interest of ensuring a continuity of services to low-income eligible households in the counties served by NETO, the Department has identified a temporary alternate provider.

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BOARD ACTION REQUEST  
COMMUNITY AFFAIRS DIVISION  
JULY 31, 2015

Presentation, Discussion, and Possible Action on Awards of Program Year 2014 Emergency Solutions Grant Funds to the City of Denton

RECOMMENDED ACTION

WHEREAS, the Emergency Solutions Grant ("ESG") is funded by the U.S. Department of Housing and Urban Development ("HUD");

WHEREAS, the City of Denton was awarded funding from a competition under the 2014 ESG Notice of Funding Availability ("NOFA");

WHEREAS, instead of Program Year ("PY") 2014 funds, the Department awarded to the City of Denton \$606,626 in unexpended funds from 2010 Emergency Shelter Grant Program ("ESGP"), which HUD determined was available for reobligation;

WHEREAS, HUD has advised the Department that these funds will expire on September 15, 2015;

WHEREAS, the Department needs to close out the PY 2010 ESGP grant; and

WHEREAS, this determination by HUD causes the City of Denton to lose one month of funding from its contract, which it was on target to expend, and the Department wishes to use existing PY 2014 ESG funds to compensate for the shortfall;

NOW, therefore, it is hereby

RESOLVED, that staff is authorized to effectuate a contract with the City of Denton for the award of PY 2014 ESG funds in the amount of \$34,728.

BACKGROUND

In April 2014, HUD authorized the Department to reobligate unexpended ESGP funds. By HUD rule the funds had to be awarded to a unit of general purpose local government. On June 26, 2014, staff recommended and the Board approved an award of funds to the City of Denton in the amount of \$606,626, with a contract period of October 1, 2014 to September 30, 2015. However, later HUD notified the Department that any remaining ESGP funds would expire on September 15, 2015. In response, the Department contacted the City of Denton to amend the contract to end on August 31, 2015, leaving the City of Denton short of funding which they had already programmed. The Department proposes this award of funds to make up for that shortfall. The Previous Participation Rule (10 TAC, Chapter 1, Subchapter A, §1.5) includes a review of ESG awards prior to contract execution. This award is subject to this review. The review has been performed and no concerns or conditions were identified.

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BOARD ACTION REQUEST

SINGLE FAMILY, COMMUNITY AFFAIRS AND METRICS

JULY 30, 2015

Presentation, Discussion, and Possible Action on a Contract with the Texas Homeless Network on behalf of the Texas Interagency Council for the Homeless

RECOMMENDED ACTION

WHEREAS, Texas Government Code, Section 2306.904, directs the Department to provide clerical and advisory support to the Texas Interagency Council for the Homeless (the "TICH");

WHEREAS, Section 2306.906 indicates that each agency member shall contribute resources to the TICH, and the TICH's Chair has been actively pursuing the commitment of financial resources from member agencies;

WHEREAS, \$10,000 has been committed to the TICH from the Texas Workforce Commission ("TWC") to advance the work of the TICH and the TICH has no administrative means by which to receive or expend those funds or other funds to be committed to the TICH;

WHEREAS, the TICH has agreed to use the funds to support a Volunteer In Service To America ("VISTA") Project Manager to oversee the implementation of a pilot program for a statewide job employment and training program administered by the Texas Homeless Network ("THN") through a VISTA Project Coordinator;

WHEREAS, the Department has been providing administrative support, as contemplated by statute, and is further prepared to provide clerical and advisory support to the TICH with regard to the expenditure of funds; and

WHEREAS, the Executive Director, will effectuate an Interagency Agreement with TWC for the transfer of \$10,000 from TWC to the Department on behalf of the TICH;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director, his designees, and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate a \$10,000 contract with THN to partially fund the VISTA Project Manager on behalf of the TICH.

## BACKGROUND

The TICH was created in 1995 in Subchapter KK of Chapter 2306, Texas Government Code to promote interagency coordination relating to issues surrounding homelessness. Members include representation from agencies that address services for health and human services including mental health, aging and rehabilitation; criminal justice; education; protective and regulatory services; workforce, youth, and veterans. Advisory members also participate from community and local government organizations interested in issues of homelessness.

The Department has been the provider of administrative support for the TICH, and has been one of the few member agencies to provide financial support. The TWC and the Texas Education Agency ("TEA") have also each committed \$10,000 to the TICH in response to the TICH Chair's request. At the May 28, 2015 TICH quarterly meeting, the TICH members were in agreement with the decision to use the total \$20,000 for a VISTA Project Manager to oversee a VISTA Project Coordinator to implement a pilot employment and training program for persons experiencing homelessness.

TEA is contracting directly with THN to provide the \$10,000 support for the VISTA Project Manager. TWC is in the process of drafting an Interagency Agreement for the transfer of \$10,000 from TWC to the Department on behalf of the TICH. The Department is providing this service on behalf of the TICH, as contemplated by statute.

The VISTA Project Manager will oversee the VISTA Project Coordinator who will implement the pilot program for a statewide job employment and training program in coordination with TWC, local workforce development boards, homeless shelters, public entities and private entities. The VISTA Project Coordinator will do the following in its coordination with other entities in administering the program based on guidance and design from TICH including:

- Perform initial and follow-up interviews with the TWC, local workforce development boards, homeless shelters, and public and private entities;
- Coordinate work groups;
- Compile information on current coordination efforts;
- Research best practices from other states for implementing job employment and training programs;
- Identify the optimal way to make this information accessible to individuals experiencing homelessness;
- Gather feedback from the coordinating entities and program beneficiaries on a continuous basis;
- Adjust information systems framework according to feedback;
- Identify workforce development board areas to serve as pilot areas for the information system framework;
- Travel to the workforce development board areas to help coordinate and gather feedback from the coordinating entities and program beneficiaries;
- Evaluate the pilot program;
- Evaluate the number of persons that were able to gather employment information from the information systems;
- Assess changes necessary to duplicate the pilot program's information systems; and
- Summarize the evaluation results of the pilot program in a report to TICH.

Staff recommends approval for the contract with THN for the \$10,000 received from TWC to partially fund the VISTA Project Manager on behalf of the TICH.

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BOARD ACTION REQUEST  
BOND FINANCE DIVISION  
JULY 30, 2015

Presentation, Discussion, and Possible Action adopting Resolution No. 15-022 authorizing application to the Texas Bond Review Board (“BRB”) for reservation of the 2015 single family private activity bond authority.

RECOMMENDED ACTION

See attached resolution

BACKGROUND

The Texas Department of Housing and Community Affairs (the “Department”) is required to submit an application to BRB to receive private activity bond authority, also known as “volume cap.” For 2015, the State of Texas receives approximately \$2.7 billion dollars of volume cap for all private activity purposes. The volume cap set-aside for single family housing is approximately \$754 million, of which one-third is set aside until August 7, 2015, for use by the Department, providing the Department with an available allocation of \$251,648,594 in volume cap for 2015. To ensure receipt of this allocation, the Department must submit an application to BRB on or prior to August 7, 2015.

Bond Finance is requesting authorization to submit one or more applications in an amount not-to-exceed \$800,000,000 in total of 2015 private activity volume cap. This amount would include the single family 2015 set-aside of \$251,648,594 and a future request for up to an additional \$548,351,406 to the extent that there are amounts available from the collapsed pool of funds available after August 7, 2015. After August 14, 2015, volume cap applications are funded without regard to set-aside on a first come – first served basis.

All volume cap received will be used for single family mortgage revenue bond and MCC programs. All volume cap requested in 2015 is expected to be “carried forward” for use in future years. Any amounts “carried forward” are required to be used prior to December 31, 2018. Staff will return to the Board at a later date with requests for approval to use any awarded volume cap in connection with specific transactions.

The chart on the following page outlines the Department’s currently available single family volume cap and expected single family volume cap uses through April 2016.

Sources as of August 2015	
2014 Carryforward	309,944,300
2015 Private Activity Bond Allocation	251,648,594
Department Allocation at August Collapse	<u>\$561,592,894</u>
2015 Additional Volume Cap – Proposed Carryforward Request	548,351,406
Total Allocation if Maximum Carryforward Request Received	<u>\$1,109,944,300</u>
Projected Uses	
2015 Series B Single Family	25,000,000
2016 Series A Single Family	35,000,000
2016 Series B Single Family	40,000,000
Total Uses	<u>\$ 100,000,000</u>

## RESOLUTION NO. 15-022

### RESOLUTION AUTHORIZING THE FILING OF ONE OR MORE APPLICATIONS FOR RESERVATION WITH THE TEXAS BOND REVIEW BOARD WITH RESPECT TO QUALIFIED MORTGAGE BONDS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended from time to time (the "Act"), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe, and affordable living environments for persons and families of low and very low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Governing Board of the Department (the "Governing Board") from time to time) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (a) to make, acquire and finance, and to enter into advance commitments to make, acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire or finance such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and (d) to issue its revenue bonds for the purpose of refunding any bonds theretofore issued by the Department; and

WHEREAS, Section 103 and Section 143 of the Internal Revenue Code of 1986, as amended (the "Code"), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences will be excludable from gross income of the owners thereof for federal income tax purposes if such issue meets certain requirements set forth in Section 143 of the Code; and

WHEREAS, Section 146(a) of the Code requires that certain "private activity bonds" (as defined in Section 141(a) of the Code) must come within the issuing authority's private activity bond limit for the applicable calendar year in order to be treated as obligations the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes; and

WHEREAS, the private activity bond "State ceiling" (as defined in Section 146(d) of the Code) applicable to the State is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372, Texas Government Code, as amended (the "Allocation Act"); and

WHEREAS, the Allocation Act requires the Department, in order to reserve a portion of the State ceiling for qualified mortgage bonds (the "Reservation") and satisfy the requirements of Section 146(a) of the Code, to file an application for reservation (the "Application for Reservation") with the Texas Bond Review Board (the "Bond Review Board"), stating the maximum amount of the bonds requiring an allocation, the purpose of the bonds and the section of the Code applicable to the bonds; and

WHEREAS, the Allocation Act and the rules promulgated thereunder by the Bond Review Board (the "Allocation Rules") require that the Application for Reservation be accompanied by a certified copy of the resolution of the issuer authorizing the filing of the Application for Reservation; and

WHEREAS, the Governing Board has determined to authorize the filing of one or more Applications for Reservation in the maximum aggregate amount of \$800,000,000 with respect to qualified mortgage bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS THAT:

## ARTICLE 1

### APPROVAL OF CERTAIN ACTIONS

Section 1.1 Application for Reservation. The Governing Board hereby authorizes Bracewell & Giuliani LLP, as Bond Counsel to the Department, to file on its behalf with the Bond Review Board one or more Applications for Reservation in the maximum aggregate amount of \$800,000,000 with respect to qualified mortgage bonds, together with any other documents and opinions required by the Bond Review Board as a condition to the granting of one or more Reservations.

Section 1.2 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Governing Board, the Executive Director of the Department, the Director of Bond Finance of the Department, the Director of Texas Homeownership of the Department, the Director of Multifamily Finance of the Department, and the Secretary or any Assistant Secretary to the Governing Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

## ARTICLE 2

### GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

Section 2.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

*[Execution page follows]*

PASSED AND APPROVED this 30<sup>th</sup> day of July, 2015.

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Chair, Governing Board

ATTEST:

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Secretary to the Governing Board

(SEAL)

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**BOARD ACTION REQUEST**  
**HOME PROGRAM DIVISION**  
**JULY 30, 2015**

Presentation, Discussion, and Possible Action on orders repealing all sections of 10 TAC Chapter 23, Single Family HOME Program, and orders adopting new 10 TAC Chapter 23, Single Family HOME Program (“HOME Rule”), concerning HOME single family activities, and directing their publication in the *Texas Register*

**RECOMMENDED ACTION**

**WHEREAS**, proposed changes to the HOME rule were approved in draft form at the TDHCA May 7, 2015, Board meeting and published for public comment in the *Texas Register* and

**WHEREAS**, public comment was received and the Department has carefully considered the public comment and made changes in response to public comment;

**NOW, therefore, it is hereby**

**RESOLVED**, that the Governing Board hereby adopts the amendments to all sections of 10 TAC Chapter 23, Single Family HOME Program, together with preamble, in the form presented to this meeting and

**FURTHER RESOLVED** that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the adoption and repeal in the forms presented to this meeting and published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

**BACKGROUND**

The purpose of repealing 10 TAC Chapter 23, Single Family HOME Program rule (“HOME Rule”) and proposing a new 10 TAC Chapter 23, HOME Rule is to codify new procedures, update and clarify current rules, and streamline processes. Changes were made to every Subchapter; therefore, the Department is repealing and proposing a new Chapter instead of amending the existing Chapter.

The Department held three roundtable discussions between February and April, 2015, regarding the Single Family HOME Program. Roundtable discussions included proposed 2015 allocation methodology, HOME Reservation System, and proposed revisions to 10 TAC Chapter 23, HOME Single Family Program. The proposed changes to the HOME rule were approved in draft form at the TDHCA May 7, 2015, meeting and were published for public comment in the May 29, 2015, issue of the *Texas Register* to allow for public comment. Public comments were accepted in writing and by e-mail through June 29, 2015, and summarized as follows:

**SUMMARY OF PUBLIC COMMENT AND STAFF RECOMMENDATIONS:**

Comments were accepted from May 29, 2015, through June 29, 2015, with comments received from: (1) Judge Robert Blaschke, Refugio County; (2) Judge Pedro Trevino, Jr., Jim Wells County; and (3) Judge Terry Simpson, San Patricio County.

**10 TAC CHAPTER 23. SUBCHAPTER C. HOMEOWNER REHABILITATION ASSISTANCE PROGRAM**

**§23.30(a). Homeowner Rehabilitation Assistance (HRA) Program Threshold and Selection Criteria.**

COMMENT SUMMARY: Commenters (1), (2), and (3) recommend that the Department add language which would reduce the Match requirement to 0% for Administrators whose service area is the unincorporated area of a county with a population of less than 20,000 persons.

STAFF RESPONSE: The proposed rule provided a reduction of the Match requirement to 0% for Administrators whose entire service area consists of 3,000 or less persons. Staff agrees that the rule as proposed may create a disadvantage for rural counties serving unincorporated areas, and recommends that the rule be revised to allow for a reduction of the Match requirement to 0% for Administrators whose service area includes the entire unincorporated area of a county and where the population in the service area is less than 20,000 persons or for Administrators whose entire service area consists of 3,000 or fewer persons.

**10 TAC CHAPTER 23. SUBCHAPTER F. TENANT-BASED RENTAL ASSISTANCE PROGRAM**

**§23.60(a). Tenant-Based Rental Assistance (TBRA) Threshold and Selection Criteria.**

**General Comments**

COMMENT SUMMARY: Commenters (1), (2) and (3) recommend that providers of Tenant-Based Rental Assistance (“TBRA”) provide Match as a threshold requirement and state that exempting the TBRA activity from threshold Match requirements provides an unfair advantage to TBRA Administrators. Commenters (2) and (3) provided examples of acceptable Match for the TBRA activity referenced in HUD’s Building HOME manual.

STAFF RESPONSE: Administrators who provide TBRA are typically nonprofit organizations who receive federal funding for expanded services provided in conjunction with TBRA. Match sources are limited to non federal contributions to the project, and TBRA Match sources are further limited due to the nature of assistance provided. Requiring match from TBRA Administrators would greatly reduce the number of participating TBRA administrators which would conflict with the Consolidated Plan which indicates rental assistance is a high priority need for the state. Staff recommends no change to the rule.



**Attachment A: Preamble and adoption of repeal of SUBCHAPTER A. GENERAL GUIDANCE**

The Texas Department of Housing and Community Affairs (the “Department”) adopts the repeal of 10 TAC Chapter 23, Subchapter A, §23.1 – §23.2, concerning General Guidance, without changes to the proposed text as published in the May 29, 2015 issue of the *Texas Register* (40 TexReg 2879) and will not be republished.

REASONED JUSTIFICATION: The Department held three roundtable discussions between February and April, 2015, regarding the Single Family HOME Program, including proposed revisions to 10 TAC Chapter 23, HOME Single Family Program. Substantial changes to each subchapter within 10 TAC Chapter 23; therefore the Department determined that repeal of the existing 10 TAC Chapter 23 and adoption of a new 10 TAC Chapter 23 was appropriate. The proposed repeal of 10 TAC Chapter 23, Subchapter A and proposed 10 TAC Chapter 23 was approved by the Board on May 7, 2015.

The Department accepted public comment between May 29, 2015 and June 22, 2015. No comments were received concerning the repeal.

The Board approved the final order adopting the repeal on July 30, 2015.

STATUTORY AUTHORITY: The repeal is adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§23.1 Applicability and Purpose

§23.2 Definitions

**Attachment B: Preamble and adoption of repeal of SUBCHAPTER B. AVAILABILITY OF FUNDS, APPLICATION REQUIREMENTS, REVIEW AND AWARD PROCEDURES, GENERAL ADMINISTRATIVE REQUIREMENTS, AND RESALE AND RECAPTURE OF FUNDS**

The Texas Department of Housing and Community Affairs (the “Department”) adopts the repeal of 10 TAC Chapter 23, Subchapter B, §23.20 – §23.29, concerning Availability of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of funds, without changes to the proposed text as published in the May 29, 2015 issue of the *Texas Register* (40 TexReg 2879) and will not be republished.

REASONED JUSTIFICATION: The Department held three roundtable discussions between February and April, 2015, regarding the Single Family HOME Program, including proposed revisions to 10 TAC Chapter 23, HOME Single Family Program. Substantial changes to each subchapter within 10 TAC Chapter 23; therefore the Department determined that repeal of the existing 10 TAC Chapter 23 and adoption of a new 10 TAC Chapter 23 was appropriate. The proposed repeal of 10 TAC Chapter 23, Subchapter B and proposed 10 TAC Chapter 23 was approved by the Board on May 7, 2015.

The Department accepted public comment between May 29, 2015 and June 22, 2015. No comments were received concerning the repeal.

The Board approved the final order adopting the repeal on July 30, 2015.

STATUTORY AUTHORITY: The repeal is adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§23.20 Availability of Funds and Regional Allocation Formula.

§23.21 Application Forms and Materials and Deadlines.

§23.22 Contract Award Application Review Process.

§23.23 Reservation System Participant Review Process.

§23.24 General Threshold and Selection Criteria.

§23.25 Contract Limitations.

§23.26 Reservation System Participant (RSP) Agreement.

§23.27 Procurement of Contractor.

§23.28 General Administrative Requirements.

§23.29 Resale and Recapture Provisions.

**Attachment C: Preamble and adoption of repeal of SUBCHAPTER C. HOMEOWNER REHABILITATION ASSISTANCE PROGRAM**

The Texas Department of Housing and Community Affairs (the “Department”) adopts the repeal of 10 TAC Chapter 23, Subchapter C, §23.30 – §23.32, concerning the Homeowner Rehabilitation Assistance Program, without changes to the proposed text as published in the May 29, 2015 issue of the *Texas Register* (40 TexReg 2879) and will not be republished.

REASONED JUSTIFICATION: The Department held three roundtable discussions between February and April, 2015, regarding the Single Family HOME Program, including proposed revisions to 10 TAC Chapter 23, HOME Single Family Program. Substantial changes to each subchapter within 10 TAC Chapter 23; therefore the Department determined that repeal of the existing 10 TAC Chapter 23 and adoption of a new 10 TAC Chapter 23 was appropriate. The proposed repeal of 10 TAC Chapter 23, Subchapter C and proposed 10 TAC Chapter 23 was approved by the Board on May 7, 2015.

The Department accepted public comment between May 29, 2015 and June 22, 2015. No comments were received concerning the repeal.

The Board approved the final order adopting the repeal on July 30, 2015.

STATUTORY AUTHORITY: The repeal is adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules

§23.30 Homeowner Rehabilitation Assistance (HRA) Program Threshold and Selection Criteria.

§23.31 Homeowner Rehabilitation Assistance (HRA) Program Requirements.

§23.32 Homeowner Rehabilitation Assistance (HRA) Administrative Requirements.

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**Attachment D: Preamble and adoption of repeal of SUBCHAPTER D. HOMEBUYER ASSISTANCE PROGRAM**

The Texas Department of Housing and Community Affairs (the “Department”) adopts the repeal of 10 TAC Chapter 23, Subchapter D, §23.40 – §23.42, concerning the Homebuyer Assistance Program, without changes to the proposed text as published in the May 29, 2015 issue of the *Texas Register* (40 TexReg 2879) and will not be republished.

REASONED JUSTIFICATION: The Department held three roundtable discussions between February and April, 2015, regarding the Single Family HOME Program, including proposed revisions to 10 TAC Chapter 23, HOME Single Family Program. Substantial changes to each subchapter within 10 TAC Chapter 23; therefore the Department determined that repeal of the existing 10 TAC Chapter 23 and adoption of a new 10 TAC Chapter 23 was appropriate. The proposed repeal of 10 TAC Chapter 23, Subchapter D and proposed 10 TAC Chapter 23 was approved by the Board on May 7, 2015.

The Department accepted public comment between May 29, 2015 and June 22, 2015. No comments were received concerning the repeal.

The Board approved the final order adopting the repeal on July 30, 2015.

STATUTORY AUTHORITY: The repeal is adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§23.40 Homebuyer Assistance (HBA) Threshold and Selection Criteria.

§23.41 Homebuyer Assistance (HBA) Program Requirements.

§23.42 Homebuyer Assistance (HBA) Administrative Requirements.

**Attachment E: Preamble and adoption of repeal of SUBCHAPTER E. CONTRACT FOR DEED CONVERSION PROGRAM**

The Texas Department of Housing and Community Affairs (the “Department”) adopts the repeal of 10 TAC Chapter 23, Subchapter E, §23.50 – §23.52, concerning the Contract for Deed Conversion Program, without changes to the proposed text as published in the May 29, 2015 issue of the *Texas Register* (40 TexReg 2880) and will not be republished.

REASONED JUSTIFICATION: The Department held three roundtable discussions between February and April, 2015, regarding the Single Family HOME Program, including proposed revisions to 10 TAC Chapter 23, HOME Single Family Program. Substantial changes to each subchapter within 10 TAC Chapter 23; therefore the Department determined that repeal of the existing 10 TAC Chapter 23 and adoption of a new 10 TAC Chapter 23 was appropriate. The proposed repeal of 10 TAC Chapter 23, Subchapter E and proposed 10 TAC Chapter 23 was approved by the Board on May 7, 2015.

The Department accepted public comment between May 29, 2015 and June 22, 2015. No comments were received concerning the repeal.

The Board approved the final order adopting the repeal on July 30, 2015.

STATUTORY AUTHORITY: The repeal is adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§23.50 Contract for Deed Conversion (CFDC) Threshold and Selection Criteria.

§23.51 Contract for Deed Conversion (CFDC) Program Requirements.

§23.52 Contract for Deed Conversion (CFDC) Administrative Requirements.

**Attachment F: Preamble and adoption of repeal of SUBCHAPTER F. TENANT-BASED RENTAL ASSISTANCE PROGRAM**

The Texas Department of Housing and Community Affairs (the “Department”) adopts the repeal of 10 TAC Chapter 23, Subchapter F, §23.60 – §23.62, concerning the Tenant-Based Rental Assistance, without changes to the proposed text as published in the May 29, 2015 issue of the *Texas Register* (40 TexReg 2880) and will not be republished.

REASONED JUSTIFICATION: The Department held three roundtable discussions between February and April, 2015, regarding the Single Family HOME Program, including proposed revisions to 10 TAC Chapter 23, HOME Single Family Program. Substantial changes to each subchapter within 10 TAC Chapter 23; therefore the Department determined that repeal of the existing 10 TAC Chapter 23 and adoption of a new 10 TAC Chapter 23 was appropriate. The proposed repeal of 10 TAC Chapter 23, Subchapter F and proposed 10 TAC Chapter 23 was approved by the Board on May 7, 2015.

The Department accepted public comment between May 29, 2015 and June 22, 2015. No comments were received concerning the repeal.

The Board approved the final order adopting the repeal on July 30, 2015.

STATUTORY AUTHORITY: The repeal is adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§23.60 Tenant-Based Rental Assistance (TBRA) Threshold and Selection Criteria.

§23.61 Tenant-Based Rental Assistance (TBRA) Program Requirements.

§23.62 Tenant-Based Rental Assistance (TBRA) Administrative Requirements.

**Attachment G: Preamble and adoption of repeal of SUBCHAPTER G. SINGLE FAMILY DEVELOPMENT PROGRAM**

The Texas Department of Housing and Community Affairs (the “Department”) adopts the repeal of 10 TAC Chapter 23, Subchapter G, §23.70 – §23.72, concerning the Single Family Development Program, without changes to the proposed text as published in the May 29, 2015 issue of the *Texas Register* (40 TexReg 2880) and will not be republished.

REASONED JUSTIFICATION: The Department held three roundtable discussions between February and April, 2015, regarding the Single Family HOME Program, including proposed revisions to 10 TAC Chapter 23, HOME Single Family Program. Substantial changes to each subchapter within 10 TAC Chapter 23; therefore the Department determined that repeal of the existing 10 TAC Chapter 23 and adoption of a new 10 TAC Chapter 23 was appropriate. The proposed repeal of 10 TAC Chapter 23, Subchapter G and proposed 10 TAC Chapter 23 was approved by the Board on May 7, 2015.

The Department accepted public comment between May 29, 2015 and June 22, 2015. No comments were received concerning the repeal.

The Board approved the final order adopting the repeal on July 30, 2015.

STATUTORY AUTHORITY: The repeal is adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§23.70 Single Family Development (SFD) Threshold and Selection Criteria.

§23.71 Single Family Development (SFD) Program Requirements.

§23.72 Single Family Development (SFD) Administrative Requirements.

## **Attachment H: Preamble and adoption of new 10 TAC Chapter 23, Subchapter A, concerning General Guidance**

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 23, Subchapter A, §§23.1 – 23.2, concerning General Guidance as published in the May 29, 2015 issue of the *Texas Register* (40 TexReg 2884).

**REASONED JUSTIFICATION:** The Department held three roundtable discussions between February and April, 2015, regarding the Single Family HOME Program, including proposed revisions to 10 TAC Chapter 23, HOME Single Family Program. Substantial changes to each subchapter within 10 TAC Chapter 23; therefore the Department determined that repeal of the existing 10 TAC Chapter 23 and adoption of a new 10 TAC Chapter 23 was appropriate. The proposed repeal of 10 TAC Chapter 23, Subchapter A and proposed 10 TAC Chapter 23 was approved by the Board on May 7, 2015.

The Department accepted public comments between May 29, 2015, and June 29, 2015. Comments regarding the new sections were accepted in writing and by fax. No comments were received concerning the new sections.

The Board approved the final order adopting the new sections on July 30, 2015.

**STATUTORY AUTHORITY:** The new sections are adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

### **§23.1. Applicability and Purpose**

(a) **Applicability.** This chapter governs the use and administration of all HOME Single Family Activities funds provided to the Texas Department of Housing and Community Affairs (the "Department") by the U.S. Department of Housing and Urban Development (HUD) pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 as amended (42 U.S.C. §§12701 - 12839) and HUD regulations at 24 CFR, Part 92 as amended. Chapter 20 of this title (relating to Single Family Programs Umbrella Rule) and other chapters will apply to all Single Family activities, including Single Family Development. Unless otherwise noted herein or required by law, all provisions of this chapter apply to any Application including Recertification received on or after the date of adoption of this chapter. Existing Agreements executed within the preceding twelve (12) months from the date of adoption of this chapter or current pending Applications may be amended in writing at the request of the Administrator or Applicant, and with Department approval, so that all provisions of this chapter apply to the Agreement or Application. Amendments proposing only partial adoption of this chapter are prohibited. No amendment adopting this chapter shall be granted if, in the discretion of the Department, any of the provisions of this chapter conflict with the Notice of Funding Availability (NOFA) under which the existing Agreement was awarded or Application was submitted.

(b) **Purpose.** The State's HOME Program is designed to:

- (1) focus on the areas with the greatest housing need described in the State Consolidated Plan;



- (2) provide funds for home ownership and rental housing through acquisition, new construction, rehabilitation, and tenant-based rental assistance;
- (3) promote partnerships among all levels of government and the private sector, including non-profit and for-profit organizations; and
- (4) provide low, very low, and extremely low income families with affordable, decent, safe, and sanitary housing.

## §23.2. Definitions

These words when used in this chapter shall have the following meanings, unless the context clearly indicates otherwise. Additional definitions may be found in Texas Government Code, Chapter 2306 or Chapter 20 of this title (relating to Single Family Programs Umbrella Rule).

- (1) CFR--Code of Federal Regulations.
- (2) Commitment of Funds--Occurs when the Activity or a Project is approved by the Department and set up in the Integrated Disbursement and Information System (IDIS) established by HUD.
- (3) Development Site--The area, or if scattered site, areas on which the development is proposed to be located.
- (4) Direct Project Costs--The total costs of hard construction costs, demolition costs, aerobic septic systems, refinancing costs (as applicable), acquisition and closing costs, rental and utility subsidy and deposits, and Match Funds.
- (5) HOME Final Rule--The regulations with amendments promulgated at 24 CFR, Part 92 as published by HUD for the HOME Investment Partnerships Program at 42 U.S.C. §§12701 - 12839.
- (6) Homeownership--Ownership in fee simple title in a 1 to 4 unit dwelling or in a condominium unit, or equivalent form of ownership approved by the Department. Homeownership is not right to possession under a contract for deed, installment contract, or land contract (pursuant to which the deed is not given until the final payment is made).
- (7) Match--Funds contributed to a Project that meet the requirements of 24 CFR §§92.218 - 92.220. Match contributed to a Project or Activity does not include mortgage revenue bonds, non HOME-assisted projects, and cannot include any other sources of Department funding unless otherwise approved in writing by the Department.
- (8) Person--Any individual, partnership, corporation, association, unit of government, community action agency, or public or private organization of any character.
- (9) Persons with Special Needs--Individuals or categories of individuals determined by the Department to have unmet housing needs as provided in the Consolidated Plan and the State's One Year Action Plan.
- (10) Predevelopment Costs--Costs related to a specific eligible Project including:
  - (A) Predevelopment housing project costs that the Department determines to be customary and reasonable, including but not limited to consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, and site control;
  - (B) Pre-construction housing project costs that the Department determines to be customary and reasonable, including but not limited to, the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies and legal fees; and
  - (C) Predevelopment costs do not include general operational or administrative costs.
- (11) Principal--A Person, or Persons, that will exercise Control over a partnership, corporation, limited liability company, trust, or any other private entity. In the case of:

(A) Partnerships: Principals include all General Partners, special limited partners, and Principals with ownership interest;

(B) Corporations: Principals include any officer authorized by the board of directors to act on behalf of the corporation, including the president, vice president, secretary, treasurer, and all other executive officers, and each stock holder having a 10 percent or more interest in the corporation; and

(C) Limited liability companies: Principals include all managing members, members having a 10 percent or more interest in the limited liability company or any officer authorized to act on behalf of the limited liability company.

(12) Project--A single housing unit with a unique physical address. A Project may also refer to an individual Project, Development, or site.

(13) Reservation System Participant (RSP)--Administrator who has executed a written agreement with the Department that allows for participation in the Reservation System.

(14) Service Area--The city(ies), county(ies) and/or place(s) identified in the Application and/or Agreement that the Administrator will serve.

(15) Texas Minimum Construction Standard (TMCS)--The program standard used to determine the minimum acceptable housing condition for the purposes of rehabilitation.

(16) Third Party--A Person who is not:

(A) an Applicant, Administrator, Borrower, General Partner, Developer, Development Owner, or General Contractor; or

(B) an Affiliate, Affiliated Party to the Applicant, Administrator, Borrower, General Partner, Developer, Development Owner, or General Contractor; or

(C) a Person receiving any portion of the administration, contractor fee, or developer fee.

**Attachment I: Preamble and adoption of new 10 TAC Chapter 23, Subchapter B, concerning Availability of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds**

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 23, Subchapter A, §§23.20 – 23.29, concerning of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds published in the May 29, 2015, issue of the *Texas Register* (40 TexReg 2885).

REASONED JUSTIFICATION: The Department held three roundtable discussions between February and April, 2015, regarding the Single Family HOME Program, including proposed revisions to 10 TAC Chapter 23, HOME Single Family Program. Substantial changes to each subchapter within 10 TAC Chapter 23; therefore the Department determined that repeal of the existing 10 TAC Chapter 23 and adoption of a new 10 TAC Chapter 23 was appropriate. The proposed repeal of 10 TAC Chapter 23, Subchapter B and proposed 10 TAC Chapter 23 was approved by the Board on May 7, 2015.

The Department accepted public comments between May 29, 2015, and June 29, 2015. Comments regarding the new sections were accepted in writing and by fax. No comments were received concerning the new sections.

The Board approved the final order adopting the new sections on July 30, 2015.

STATUTORY AUTHORITY: The new sections are adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

**§23.20. Availability of Funds and Regional Allocation Formula**

Funds subject to regional allocation formula shall be made available as described in paragraphs (1) - (3) of this rule:

- (1) Applicants applying in response to a competitive application cycle will be ranked highest to lowest by region and subregion. If funding is made available to multiple Activities under one NOFA, the funds remaining after awarding all eligible Applications shall collapse and be directed to the next Application across all regions and subregion regardless of Activity, based on descending scoring order;
- (2) Funds made available through an open application cycle and subject to regional allocation formula shall be made available to each region and subregion for a time period to be specified in the applicable NOFA, after which the funds remaining shall collapse and be made available statewide; and
- (3) In the event of a tie between rankings of two or more Applicants, the Department reserves the right to determine which Application will receive a recommendation for funding, or as otherwise specified in the NOFA. Tied Applicants may also receive a partial recommendation for funding or may be awarded through a lottery process.

**§23.21. Application Forms and Materials and Deadlines**

- (a) The Department will produce an Application, which if properly completed in accordance herein by an eligible Applicant and approved by the Department, can satisfy the Department's requirements to be qualified to administer HOME activities.

- (b) The Department must receive all Applications by the deadline specified in the NOFA.

### **§23.22. Contract Award Application Review Process for Open and Competitive Application Cycles**

- (a) An Application received by the Department in response to an open application cycle NOFA will be assigned a "Received Date." An Application will be prioritized for review based on its "Received Date." An Application with outstanding administrative deficiencies may be suspended from further review until all administrative deficiencies have been cured or addressed to the Department's satisfaction. Applications that have completed the review process may be presented to the Board for approval with priority over Applications that continue to have administrative deficiencies at the time Board materials are prepared, regardless of "Received Date." If all funds available under a NOFA are awarded, all remaining Applicants will be notified and the remaining Applications will not be processed.
- (b) For Applications received by the Department in response to a Competitive Application Cycle NOFA, the Department will accept Applications on an ongoing basis during the application acceptance period as specified in the NOFA. Applications will be reviewed and scored then ranked based on the score of the Application.

### **§23.23. Reservation System Participant Review Process**

An application for a Reservation System Participant (RSP) Agreement shall be reviewed and if approved under subsection 1.5 of this Part as amended or superseded and not denied under subsection 23.24 of this chapter, will be drafted and processed in the order in which it was accepted by to be executed and made effective.

### **§23.24. Administrative Deficiency Process**

- (a) The administrative deficiency process allows staff to request that an Applicant provide clarification, correction, or non-material missing information to resolve inconsistencies in the original Application or to assist staff in evaluating the Application. Staff will request such information via a deficiency notice. Staff will send the deficiency notice via an email or if an email address is not provided in the Application, by facsimile to the Applicant. Responses are required to be submitted electronically. A review of the Applicant's response may reveal that issues initially identified as an administrative deficiency are actually determined to be beyond the scope of an administrative deficiency process, meaning that they are in fact matters of a material nature not susceptible to being resolved. Department staff may in good faith provide an Applicant confirmation that an administrative deficiency response has been received or that such response is satisfactory. Communication from staff that the response was satisfactory does not establish any entitlement to points, eligibility status, or to any presumption of having fulfilled any requirements. Final determination regarding the sufficiency of documentation submitted to cure an administrative deficiency as well as the distinction between material and non-material missing information are reserved for the Director of the HOME Program, Executive Director, and Board, as applicable.
- (b) An Applicant may not change or supplement any part of an Application in any manner after submission to the Department, and may not add any set-asides, except in response to a direct request from the Department to remedy an administrative deficiency or by amendment of an Application after the Board approval of a HOME award. An administrative deficiency may not be cured if it would, in the Department's determination, substantially change an Application, or if the Applicant provides any new unrequested information to cure the deficiency.

(c) Administrative deficiencies for HOME Applications under an open application cycle. The time period for responding to a deficiency notice commences on the first business day following the deficiency notice date. If an administrative deficiency is not resolved to the satisfaction of the Department by 5:00 pm CT on the fifth business day following the date of the deficiency notice, the application shall be terminated. Applicants that have been terminated may reapply.

(d) Administrative deficiencies for HOME Applications under a competitive application cycle NOFA. The time period for responding to a deficiency notice commences on the first business day following the deficiency notice date. If an administrative deficiency is not resolved to the satisfaction of the Department by 5:00 pm on the fifth business day following the date of the deficiency notice, then one (1) point shall be deducted from the selection criteria score for each additional business day the deficiency remains unresolved. If administrative deficiencies are not resolved by 5:00 pm CT on the seventh business day following the date of the deficiency notice, then the Application shall be terminated.

### **§23.25. General Threshold and Selection Criteria.**

All Applicants and Applications must submit or comply with:

- (1) an Applicant certification of compliance with state and federal laws, rules and guidance governing the HOME Program;
- (2) a Resolution signed and dated within the six (6) months preceding the Application submission date from the Applicant's direct governing body which includes:
  - (A) authorization of the submission of the Application;
  - (B) commitment and amount of cash reserves, if applicable, for use during the Contract or RSP Agreement term;
  - (C) source of funds for Match obligation and Match dollar amount, if applicable.
  - (D) name and title of the person authorized to represent the organization; and
  - (E) name and title of the person with signature authority to execute a contract and grant agreement or loan documents, as applicable;
- (3) any Applicant requesting \$25,000 or more must be registered in the System for Award Management (SAM) and have a current Data Universal Numbering System (DUNS) number;
- (4) an Application fee, to be defined in the NOFA or in this Chapter;
- (5) an Application must be substantially complete when received by the Department. An Application will be terminated if an entire tab of the Application is missing; has excessive omissions of documentation from the threshold or selection criteria or uniform Application documentation; or is so unclear, disjointed, or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department. Such Application will be terminated without being processed as an administrative deficiency. To the extent that a review was able to be performed, specific reasons for the Department's termination will be included in the notification sent to the Applicant but, because of the suspended review, may not include an all inclusive list of deficiencies in the Application.

### **§23.26. Contract Benchmarks and Limitations.**

- (a) Project Funds Limits. Project funds for Contract awards will be established in the NOFA.
- (b) Contract Award Terms. With the exception of Tenant-Based Rental Assistance, all Activity Contract awards will have a Contract term of up to twenty-four (24) months exclusive of any applicable affordability period or loan term. Tenant-Based Rental Assistance Activity Contract awards will have a Contract term of up to thirty-six (36) months.

- (c) Contract Award Benchmarks. Except for Tenant-Based Rental Assistance, all Contract Administrators must submit to the Department complete Project setup information for the Commitment of Funds of all contractually required Households in accordance with the requirements herein within six (6) months from the effective date of the Contract. Tenant-Based Rental Assistance Contract Administrators must submit to the Department complete Project setup information for the Commitment of Funds of all contractually required Households in accordance with the requirements herein within twelve (12) months from the effective date of the Contract. All remaining funds will be deobligated and returned to the Department.
- (d) Voluntary deobligation. The Administrator may fully deobligate funds in the form of a written request signed by the signatory, or successor thereto, of the Contract. The Administrator may partially deobligate funds under a Contract in the form of a written request from the signatory if the letter also deobligates the associated number of targeted Households, funds for administrative costs, and Match and the partial deobligation would not have impacted the award of the Contract. Voluntary deobligation of a Contract does not limit an Administrator's ability to participate in an open application cycle.
- (e) The Department may request information regarding the performance or status under a Contract prior to a Contract benchmark or at various times during the term of a Contract. Administrator must respond within the time limit stated in the request. Prolonged or repeated failure to respond may result in suspension of funds and ultimately in termination of the Contract by the Department.
- (f) Pre-Contract Costs. The Administrator may be reimbursed for eligible administrative and Project Soft Costs incurred before the effective date of the HOME contract in accordance with 24 CFR §92.212 and at the sole discretion of the Department. In no event will the Department reimburse expenses incurred more than six (6) months prior to the Department's Governing Board approval of the Administrator's award.

**§23.27. Reservation System Participant (RSP) Agreement.**

- (a) Terms of Agreement. RSP Agreements will have up to a twenty-four (24) month term for all Activities. Execution of an RSP Agreement does not guarantee the availability of funds under a reservation system.
- (b) Limits on Number of Reservations. The number of Homeowner Rehabilitation, Homebuyer Assistance or Single Family Development reservations for an RSP is limited to four (4) per county within the RSP's Service Area at any given time. The number of Tenant-Based Rental Assistance reservations for an RSP is limited to twenty (20) at any given time. All required documentation for the reservation of funds must be submitted to the Department twenty (20) business days prior to the end of RSP Agreement term.
- (c) Extremely Low-Income Households. Except for Households served with disaster relief, Homebuyer Assistance or Single Family Development assistance, each RSP will be required to serve at least one extremely low-income Household out of every four Households submitted and approved for assistance. For purposes of this subsection, extremely low-income is defined as families that are either at or below 30% area median family income for the county in which they will reside without the increase for poverty guidelines or have an income that is lower than the statewide 30% income limit without adjustments to HUD limits. ).
- (d) Match. An RSP must meet the Match requirement per Project approved for assistance.
- (e) Completion of Construction. For Projects involving construction, an RSP must complete construction within twelve (12) months from the Commitment of Funds for the Project.

- (f) Extensions. The Executive Director or his/her designee or the HOME Program Director may approve one three (3) month time extension to the Commitment of Funds to allow for the completion of construction.
- (g) An RSP must remain in good standing with the Department, the state of Texas, and HUD. If an RSP is not in good standing, participation in the Reservation System will be suspended and may result in termination of the RSP Agreement.

**§23.28. General Administrative Requirements.**

Unless otherwise provided in this chapter, the Administrator, or Developer, must comply with the requirements described in paragraphs (1) - (20) of this section, for the administration and use of HOME funds:

- (1) complete training, as applicable;
- (2) provide all applicable Department Housing Contract System access request information and documentation requirements;
- (3) establish and maintain sufficient records at its regular place of business and make available for examination by the Department, HUD, the U.S. General Accounting Office, the U.S. Comptroller, the State Auditor of Texas, the Comptroller of Public Accounts of the State of Texas, or any of their duly authorized representatives, throughout the applicable record retention period;
- (4) for non-development Activities, develop and establish written procurement procedures that comply with federal, state, and local procurement requirements including:
  - (A) develop and comply with written procurement selection criteria and committees, including appointment of a procurement officer to manage any bid process;
  - (B) develop and comply with a written code of conduct governing employees, officers, or agents engaged in administering HOME funds;
  - (C) ensure consultant or any procured service provider does not participate in or direct the process of procurement for services. A consultant cannot assist in their own procurement before or after an award is made;
  - (D) ensure that procedures established for procurement of building construction contractors do not include requirements for the provision of general liability insurance coverage in an amount to exceed the value of the contract and do not give preference for contractors in specific geographic locations;
  - (E) ensure that building construction contractors are procured in accordance with State and Federal regulations for Single Family HOME Activities;
  - (F) ensure that professional service providers (consultants) are procured using an open competitive procedure and are not procured based solely on the lowest priced bid; and
  - (G) ensure that any Request for Proposals or Invitation for Bid include:
    - (i) an equal opportunity disclosure and a notice that bidders are subject to search for listing on the Excluded Parties List;
    - (ii) bidders' protest rights and an outline of the procedures bidders must take to address procurement related disputes;
    - (iii) a conflict of interest disclosure;
    - (iv) a clear and accurate description of the technical requirements for the material, product, or service to be procured. The description must include complete, adequate, and realistic specifications;
    - (v) for sealed bid procedures, disclose the date, time and location for public opening of bids and indicate a fixed-price contract;

- (vi) must not have a term of services greater than five years; and
  - (vii) for competitive proposals, disclose the specific election/evaluation criteria;
- (5) in instances where a potential conflict of interest exists, follow procedures to submit a request to the Department to grant an exception to any conflicts prohibited by 24 CFR §92.356. The request submitted to the Department must include a disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict by newspaper publication, a description of how the public disclosure was made, and an attorney's opinion that the conflict does not violate state or local law. No HOME funds will be committed to or reserved to assist a Household until HUD has granted an exception to the conflict of interest provisions;
  - (6) perform environmental clearance procedures, as required, before acquiring any Property or before performing any construction activities, including demolition, or before the occurrence of the loan closing, if applicable;
  - (7) develop and comply with written applicant intake and selection criteria for program eligibility that promote and comply with Fair Housing requirements and the State's One Year Action Plan;
  - (8) complete applicant intake and applicant selection. Notify each applicant Household in writing of either acceptance or denial of HOME assistance within sixty (60) days following receipt of the intake application. For Homeowner Rehabilitation Assistance and Contract for Deed Conversion the Administrator must:
    - (A) provide rehabilitation as an available option to Households, provide Households with a general cost estimate, and to the extent that rehabilitation would not meet the program requirements, explain these program requirements;
    - (B) unless not allowed by local code, provide replacement of an existing housing unit with a new MHU as an available option; and
    - (C) explain relocation as an available option under applicable Activities;
  - (9) determine the income eligibility of a Household using the "Annual Income" as defined at 24 CFR §5.609, by using the list of income included in HUD Handbook 4350, and excluding from income those items listed in HUD's Updated List of Federally Mandated Exclusions from Income;
  - (10) except for Single Family Development, complete an updated income eligibility determination of a Household if more than six (6) months has elapsed from the date of certification and the date the HOME assistance is provided to the Household. For Single Family Development, complete income eligibility determination of a Household if more than six (6) months has elapsed from the date of certification and the date the contract to purchase the housing unit is executed with the Household;
  - (11) for disaster relief set-aside activities, provide evidence that the housing unit occupied by the eligible Household was damaged as a direct result of a natural disaster that occurred less than three years prior to Administrator's Agreement begin date;
  - (12) for single family Activities involving construction, perform initial inspection in accordance with Chapter 20 of this title (relating to Single Family Programs Umbrella Rule). Property inspections must include photographs of the front and side elevation of the housing unit and at least one picture of the kitchen, family room, one of the bedrooms and one of the bathrooms. The inspection must be signed and dated by the inspector and the Administrator;
  - (13) submit a substantially complete request for the Commitment or Reservation of Funds, loan closing preparation, and for disbursements. Administrators must upload all required information and verification documentation in the Housing Contract System. Requests



determined to be substantially incomplete will not be reviewed and may be disapproved by the Department. Expenses for which reimbursement is requested must be documented as incurred. If the Department identifies administrative deficiencies during review, the Department will allow a cure period of ten (10) business days beginning at the start of the first business day following the date the Administrator or Developer is notified of the deficiency. If any administrative deficiencies remain after the cure period, the Department, in its sole discretion, may disapprove the request. Disapproved requests will not be considered sufficient to meet the performance benchmark and shall not constitute a Reservation of Funds;

- (14) submit signed program documents timely as may be required for the completion of a Commitment or Reservation of Funds, and for closing preparation of the loan or grant documents. Department reserves the right to cancel or terminate Projects when program documents are not executed timely, in the Department's sole and reasonable discretion;
- (15) not proceed or allow a contractor to proceed with construction, including demolition, on any Project or development without first completing the required environmental clearance procedures, preconstruction conference and receiving notice to proceed, if applicable, and execution of grant agreement or loan closing with the Department, whichever is applicable;
- (16) submit any Program Income received by the Administrator or Developer to the Department within ten (10) business days of receipt; any fund remittance to the Department, including refunds, must include a written explanation of the return of funds, the Contract number, name of Administrator or Developer, Project address and Project number, and must be sent to the Department's accounting division;
- (17) submit required documentation, for project completion reports no later than sixty (60) days after the completion of the Project;
- (18) for Contract awards, submit certificate of Contract Completion within ten (10) business days of the Department's request;
- (19) submit to the Department reports or information regarding the operations related to HOME funds provided by the Department; and
- (20) if required by state or federal law, place the appropriate bonding requirement in any contract or subcontract entered into by the Administrator or Developer in connection with a HOME award.

#### **§23.29. Resale and Recapture Provisions.**

- (a) Recapture is the primary method the Department will use to recoup HOME funds under 24 CFR §92.254(a)(5)(ii).
- (b) The Department has established the recapture provisions described in paragraphs (1) - (4) of this subsection to ensure affordability as defined in 24 CFR §92.254(a)(5)(ii).
  - (1) In the event that a federal affordability period is required and the assisted property is rented or leased, or no member of the Household has it as the Principal Residence, the entire HOME investment is subject to recapture. The Department will include any loan payments previously made when calculating the amount subject to recapture. Loan forgiveness is not the same thing as loan payments for purposes of this subsection.
  - (2) In the event that a federal affordability period is required and the unit is sold, including through a short sale or foreclosure, prior to the end of the affordability period, the Department will recapture the shared net proceeds available based on the requirements of 24 CFR §92.254 and as outlined in the State's One Year Action Plan.

- (3) The Household can sell the unit to any willing buyer at any price. In the event of sale to a qualified low-income purchaser of a HOME-assisted unit, the qualified low-income purchaser may assume the existing HOME loan and recapture obligation entered into by the original buyer if no additional HOME assistance is provided to the subsequent homebuyer. In cases in which the subsequent homebuyer needs HOME assistance in excess of the balance of the original HOME loan, the HOME subsidy (the direct subsidy as described in 24 CFR §92.254) to the original homebuyer must be recaptured. A separate HOME subsidy must be provided to the new homebuyer, and a new affordability period must be established based on that assistance to the buyer.
  - (4) If there are no net proceeds from the sale, no repayment will be required of the Household and the balance of the loan shall be forgiven as outlined in the State's applicable One Year Action Plan.
- (c) The Department has established the resale provisions described in paragraphs (1) - (7) of this subsection, in the event that the Department must impose the resale provisions of 24 CFR §92.254(a)(i).
- (1) Resale is defined as the continuation of the affordability period upon the sale or transfer, rental or lease, refinancing, and no member of the Household is occupying the property as their Principal Residence.
  - (2) In the event that a federal affordability period is required and the assisted property is rented or leased, or no member of the Household has it as the Principal Residence, the HOME investment must be repaid.
  - (3) In the event that a federal affordability period is required and the assisted property is sold, foreclosed, or transferred in lieu of foreclosure to a qualified low income buyer at an affordable price, the HOME loan balance shall be transferred to the subsequent qualified buyer and the affordability period shall remain in force to the extent allowed by law.
  - (4) The resale provisions shall remain in force from the date of loan closing until the expiration of the required affordability period.
  - (5) The Household is required to sell the home at an affordable price to a reasonable range of low income homebuyers that will occupy the home as their Principal Residence. Affordable to a reasonable range of low-income buyers is defined as targeting Households that have income between 70 and 80 percent of the area median family income and meet all program requirements.
    - (A) The seller will be afforded a fair return on investment defined as the sum of down payment and closing costs paid from the initial seller's cash at purchase, closing costs paid by the seller at sale, the principal payments only made by the initial homebuyer in excess of the amount required by the loan, and any documented capital improvements in excess of \$500.
    - (B) Fair return on investment is paid to the seller at sale once first mortgage debt is paid and all other conditions of the initial written agreement are met. In the event there are no funds for fair return, then fair return does not exist. In the event there are partial funds for fair return, then the appropriate partial fair return shall remain in force.
  - (6) The appreciated value is the affordable sales price less first mortgage debt less fair return.

- (A) If appreciated value is zero, or less than zero, then no appreciated value exists.
  - (B) The initial homebuyer's investment of down payment and closing costs divided by the Department's HOME investment equals the percentage of appreciated value that shall be paid to the initial homebuyer or persons as otherwise directed by law. The balance of appreciated value shall be paid to the Department.
- (7) The property qualified by the initial Household will be encumbered with a lien for the full affordability period.
- (d) In the event that a federal affordability period is not required and the housing unit transfers by devise, descent, or operation of law upon the death of the assisted homeowner, forgiveness of installment payments under the loan may continue until maturity or the grant amount under the conditional grant agreement may be forgiven, if the new Household qualifies for assistance in accordance with this subchapter.
  - (e) Forgiveness of installment payments under the loan may continue until maturity or the grant amount under conditional grant agreement may be forgiven if the housing unit is sold by the decedent's estate to a purchasing Household that qualifies for assistance in accordance with this chapter.
  - (f) Grants subject to conditional grant agreements may be forgiven annually during the Department's affordability period and are not subject to recapture of the entire grant amount in the event the property is no longer the Principal Residence of any Household member. The outstanding amount owed will be based on the remaining affordability term.

## **Attachment J: Preamble and adoption of new 10 TAC Chapter 23, Subchapter C, concerning Homeowner Rehabilitation Assistance**

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 23, Subchapter A, §§23.30 – 23.32, concerning the Homeowner Rehabilitation Assistance Program with changes to the proposed text as published in the May 29, 2015 issue of the *Texas Register* (40 TexReg 2889).

REASONED JUSTIFICATION: The Department held three roundtable discussions between February and April, 2015, regarding the Single Family HOME Program, including proposed revisions to 10 TAC Chapter 23, HOME Single Family Program. Substantial changes to each subchapter within 10 TAC Chapter 23; therefore the Department determined that repeal of the existing 10 TAC Chapter 23 and adoption of a new 10 TAC Chapter 23 was appropriate. The proposed repeal of 10 TAC Chapter 23, Subchapter C and proposed 10 TAC Chapter 23 was approved by the Board on May 7, 2015.

SUMMARY OF PUBLIC COMMENT AND STAFF RECOMMENDATIONS: Comments were accepted from May 29, 2015 through June 29, 2015, with comments received from: (1) Judge Robert Blaschke, Refugio County; (2) Judge Pedro Trevino, Jr., Jim Wells County; and (3) Judge Terry Simpson, San Patricio County.

The comments and responses include both administrative clarifications and corrections to the rule recommended by Staff and substantive comments on the rule and the corresponding Departmental responses. If comment resulted in recommended language changes to the draft rule as presented to the Board in May, such changes are indicated.

### **§23.30(a). Homeowner Rehabilitation Assistance (HRA) Program Threshold and Selection Criteria.**

COMMENT SUMMARY: Commenters (1), (2) and (3) recommend that the Department add suggested language which would reduce the Match requirement to 0% for Administrators whose service area is the unincorporated area of a county with a population of less than 20,000 persons.

STAFF RESPONSE: The proposed rule provides a reduction of the Match requirement to 0% for Administrators whose entire service area consists of 3,000 or less persons. Staff agrees that the rule as proposed may create a disadvantage for rural counties serving unincorporated areas, and recommends that the rule be revised to allow for a reduction of the Match requirement to 0% for Administrators whose service area includes the entire unincorporated area of a county where the population in the service area is less than 20,000 persons or for Administrators whose entire service area consists of 3,000 or fewer persons.

The Board approved the final order adopting the new sections, including non-substantive technical corrections, on July 30, 2015.

STATUTORY AUTHORITY: The new sections are adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

### **§23.30. Homeowner Rehabilitation Assistance (HRA) Program Threshold and Selection Criteria.**

(a) Match requirement. Excluding Applications under the disaster relief and persons with disabilities set asides, Match shall be required based on the tiers described in paragraphs (1) and (2) of this subsection:

(1) Zero percent of Direct Project Costs, exclusive of Match, is required as Match:

(A) when the service area includes the entire unincorporated area of a county and where the population of Administrator's service area is less than or equal to 20,000 persons, or

(B) when the service area does not include the entire unincorporated area of a county, the population of the Administrator's service area is less than or equal to 3,000 persons.

(2) One percent of Direct Project Costs, exclusive of Match, is required as Match for every 1,000 in population to a maximum of 15 percent.

(b) The Department shall use population figures from the most recently available U.S. census bureau's American Community Survey (ACS) to determine the applicable Match. The Department may incentivize or provide preference to Applicants committing to provide additional Match above the requirement of this subsection. Such incentives may be established as selection criteria in the NOFA and may be different for each Activity;

(c) Documentation is required of a commitment of at least \$40,000 in cash reserves to facilitate administration of the program and to ensure the capacity to cover costs prior to reimbursement or costs determined to be ineligible for reimbursement. The amount of the cash reserve commitment must be included in the Applicant's resolution. To meet this requirement, Applicants must submit:

(1) financial statements indicating adequate local unrestricted cash or cash equivalents to utilize as cash reserves and a letter from the Applicant's bank(s) or financial institution(s) indicating that current account balances are sufficient; or

(2) evidence of an available line of credit or equivalent in an amount equal to or exceeding the requirement in (2) of this subchapter;

(d) Selection criteria for this activity will be outlined in the NOFA.

### **§23.31. Homeowner Rehabilitation Assistance (HRA) Program Requirements.**

(a) Eligible Projects are limited to:

(1) the Rehabilitation or Reconstruction of existing owner-occupied housing on the same site. The Rehabilitation of a Manufactured Housing Unit (MHU) is not an eligible Project;

(2) the New Construction of site-built housing on the same site to replace an existing owner-occupied MHU;

(3) the replacement of existing owner-occupied housing with an MHU or New Construction of site-built housing on another site contingent upon written approval of the Department;

(4) if a housing unit is uninhabitable, within the previous five (5) years from requested assistance, as a result of a natural or man-made disaster or a condemnation order from the unit of local government, or presents an imminent threat to the life, health, or safety of occupants as determined by the local government with jurisdiction over the property, the Household is eligible for the New Construction of site-built housing or an MHU under this section provided the assisted Household documents that the housing unit was previously their Principal Residence through evidence of a homestead exemption from the local taxing jurisdiction and Household certification. If a housing unit is destroyed due to a disaster (housing unit may no longer be standing on the site), that unit is

eligible for reconstruction provided that the HOME funds are committed within twelve (12) months of the date of destruction; or

(5) if allowable under the NOFA, the refinance of an existing mortgage meeting the federal requirements at 24 CFR §92.206(b) and any additional requirements in the NOFA.

(b) If a housing unit has an existing mortgage loan and Department funds are provided in the form of a loan, the Department will require a first lien position if the existing mortgage loan has an outstanding balance that is less than the investment of HOME funds and any of the statements described in paragraphs (1) - (3) of this subsection are true:

(1) a federal affordability period is required; or

(2) any existing mortgage has been in place for less than three (3) years from the date the Household applies for assistance; or

(3) the HOME loan is structured as a repayable loan.

(c) The Household must be current on any existing mortgage loans or home equity loans. If the Department's assistance is provided in the form of a loan, the property cannot have any existing home equity loan liens.

(d) Direct Project Costs, exclusive of Match funds, and are limited to:

(1) Reconstruction and New Construction of site-built housing: the lesser of \$78 per square foot or \$85,000, or for Households of five or more Persons the lesser of \$78 per square foot or \$90,000;

(2) replacement with energy efficient MHU: \$75,000;

(3) rehabilitation that is not Reconstruction: \$40,000; and

(4) refinancing of existing mortgages: in addition to the costs limited under paragraphs (1) - (3) of this subsection, the cost to refinance an existing mortgage is limited to \$35,000. To qualify, a Household's current total housing payment must be greater than 30 percent of their monthly gross income or their total monthly recurring debt payments must be greater than 45 percent of their gross monthly income.

(e) In addition to the Direct Project Costs allowable under subsection (d) of this section, a sum not to exceed \$5,000 maybe requested and if approved, used to pay for any of the following:

(1) necessary environmental mitigation as identified during the Environmental review process; or

(2) homeowner requests for accessibility features.

(f) Project Soft Costs are limited to:

(1) Reconstruction or New Construction: no more than \$9,000 per housing unit;

(2) replacement with an MHU: no more than \$3,500 per housing unit;

(3) rehabilitation that is not Reconstruction: \$5,000 per housing unit. This limit may be exceeded for lead-based paint remediation and only upon prior approval of the Division Director. The costs of testing and assessments for lead-based paint are not eligible Project Soft Costs for housing units that are Reconstructed or if the existing housing unit was built after December 31, 1977; and

(4) third-party Project Soft Costs related to requirements under this section, such as appraisals, title reports or insurance, tax certificates, recording fees, and surveys are not subject to a maximum per Project.

(g) Funds for administrative costs are limited to no more than 4 percent of the Direct Project Costs, exclusive of Match funds.

(h) In the instances described in paragraphs (1) - (4) of this subsection, the assistance to an eligible Household shall be in the form of a loan in the amount of the Direct Project Costs excluding Match funds. The loan will be at zero percent interest and include deferral of payment and annual pro rata forgiveness with a term based on the federal affordability requirements as defined in 24 CFR §92.254.

(1) An MHU being replaced with newly constructed housing (site-built) on the same site;

(2) Any housing unit being replaced on an another site;

(3) Any housing unit that is being relocated out of the floodplain or replaced due to uninhabitability as allowed under subsection (a)(4) of this section; and

(4) Any Project that requires a federal affordability period.

(i) For any Project involving refinancing described in subsection (d)(4) of this section, the HOME funds used for refinancing shall be structured as a fully amortizing, repayable loan at zero percent interest. The loan term shall be calculated by setting the total estimated housing payment (including principal, interest, property taxes, insurance, and any other homebuyer assistance), equal to 20 percent of the Household's gross monthly income. The term shall not exceed thirty (30) years. Total debt service (back-end ratio) may not exceed 45 percent. Any Direct Project Costs, exclusive of refinancing costs and Match funds, shall be structured as a deferred, forgivable loan with a 15-year term.

(j) In all other instances not described in subsections (h) and (i) of this section, the assistance to an eligible Household will be in the form of a grant agreement with a 5-year affordability period.

(k) To ensure affordability, the Department will impose resale and recapture provisions established in this chapter.

(l) For Reconstruction and New Construction, site-built housing units must meet or exceed the 2000 International Residential Code and all applicable local codes, standards, ordinances, and zoning requirements. In addition, reconstruction and new construction housing is required to meet §92.251(a)(2) as applicable. Housing that is Rehabilitated under this chapter must meet the Texas Minimum Construction Standards (TMCS) and all other applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with the HOME Final Rule. MHUs must be installed according to the manufacturer's instructions and in accordance with Federal and State laws and regulations.

(m) Each unit must meet the design and quality requirements described in paragraphs (1) - (4) of this subsection:

(1) include the following amenities: Wired with RG-6 COAX or better and CAT3 phone cable or better to each bedroom and living room; Blinds or window coverings for all windows; Oven/Range; Exhaust/vent fans (vented to the outside) in bathrooms; Energy-Star or equivalently rated lighting in all rooms, which may include compact florescent bulbs. The living room and each bedroom must contain at least one ceiling lighting fixture and wiring must be capable of supporting ceiling fans;

(2) contain no less than two bedrooms. Each unit must contain complete physical facilities and fixtures for living, sleeping, eating, cooking, and sanitation;

(3) each bedroom must be no less than 100 square feet; have a length or width no less than 8 feet; be self contained with a door; have at least one window that provides exterior access; and have at least one closet that is not less than 2 feet deep and 3 feet wide and high enough to contain at least 5 feet of hanging space; and

(4) be no less than 800 total net square feet for a two bedroom home; no less than 1,000 total net square feet for a three bedroom and two bathroom home; and no less than 1,200 total net square feet for a four bedroom and two bathroom home.

(n) Housing proposed to be constructed under this Activity must meet the requirements of chapters 20 and 21 of this title and must be certified by a licensed architect or engineer.

(1) The Department will reimburse only for the first time a set of architectural plans are used, unless any subsequent site specific fees are paid to a Third Party architect, or a licensed engineer; and

(2) A NOFA may include incentives or otherwise require architectural plans to incorporate "green building" elements.

### **§23.32. Homeowner Rehabilitation Assistance (HRA) Administrative Requirements.**

(a) Commitment or Reservation of Funds. The Administrator must submit the true and complete information, certified as such, with a request for the Commitment or Reservation of Funds as described in paragraphs (1) - (17) of this subsection:

(1) head of Household name and address of housing unit for which assistance is being requested;

(2) a budget that includes the amount of Project funds specifying the acquisition costs, construction costs, Soft Costs and administrative costs requested, a maximum of 5 percent of hard construction costs for contingency items, proposed Match to be provided, evidence that Direct Project Cost and Soft Cost limitations are not exceeded, and evidence that any duplication of benefit is addressed;

(3) verification of environmental clearance;

(4) a copy of the Household's intake application on a form prescribed by the Department;

(5) certification of the income eligibility of the Household signed by the Administrator and all Household members age 18 or over, and including the date of the income eligibility determination. In instances where the total Household income is within \$3,000 of the 80 percent AMFI, all documentation used to determine the income of the Household;

(6) project cost estimates, construction contracts, and other construction documents necessary to ensure applicable property standard requirements will be met at completion;

(7) when assistance is provided in the form of a loan, provide written consent from all Persons who have a valid lien or ownership interest in the Property for the rehabilitation or reconstruction Projects;

(8) in the instance of relocation and in accordance with §23.31(a)(3) of this chapter (relating to Homeowner Rehabilitation Assistance (HRA) Program Requirements), the Household must document Homeownership of the existing unit to be replaced and must establish Homeownership of the lot on which the replacement housing unit will be constructed. The Household must agree to the demolition of the existing housing unit. HOME Project funds cannot be used for the demolition of the existing unit and any funding used for the demolition is not eligible Match; however, solely for a Project under this paragraph, the Administrator Match obligation may be reduced by the cost of such demolition without any Contract amendment;



(9) identification of any Lead-Based Paint (LBP);

(10) for housing units located within the 100-year floodplain, a quote for the cost of flood insurance and certification from the Household that they understand the flood insurance requirements;

(11) consent to demolish from any existing mortgage lien holders and consent to subordinate to the Department's loan, if applicable;

(12) if applicable, documentation to address or resolve any potential conflict of interest, identity of interest, duplication of benefit, or floodplain mitigation;

(13) a title commitment or policy or a down date endorsement to an existing title policy, and the actual documents, or legible copies thereof, establishing the Household's ownership, such as a warranty deed or ninety-nine (99) year leasehold. For loan projects, the title commitment must be no older than 30 days old as of the date of project submission. Title commitments for loan projects that expire prior to the loan closing date must be updated and must not have any adverse changes. For assistance provided in the form of a grant agreement, a title report may be submitted in lieu of a title commitment or policy. In instances of an MHU, a Statement of Ownership and Location (SOL) must be submitted. Together, these documents must evidence the definition of Homeownership is met;

(14) tax certificate that evidences a current paid status, and in the case of delinquency, evidence of an approved payment plan with the taxing authority and evidence that the payment plan is current;

(15) in the instances of replacement with an MHU, information necessary to draft loan documents or grant agreements to issue SOL;

(16) life event documentation, as applicable, and all information necessary to prepare any applicable affidavits such as marital status and heirship; and

(17) any other documentation necessary to evidence that the Project meets the program requirements.

(b) Loan closing or grant agreement. In addition to the documents required under section (a) of this section, the Administrator must submit the appraisal or other valuation method approved by the Department which establishes the post rehabilitation or reconstruction value of improvements for Projects involving construction prior to the issuance of grant or loan documents by the Department.

(c) Disbursement of funds. The Administrator must comply with all of the requirements described in paragraphs (1) – (12) of this subsection, for a request for disbursement of funds to reimburse eligible costs incurred. Submission of documentation related to the Administrator's compliance with requirements described in paragraphs (1) – (12) of this subsection, may be required with a request for disbursement:

(1) for construction costs associated with a loan, a down date endorsement to the title policy not older than the date of the last disbursement of funds or forty-five (45) days, whichever is later. For release of retainage the down date endorsement must be dated at least forty (40) days after the date of construction completion;

(2) for construction costs associated with a grant agreement, an interim lien waiver or final lien waiver. For release of retainage the release on final payment must be dated at least forty (40) days after the date of construction completion;

- (3) if applicable, up to 50 percent of Project funds for a Project may be drawn before providing evidence of Match. Thereafter, each Administrator must provide evidence of Match, including the date of provision, in accordance with the percentage of Project funds disbursed;
- (4) property inspections, including photographs of the front and side elevation of the housing unit and at least one picture of the kitchen, family room, one of the bedrooms and one of the bathrooms with date and property address reflected on each photo. The inspection must be signed and dated by the inspector and Administrator;
- (5) certification that its fiscal control and fund accounting procedures are adequate to assure the proper disbursement of, and accounting for, funds provided, no Person that would benefit from the award of HOME funds has provided a source of Match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith; that each request for disbursement of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions;
- (6) the executed grant agreement or original, executed, legally enforceable loan documents and statement of location, if applicable, for each assisted Household containing remedies adequate to enforce any applicable affordability requirements. Original documents must evidence that such agreements have been recorded in the real property records of the county in which the housing unit is located and the original documents must be returned, duly certified as to recordation by the appropriate county official;
- (7) expenditures must be allowable and reasonable in accordance with federal, state, and local rules and regulations. The Department shall determine the reasonableness for expenditures submitted for reimbursement. The Department may request Administrator to make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein and to establish such additional requirements for payment of HOME funds to Administrator as may be necessary or advisable for compliance with all Program Rules;
- (8) the request for funds for administrative costs must be proportionate to the amount of Direct Project Costs requested or already disbursed;
- (9) include the withholding of 10 percent of hard construction costs for retainage. Retainage will be held until at least forty (40) days after completion of construction;
- (10) for final disbursement requests, submission of documentation required for Project completion reports and evidence that the demolition or, if an MHU, salvage and removal of all dilapidated housing units on the lot occurred for Newly Constructed or Rehabilitated housing unit, certification or other evidence acceptable to Department that the replacement house, whether site-built or MHU, was constructed or placed on and within the same lot for which ownership was established and on and within the same lot secured by the loan or grant agreement, if applicable, and evidence of floodplain mitigation;
- (11) the final request for disbursement must be submitted to the Department with support documentation no later than sixty (60) days after the termination date of the Agreement in order to remain in compliance with Contract and eligible for future funding. The Department shall not be obligated to pay for costs incurred or performances rendered after the termination date of a Contract; and
- (12) for costs associated with Title Policies charged as Project costs, the Title Policy must be submitted with the retainage request.

**Attachment K: Preamble and adoption of new 10 TAC Chapter 23, Subchapter D, concerning Homebuyer Assistance Program**

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 23, Subchapter D, §§23.40 – 23.42, concerning the Homebuyer Assistance Program published in the May 29, 2015, issue of the *Texas Register* (40 TexReg 2892).

REASONED JUSTIFICATION: The Department held three roundtable discussions between February and April, 2015, regarding the Single Family HOME Program, including proposed revisions to 10 TAC Chapter 23, HOME Single Family Program. Substantial changes to each subchapter within 10 TAC Chapter 23; therefore the Department determined that repeal of the existing 10 TAC Chapter 23 and adoption of a new 10 TAC Chapter 23 was appropriate. The proposed repeal of 10 TAC Chapter 23, Subchapter D and proposed 10 TAC Chapter 23 was approved by the Board on May 7, 2015.

The Department accepted public comments between May 29, 2015, and June 29, 2015. Comments regarding the new sections were accepted in writing and by fax. No comments were received concerning the new sections.

The Board approved the final order adopting the new sections on July 30, 2015.

STATUTORY AUTHORITY: The new sections are adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

**§23.40 Homebuyer Assistance (HBA) Threshold and Selection Criteria.**

(a) Except for Applications under the disaster relief and Persons with Disabilities set-asides, the amount of Match required must be at least 5 percent of Direct Project Costs, exclusive of Match, requested. The Department may incentivize or provide preference to Applicants committing to provide additional Match above the requirement of this subsection. Such incentives may be established as selection criteria in the NOFA and may be different for each Activity.

b) Documentation of a commitment of at least \$20,000 in cash reserves to facilitate administration of the program and to ensure the capacity to cover costs prior to reimbursement or costs determined to be ineligible for reimbursement. The amount of the cash reserve commitment must be included in the Applicant's resolution. To meet this requirement, Applicants must submit:

(1) financial statements indicating adequate local unrestricted cash or cash equivalents to utilize as cash reserves and a letter from the Applicant's bank(s) or financial institution(s) indicating that current account balances are sufficient; or

(2) evidence of an available line of credit or equivalent in an amount equal to or exceeding the requirement in (2) of this subchapter.

(c) Selection Criteria for this activity will be outlined in the NOFA.

**§23.41. Homebuyer Assistance (HBA) Program Requirements.**

(a) Eligible activities are limited to the acquisition or acquisition and Rehabilitation for accessibility modifications of single family housing units.

(b) The Household must complete a homebuyer counseling program/class.

(c) First lien purchase loans must comply with the requirements described in paragraphs (1) - (7) of this subsection:

- (1) No adjustable rate mortgage loans or temporary interest rate buy-down loans are allowed;
- (2) No first lien mortgage loans with a total loan to value equal to or greater than 100 percent are allowed;
- (3) No subprime mortgage loans are allowed;
- (4) For conforming mortgage loans, the debt to income ratio (back-end ratio) may not exceed 45 percent;
- (5) Fees charged by third party mortgage lenders are limited to the greater of 2 percent of the mortgage loan amount or \$3,500, including but not limited to origination, application, and/or underwriting fees. Fees associated with the origination of Single Family Mortgage Revenue Bond and Mortgage Credit Certificate programs will not be included in the limit. Fees paid to parties other than the first lien lender and reflected on the HUD-1 will not be included in the limit. Fees collected by the first lien lender at closing to be paid to other parties by the first lien lender that are supported by an invoice and reflected on the HUD-1 will not be included in the limit;
- (6) No identity of interest relationship between the lender and the Household is allowed; and
- (7) If an identity of interest exists between the Household and the seller, the Department may require additional documentation that evidences that the sales price is equal to or less than the appraised value of the property as documented by a Third-Party appraisal ordered by the first lien lender. If an identity of interest exists between the builder and Administrator, the Administrator must provide documentation that evidences that the sales price does not provide for a profit of more than 15 percent of the total hard construction costs and does not exceed the current appraised value as documented by a Third-Party appraisal ordered by the first lien lender.

(d) Direct Project Costs, exclusive of Match funds, are limited to:

- (1) acquisition and closing costs: the lesser of \$20,000 or the amount necessary as determined by an affordability analysis that evidences the total estimated housing payment (including principal, interest, property taxes, insurance, and any other homebuyer assistance) is no less than 20 percent of the Household's gross monthly income based on a thirty (30) year amortization schedule. If the estimated housing payment will be less than 20 percent, the Department shall reduce the amount of downpayment assistance to the homebuyer such that the total estimated housing payment is no less than 20 percent of the homebuyer's gross income; or
- (2) closing costs and downpayment: the lesser of \$6,000 or the total estimated settlement charges shown on the good faith estimate that are paid by the buyer at closing which are not paid by the buyer's contribution. Households assisted under this paragraph who, at the time of application, have assets which may be liquidated without a federal income tax penalty and which exceed three months of estimated principal, interest, property tax, and property insurance payments for the unit to be purchased as shown in the truth-in-lending statement must contribute the excess funds to the total estimated settlement charges as shown on the good faith estimate; and
- (3) rehabilitation for accessibility modifications: \$20,000,
- (4) No funds shall be disbursed to the assisted Household at closing. The HOME assistance shall be reduced in the amount necessary to prevent the Household's direct receipt of funds if the HUD-1 settlement statement shows funds to be provided to the buyer at closing.

(5) Total assistance to the Household must be in an amount of no less than \$1,000. Households who are not eligible for at least \$1,000 in total homebuyer assistance are ineligible for assistance under this subchapter.

(e) Project Soft Costs are limited to:

- (1) acquisition and closing costs: no more than \$1,500 per housing unit; and
- (2) rehabilitation for accessibility modifications: \$5,000 per housing unit.

(f) Funds for Administrative costs are limited to no more than 4 percent of the Direct Project Costs, exclusive of Match funds.

(g) The assistance to an eligible Household shall be in the form of a loan in the amount of the Direct Project Costs, excluding Match funds. The loan will be at zero percent interest and include deferral of payment and annual pro rata forgiveness with a term based on the federal affordability requirements as defined in 24 CFR §92.254.

(h) Any forgiveness of the loan must follow Section 23.29 of this Chapter.

(i) To ensure affordability, the Department will impose the recapture provisions established in this chapter.

(j) Housing that is Rehabilitated under this chapter must meet the Texas Minimum Construction Standards (TMCS) and all other applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with the HOME Final Rule, and Chapter 21 of this Part. Housing units that are provided assistance for acquisition only must meet all applicable state and local housing quality standards and code requirements. In the absence of such standards and requirements, the housing units must meet the Housing Quality Standards (HQS) in 24 CFR §982.401.

#### **§23.42. Homebuyer Assistance (HBA) Administrative Requirements.**

(a) Reservation of Funds. The Administrator must submit true and complete information, certified as such, with a request for the Reservation of Funds, as described in paragraphs (1) – (7) of this subsection:

- (1) head of Household name;
- (2) a budget that includes the amount of Project funds specifying the acquisition costs, construction costs, Soft Costs and administrative costs requested. A maximum of 5 percent of hard construction costs for contingency items, proposed Match to be provided, evidence that Project and Soft Cost limitations are not exceeded, and evidence that any duplication of benefit is addressed;
- (3) a copy of the Household's intake application on a form prescribed by the Department;
- (4) certification of the income eligibility of the Household signed by the Administrator and all Household members age 18 or over, and including the date of the income eligibility determination. In instances where the total Household income is within \$3,000 of the 80 percent area median family income, all documentation used to determine the income of the Household;
- (5) if applicable, documentation to address or resolve any potential Conflict of Interest, identity of interest, or duplication of benefit; and
- (6) if applicable, construction cost estimates, construction contracts, and other construction documents necessary to ensure applicable property standard requirements will be met at completion;

(7) any other documentation necessary to evidence that the Project meets the program requirements.

(b) Commitment of Funds. In addition to the documents required under section (a) of this section, the Administrator must submit the documents described in paragraphs (1) – (8) of this subsection, with a request for the Commitment of Funds within ninety (90) days of approval of the Reservation:

- (1) address of housing unit for which assistance is being requested;
- (2) verification of environmental clearance;
- (3) identification of Lead-Based Paint (LBP);
- (4) for housing units located within the 100-year floodplain, a quote for the cost of flood insurance and certification from the Household that they understand the flood insurance requirements;
- (5) a title commitment to issue a title policy that evidences the property will transfer with no tax lien, child support lien, mechanics or materialman's lien or any other restrictions or encumbrances that impair the good and marketable nature of title to the ownership interest and that the definition of Homeownership will be met. Commitments that expire prior to execution of closing must be updated at closing and must not have any adverse changes in order to close;
- (6) executed sales contract and documentation that the first lien mortgage meets the eligibility requirements;
- (7) appraisal which includes post rehabilitation or reconstruction improvements for Projects involving construction; and
- (8) a good faith estimate that is, or letter from the lender confirming that the loan terms and closing costs will be consistent with the executed sales contract, the first lien mortgage loan requirements, and the requirements of this chapter.

(c) Disbursement of funds. The Administrator must comply all of the requirements described in paragraphs (1) - (10) of this subsection, for a request for disbursement of funds to reimburse eligible costs incurred. Submission of documentation related to the Administrator's compliance with requirements described in paragraphs (1) - (10) of this subsection, may be required with a request for disbursement:

- (1) For construction costs that are a part of a loan subject to the requirements of this subsection, a down date endorsement to the title policy not older than the date of the last disbursement of funds or forty-five (45) days, whichever is later. For release of retainage the down date endorsement must be dated at least forty (40) days after the date of construction completion;
- (2) If applicable, up to 50 percent of Project funds for a Project may be drawn before providing evidence of Match. Thereafter, each Administrator must provide evidence of Match, including the date of provision, in accordance with the percentage of Project funds disbursed;
- (3) The property inspection must be signed and dated by the inspector and the Administrator or Developer;
- (4) Certification that its fiscal control and fund accounting procedures are adequate to assure the proper disbursement of, and accounting for, funds provided, no Person that would benefit from the award of HOME funds has provided a source of Match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith; that each request for disbursement of HOME

funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions;

(5) Original, executed, legally enforceable loan documents for each assisted Household containing remedies adequate to enforce any applicable affordability requirements. Original documents must evidence that such agreements have been recorded in the real property records of the county in which the housing unit is located and the original documents must be returned, duly certified as to recordation by the appropriate county official. This provision is not applicable for funds made available at the loan closing;

(6) Expenditures must be allowable and reasonable in accordance with federal, state, and local rules and regulations. The Department shall determine the reasonableness for expenditures submitted for reimbursement. The Department may request Administrator to make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein and to establish such additional requirements for payment of HOME funds to Administrator as may be necessary or advisable for compliance with all program requirements;

(7) The request for funds for Administrative costs must be proportionate to the amount of Direct Project Costs requested or already disbursed;

(8) Table funding requests must be submitted to the Department with complete documentation no later than ten (10) business days prior to the anticipated loan closing date. Such a request must include a draft settlement statement, title company payee identification information, the Administrator or Developer's authorization for disbursement of funds to the title company, request letter from title company to the Texas Comptroller with bank account wiring instructions, and invoices for Soft Costs being paid at closing;

(9) For Activities involving Rehabilitation, include the withholding of 10 percent of hard construction costs for retainage. Retainage will be held until at least forty (40) days after completion of construction and until submission of documentation required for Project completion reports; and

(10) The final request for disbursement must be submitted to the Department with support documentation no later than sixty (60) days after the termination date of the Contract in order to remain in compliance with Contract and eligible for future funding. The Department shall not be obligated to pay for costs incurred or performances rendered after the termination date of a Contract.

**Attachment L: Preamble and adoption of new 10 TAC Chapter 23, Subchapter E, concerning Contract for Deed Conversion Program**

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 23, Subchapter D, §§23.50 – 23.52, concerning the Contract for Deed Program published in the May 29, 2015, issue of the *Texas Register* (40 TexReg 2895).

REASONED JUSTIFICATION: The Department held three roundtable discussions between February and April, 2015, regarding the Single Family HOME Program, including proposed revisions to 10 TAC Chapter 23, HOME Single Family Program. Substantial changes to each subchapter within 10 TAC Chapter 23; therefore the Department determined that repeal of the existing 10 TAC Chapter 23 and adoption of a new 10 TAC Chapter 23 was appropriate. The proposed repeal of 10 TAC Chapter 23, Subchapter E and proposed 10 TAC Chapter 23 was approved by the Board on May 7, 2015.

The Department accepted public comments between May 29, 2015, and June 29, 2015. Comments regarding the new sections were accepted in writing and by fax. No comments were received concerning the new sections.

The Board approved the final order adopting the new sections on July 30, 2015.

STATUTORY AUTHORITY: The new sections are adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

**§23.50. Contract for Deed Conversion (CFDC) Threshold and Selection Criteria.**

(1) Documentation of a commitment of at least \$40,000 in cash reserves to facilitate administration of the program and to ensure the capacity to cover costs prior to reimbursement or costs determined to be ineligible for reimbursement. The amount of the cash reserve commitment must be included in the Applicant's resolution. To meet this requirement, Applicants must submit:

(A) financial statements indicating adequate local unrestricted cash or cash equivalents to utilize as cash reserves and a letter from the Applicant's bank(s) or financial institution(s) indicating that current account balances are sufficient; or

(B) evidence of an available line of credit or equivalent in an amount equal to or exceeding the requirement in (1) of this subchapter.

**§23.51. Contract for Deed Conversion (CFDC) Program Requirements.**

(a) Eligible activities are limited to the acquisition or acquisition and Rehabilitation, Reconstruction, or New Construction of single family housing units.

(b) A new Manufactured Housing Unit (MHU) is an eligible property type for acquisition only. An MHU is not an eligible property type for Rehabilitation. MHUs must be installed according to the manufacturer's installation instructions and in accordance with Federal and State laws and regulations.

(c) The Household's income must not exceed 60 percent area median family income (AMFI) and the Household must complete a homebuyer counseling program/class.



(d) The property assisted must be located in a Colonia as defined in Texas Government Code, Chapter 2306. The Colonia must have a Colonia Classification Number, as assigned by the Texas Secretary of the State Office.

(e) The Department will require a first lien position.

(f) Direct Project Costs, exclusive of Match funds, are limited to:

(1) acquisition and closing costs: \$35,000. In the case of a contract for deed conversion housing unit that involves the acquisition of a loan on an existing MHU and/or the loan for the associated land, the Executive Director may grant an exception to exceed this amount, however, the Executive Director will not grant an exception to exceed \$40,000 of assistance;

(2) Reconstruction and New Construction of site-built housing: the lesser of \$78 per square foot or \$85,000, or for Households of five or more Persons the lesser of \$78 per square foot or \$90,000;

(3) replacement with an energy efficient MHU: \$75,000; and

(4) rehabilitation that is not Reconstruction: \$40,000.

(g) In addition to the Direct Project Costs allowable under subsection (d) of this section, a sum not to exceed \$5,000 may be used to pay for any of the following:

(1) necessary environmental mitigation as identified during the Environmental review process; or

(2) homeowner requests for accessibility features.

(h) Project Soft Costs are limited to:

(1) acquisition and closing costs: no more than \$1,500 per housing unit;

(2) Reconstruction or New Construction: no more than \$9,000 per housing unit;

(3) replacement with an MHU: no more than \$3,500 per housing unit; and

(4) rehabilitation that is not Reconstruction: \$5,000 per housing unit. This limit may be exceeded for lead-based remediation and only upon prior approval of the Division Director. The costs of testing and assessments for lead-based paint are not eligible Project Soft Costs for housing units that are reconstructed or if the existing housing unit was built after December 31, 1977.

(i) Funds for administrative costs are limited to no more than 4 percent of the Direct Project Costs, exclusive of Match funds.

(j) The assistance to an eligible Household shall be in the form of a loan in the amount of the Direct Project Costs excluding Match funds. The loan will be at zero percent interest and include deferral of payment and annual pro rata forgiveness with a term based on the federal affordability requirements as defined in 24 CFR §92.254.

(k) To ensure affordability, the Department will impose resale and recapture provisions established in this chapter.

(l) For Reconstruction and New Construction, site-built housing units must meet or exceed the 2000 International Residential Code and all applicable local codes, standards, ordinances, and zoning requirements. In addition, Reconstruction and New Construction housing is required to meet §92.25 1(a)(2) as applicable. Housing that is Rehabilitated under this chapter must meet the Texas Minimum Construction Standards (TMCS) and all other applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with the HOME Final Rule. Housing units that are provided assistance for acquisition only must meet all applicable state and local housing quality

standards and code requirements. In the absence of such standards and requirements, the housing units must meet the Housing Quality Standards (HQS) in 24 CFR §982.401.

(m) Each unit must meet the design and quality requirements described in paragraphs (1) - (4) of this subsection:

- (1) include the following amenities: Wired with RG-6 COAX or better and CAT3 phone cable or better to each bedroom and living room; Blinds or window coverings for all windows; Oven/Range; Exhaust/vent fans (vented to the outside) in bathrooms; Energy-Star or equivalently rated lighting in all rooms, which may include compact florescent bulbs. The living room and each bedroom must contain at least one ceiling lighting fixture and wiring must be capable of supporting ceiling fans;
- (2) contain no less than two bedrooms. Each unit must contain complete physical facilities and fixtures for living, sleeping, eating, cooking, and sanitation;
- (3) each bedroom must be no less than 100 square feet; have a length or width no less than 8 feet; be self contained with a door; have at least one window that provides exterior access; and have at least one closet that is not less than 2 feet deep and 3 feet wide and high enough to contain at least 5 feet of hanging space; and
- (4) be no less than 800 total net square feet for a two bedroom home; no less than 1,000 total net square feet for a three bedroom and two bathroom home; and no less than 1,200 total net square feet for a four bedroom and two bathroom home.

(n) Housing proposed to be constructed under this Activity must meet the requirements of chapters 20 and 21 of this title and must be certified by a licensed architect or engineer.

- (1) The Department will reimburse only for the first time a set of architectural plans are used, unless any subsequent site specific fees are paid to a Third Party architect, or a licensed engineer; and
- (2) A NOFA may include incentives or otherwise require architectural plans to incorporate "green building" elements.

### **§23.52. Contract for Deed Conversion (CFDC) Administrative Requirements.**

(a) Commitment or Reservation of Funds. The Administrator must submit true and correct information, certified as such, with a request for the Commitment or Reservation of Funds as described in paragraphs (1) - (15) of this subsection:

- (1) head of Household name and address of housing unit for which assistance is being requested;
- (2) a budget that includes the amount of Project funds specifying the acquisition costs, construction costs, Soft Costs and administrative costs requested, a maximum of 5 percent of hard construction costs for contingency items, proposed Match to be provided, evidence that Project and Soft Costs limitations are not exceeded, and evidence that any duplication of benefit is addressed;
- (3) verification of environmental clearance;
- (4) a copy of the Household's intake application on a form prescribed by the Department;
- (5) certification of the income eligibility of the Household signed by the Administrator and all Household members age 18 or over, and including the date of the income eligibility determination. In instances the total Household income is within \$3,000 of the 80 percent AMFI, all documentation used to determine the income of the Household;
- (6) project cost estimates, construction contracts, and other construction documents necessary to ensure applicable property standard requirements will be met at completion;

(7) identification of Lead-Based Paint (LBP);

(8) for housing units located within the 100-year floodplain, a quote for the cost of flood insurance and certification from the Household that they understand the flood insurance requirements;

(9) if applicable, documentation to address or resolve any potential Conflict of Interest, identity of interest, duplication of benefit, or floodplain mitigation;

(10) appraisal which includes post rehabilitation or reconstruction improvements for Projects involving construction; and

(11) a title commitment to issue a title policy not older than thirty (30) days when submitted that evidences the property will transfer with no tax lien, child support lien, mechanic's or materialman's lien or any other restrictions or encumbrances that impair the good and marketable nature of title to the ownership interest and that the definition of Homeownership will be met. Commitments that expire prior to execution of closing must be updated at closing and must not have any adverse changes in order to close;

(12) in the instances of replacement with an MHU, information necessary to draft loan documents and issue Statement of Ownership and Location (SOL);

(13) life event documentation, as applicable, and all information necessary to prepare any applicable affidavits such as marital status and heirship;

(14) A copy of the recorded contract for deed and a current payoff statement; and

(15) any other documentation necessary to evidence that the Project meets the program requirements.

(b) Disbursement of funds. The Administrator must comply all of the requirements described in paragraphs (1) - (11) of this subsection, for a request for disbursement of funds to reimburse eligible costs incurred. Submission of documentation related to the Administrator's compliance with requirements described in paragraphs (1) - (11) of this subsection may be required with a request for disbursement:

(1) for construction costs, a down date endorsement to the title policy not older than the date of the last disbursement of funds or forty-five (45) days, whichever is later. For release of retainage the down date endorsement must be dated at least forty (40) days after the date of construction completion;

(2) if applicable, up to 50 percent of Project funds for a Project may be drawn before providing evidence of Match. Thereafter, each Administrator must provide evidence of Match, including the date of provision, in accordance with the percentage of Project funds disbursed;

(3) property inspections, including photographs of the front and side elevation of the housing unit and at least one picture of the kitchen, family room, one of the bedrooms and one of the bathrooms with date and property address reflected on each photo. The inspection must be signed and dated by the inspector and Administrator;

(4) certification that its fiscal control and fund accounting procedures are adequate to assure the proper disbursement of, and accounting for, funds provided, no Person that would benefit from the award of HOME funds has provided a source of Match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith; that each request for disbursement of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions;

(5) original, executed, legally enforceable loan documents, and statement of location, as applicable, for each assisted Household containing remedies adequate to enforce any applicable affordability requirements. Original documents must evidence that such agreements have been recorded in the real property records of the county in which the housing unit is located and the original documents must be returned, duly certified as to recordation by the appropriate county official. This provision is not applicable for funds made available at the loan closing;

(6) expenditures must be allowable and reasonable in accordance with federal, state, and local rules and regulations. The Department shall determine the reasonableness of each expenditure submitted for reimbursement. The Department may request Administrator or Developer to make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein and to establish such additional requirements for payment of HOME funds to Administrator as may be necessary or advisable for compliance with all program requirements;

(7) the request for funds for administrative costs must be proportionate to the amount of Direct Project Costs requested or already disbursed;

(8) table funding requests must be submitted to the Department with complete documentation no later than ten (10) business days prior to the anticipated loan closing date. Such a request must include a draft settlement statement, title company payee identification information, the Administrator or Developer's authorization for disbursement of funds to the title company, request letter from title company to the Texas Comptroller with bank account wiring instructions, and invoices for Soft Costs being paid at closing;

(9) include the withholding of 10 percent of hard construction costs for retainage. Retainage will be held until at least forty (40) days after completion of construction;

(10) for final disbursement requests, submission of documentation required for Project completion reports and evidence that the demolition or, if an MHU, salvage and removal of all dilapidated housing units on the lot, certification or other evidence acceptable to Department that the replacement house, whether site-built or MHU, was constructed or placed on and within the same lot secured by the loan or grant agreement, if applicable, and evidence of floodplain mitigation; and

(11) the final request for disbursement must be submitted to the Department with support documentation no later than sixty (60) days after the termination date of the Contract in order to remain in compliance with Contract and eligible for future funding. The Department shall not be obligated to pay for costs incurred or performances rendered after the termination date of a Contract.

**Attachment M: Preamble and adoption of new 10 TAC Chapter 23, Subchapter F, concerning Tenant-Based Rental Assistance Program**

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 23, Subchapter D, §§23.60 – 23.62, concerning the Tenant-Based Rental Assistance Program published in the May 29, 2015 issue of the *Texas Register* (40 TexReg 2897).

REASONED JUSTIFICATION: The Department held three roundtable discussions between February and April, 2015, regarding the Single Family HOME Program, including proposed revisions to 10 TAC Chapter 23, HOME Single Family Program. Substantial changes to each subchapter within 10 TAC Chapter 23; therefore the Department determined that repeal of the existing 10 TAC Chapter 23 and adoption of a new 10 TAC Chapter 23 was appropriate. The proposed repeal of 10 TAC Chapter 23, Subchapter F and proposed 10 TAC Chapter 23 was approved by the Board on May 7, 2015.

SUMMARY OF PUBLIC COMMENT AND STAFF RECOMMENDATIONS: Comments were accepted from May 29, 2015 through June 29, 2015, with comments received from: (1) Judge Robert Blaschke, Refugio County; (2) Judge Pedro Trevino, Jr., Jim Wells County; and (3) Judge Terry Simpson, San Patricio County.

The comments and responses include both administrative clarifications and corrections to the rule recommended by Staff and substantive comments on the rule and the corresponding Departmental responses. If comment resulted in recommended language changes to the draft rule as presented to the Board in May, such changes are indicated.

**§23.60(a). Tenant-Based Rental Assistance (TBRA) Threshold and Selection Criteria.**

COMMENT SUMMARY: Commenters (1), (2) and (3) recommend that providers of Tenant-Based Rental Assistance ("TBRA") provide Match as a threshold requirement and state that exempting the TBRA activity from threshold Match requirements provides an unfair advantage to TBRA Administrators. Commenters (2) and (3) provided examples of acceptable Match for the TBRA activity referenced in HUD's Building HOME manual.

STAFF RESPONSE: Administrators who provide TBRA are typically non-profit organizations who receive federal funding for all expanded services provided in conjunction with TBRA. Match sources are limited to non federal contributions to the project, and TBRA Match sources are further limited due to the nature of assistance provided. Requiring match from TBRA Administrators would greatly reduce the number of participating TBRA administrators which would conflict with the Consolidated Plan which indicates rental assistance is a high priority need for the state. Staff recommends no change to the rule.

The Board approved the final order adopting the new sections, including non-substantive technical corrections, on July 30, 2015.

STATUTORY AUTHORITY: The new sections are adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

**§23.60. Tenant-Based Rental Assistance (TBRA) Threshold and Selection Criteria.**

All Applicants and Applications must submit Documentation of a commitment of at least \$15,000 for cash reserves to facilitate administration of the program and to ensure the capacity to cover costs prior to reimbursement or costs determined to be ineligible for reimbursement. The amount of the cash reserve commitment must be included in the Applicant's resolution. To meet this requirement, Applicants must submit:

- (1) financial statements indicating adequate local unrestricted cash or cash equivalents to utilize as cash reserves and a letter from the Applicant's bank(s) or financial institution(s) indicating that current account balances are sufficient; or
- (2) evidence of an available line of credit or equivalent in an amount equal to or exceeding the requirement in paragraph (1) of this section.

**§23.61. Tenant-Based Rental Assistance (TBRA) Program Requirements.**

- (a) The Household must participate in a self-sufficiency program.
- (b) The amount of assistance will be determined using the Housing Choice Voucher method.
- (c) Households certifying to zero income must also complete a questionnaire which includes a series of questions regarding how basic hygiene, dietary, transportation, and other living needs are met.
- (d) The minimum Household contribution toward gross monthly rent must be ten percent of the Household's gross monthly income.
- (e) Project funds are limited to:
  - (1) rental subsidy: Each rental subsidy term is limited to no more than twenty-four (24) months. Total lifetime assistance to a Household may not exceed thirty-six (36) month cumulatively, except that up to an additional twenty-four (24) months of assistance, for a total of sixty (60) months cumulatively may be approved if:
    - (A) the Household has applied for a Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration or, HUD Section 202 Supportive Housing for the Elderly Program, and is placed on a waiting list during their TBRA participation tenure; and
    - (B) the Household has not been removed from the waiting list for the Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration or HUD Section 202 Supportive Housing for the Elderly Program due to failure to respond to required notices or other ineligibility factors; and
    - (C) the Household has not been denied participation in the Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration or, HUD Section 202 Supportive Housing for the Elderly Program while they were being assisted with HOME TBRA; and
    - (D) the Household did not refuse to participate in the Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration ,or HUD Section 202 Supportive Housing for the Elderly Program when a voucher was made available;
  - (2) security deposit: no more than the amount equal to two (2) month's rent for the unit.
  - (3) utility deposit in conjunction with a TBRA rental subsidy.

(f) The payment standard must be the current U.S. Department of Housing and Urban Development (HUD) "Fair Market Rent for the Housing Choice Voucher Program" at the time the household is income certified (or the rental coupon is executed, as applicable). The Administrator may submit a written request to the Department for approval of a different payment standard. The request must be evidenced by a market study or supported by HUD's Small Area Fair Market Rents (SAFMR). Administrators requesting to use HUD's SAFMR must agree to use the SAFMR for all Households under the Contract or Reservation System Agreement. For HOME-assisted units, the payment standard must be no greater than the current HOME rent applicable for the unit.

(g) The lease agreement start date must correspond to the date of the TBRA rental coupon contract. The dates may be different only upon prior approval of the Executive Director or his/her designee.

(h) Project Soft Costs are limited to \$1,200 per Household assisted for determining household income eligibility, including recertification, and conducting Housing Quality Standards (HQS) inspections. All costs must be reasonable and customary for the Administrator's Service Area.

(i) Funds for administrative costs are limited to 4 percent of Direct Project Costs, excluding Match funds. Funds for administrative costs may be increased an additional 1 percent of Direct Project Costs if Match is provided in an amount equal to 5 percent or more of Direct Project Costs.

(j) Rental units must be inspected prior to occupancy, annually upon Household recertification, and must comply with HQS established by HUD.

(k) Administrators must have a written agreement with Owner that the Owner will notify the Administrator within one (1) month if a tenant moves out of an assisted unit prior to the lease end date.

(l) Administrators must maintain its waitlist in accordance with the Tenant Selection Criteria established in section 10.610 of chapter 10 of this Part except that where the terms Owner or Development are used Administrator will be substituted.

(m) Administrators serving a Household under a Reservation Agreement may not issue a Certificate of Eligibility to the Household prior to reserving funds for the project.

### **§23.62. Tenant-Based Rental Assistance (TBRA) Administrative Requirements.**

(a) Commitment or Reservation of Funds. The Administrator must submit the documents described in paragraphs (1) - (9) of this subsection, with a request for the Commitment or Reservation of Funds:

(1) head of Household name and address of housing unit for which assistance is being requested;

(2) a budget that includes the amount of Direct Project Costs, Project Soft Costs, administrative costs requested, Match to be provided, evidence that Direct Project Cost limitations are not exceeded, and evidence that any duplication of benefit is addressed;

(3) verification of environmental clearance;

(4) a copy of the Household's intake application on a form prescribed by the Department;

(5) certification of the income eligibility of the Household signed by the Administrator, and all Household members age 18 or over, and including the date of the income eligibility determination. Administrator must submit documentation used to determine the income and rental subsidy of the Household;

(6) identification of Lead-Based Paint (LBP);

(7) if applicable, documentation to address or resolve any potential conflict of interest or duplication of benefit;

(8) project address within ninety (90) days of preliminary set up approval, if applicable; and

(9) any other documentation necessary to evidence that the Project meets the Program Rules.

(b) Disbursement of funds. The Administrator must comply with all of the requirements described in paragraphs (1) - (8) of this subsection for a request for disbursement of funds. Submission of documentation related to the Administrator compliance with requirements described in paragraphs (1) - (8) of this subsection may be required with a request for disbursement.

(1) If required or applicable, up to 50 percent of Direct Project Costs for a Project may be drawn before providing evidence of Match. Thereafter, each Administrator must provide evidence of Match, including the date of provision, in accordance with the percentage of Direct Project Costs disbursed;

(2) Certification that its fiscal control and fund accounting procedures are adequate to assure the proper disbursement of, and accounting for, funds provided, no Person that would benefit from the award of HOME funds has provided a source of Match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith; that each request for disbursement of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions;

(3) Expenditures must be allowable and reasonable in accordance with federal, state, and local rules and regulations. The Department shall determine the reasonableness of each expenditure submitted for reimbursement. The Department may request Administrator to make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein and to establish such additional requirements for payment of HOME funds to the Administrator or Developer as may be necessary or advisable for compliance with all Program Requirements;

(4) With the exception of up to 25 percent of the total funds available for administrative costs, the request for funds for administrative costs must be proportionate to the amount of Direct Project Costs requested or already disbursed;

(5) Requests may come in up to ten (10) days in advance of the first day of the following month;

(6) For final disbursement requests, submission of documentation required for Project completion reports;

(7) Household commitment contracts may be signed after the end date of a RSP only in cases where the Department has approved a project set-up with a project address to be determined at a later time; and

(8) The final request for disbursement must be submitted to the Department with support documentation no later than sixty (60) days after the termination date of the Contract in order to remain in compliance with Contract and eligible for future funding. The Department shall not be obligated to pay for costs incurred or performances rendered after the termination date of a Contract.



**Attachment N: Preamble and adoption of new 10 TAC Chapter 23, Subchapter G, concerning Single Family Development Program**

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 23, Subchapter D, §§23.70 – 23.72, concerning the Single Family Development Program published in the May 29, 2015, issue of the *Texas Register* (40 TexReg 2899).

REASONED JUSTIFICATION: The Department held three roundtable discussions between February and April, 2015, regarding the Single Family HOME Program, including proposed revisions to 10 TAC Chapter 23, HOME Single Family Program. Substantial changes to each subchapter within 10 TAC Chapter 23; therefore the Department determined that repeal of the existing 10 TAC Chapter 23 and adoption of a new 10 TAC Chapter 23 was appropriate. The proposed repeal of 10 TAC Chapter 23, Subchapter G and proposed 10 TAC Chapter 23 was approved by the Board on May 7, 2015.

The Department accepted public comments between May 29, 2015, and June 29, 2015. Comments regarding the new sections were accepted in writing and by fax. No comments were received concerning the new sections.

The Board approved the final order adopting the new sections on July 30, 2015.

STATUTORY AUTHORITY: The new sections are adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

**§23.70 .Single Family Development (SFD) Threshold and Selection Criteria.**

All Applicants and Applications must submit or comply with this section.

- (1) An Application for Community Housing Development Organization (CHDO) certification.
- (2) If the total of the Department's loan equals more than 50 percent of the total development cost, except for developments also financed with U.S. Department of Agriculture (USDA) funds, the Applicant must provide:
  - (A) evidence of a line of credit or equivalent tool of at least \$80,000 from a financial institution that will be available for use during the proposed development activities; or
  - (B) a letter from a third party Certified Public Accountant (CPA) verifying the capacity of the owner or developer to provide at least \$80,000 as a short term loan for development; and
  - (C) a letter from the developer's or owner's bank(s) confirming funds amounting to at least \$80,000 is available.
- (3) A proposed development plan that is consistent with the requirements of this chapter, all other federal and state rules, and includes:
  - (A) a floor plan and front exterior elevation for each proposed unit which reflects the exterior building composition;
  - (B) a FEMA Issued Flood Map that identifies the location of the proposed site(s);

(C) letters from local utility providers, on company letterhead, confirming each site has access to the following services: water and wastewater, sewer, electricity, garbage disposal and natural gas, if applicable;

(D) documentation of site control of each proposed lot: A recorded warranty deed with corresponding executed settlement statement; or a contract or option for the purchase of the proposed lots that is valid for at least one hundred-twenty (120) days from the date of application submission; and

(E) an "as vacant" appraisal of at least one of the proposed lots if: The Applicant has an Identity of Interest with the seller or current owner of the property; or any of the proposed property is part of a newly developed or under-development subdivision in which at least three other third-party sales cannot be evidenced. The purchase price of any lot in which the current owner has an Identity of Interest must comply with the Identity of Interest transfer requirements in chapter 10, Subchapter D of this title (relating to Underwriting and Loan Policy).

(4) The Department may prioritize Applications or otherwise incentivize Applications that partner with other lenders to provide permanent purchase money financing for the purchase of units developed with funds provided under this subchapter.

### **§23.71. Single Family Development (SFD) Program Requirements.**

(a) Eligible activities include the acquisition and New Construction or acquisition and Rehabilitation of single family housing. Single family housing units assisted with HOME funds must comply with the required affordability requirements as defined at 24 CFR §92.254.

(b) This Activity is a CHDO-eligible activity.

(c) The Household's income must not exceed 80 percent area median family income (AMFI) and the Household must complete a homebuyer counseling program/class. The Household must be income qualified as of the date of signature of the homebuyer's purchase contract.

(d) Each unit must meet the design and quality requirements described in paragraphs (1) - (5) of this subsection:

(1) for New Construction and Reconstruction, current applicable International Residential Code, local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with the 24 CFR§92.251(a);

(2) include the following amenities: Wired with RG-6 COAX or better and CAT3 phone cable or better to each bedroom and living room; Blinds or window coverings for all windows; Disposal and Energy-Star or equivalently rated dishwasher (must only be provided as an option to each Household); Oven/Range; Exhaust/vent fans (vented to the outside) in bathrooms; Energy-Star or equivalently rated lighting in all rooms, which may include compact florescent bulbs. The living room and each bedroom must contain at least one ceiling lighting fixture and wiring must be capable of supporting ceiling fans; and Paved off-street parking for each unit to accommodate at least one mid-sized car and access to on-street parking for a second car;

(3) contain no less than two bedrooms. Each unit must contain complete physical facilities and fixtures for living, sleeping, eating, cooking, and sanitation;

(4) each bedroom must be no less than 100 square feet; have a length or width no less than 8 feet; be self contained with a door; have at least one window that provides exterior access; and have at

least one closet that is not less than 2 feet deep and 3 feet wide and high enough to contain at least 5 feet of hanging space; and

(5) be no less than 800 total net square feet for a two bedroom home; no less than 1,000 total net square feet for a three bedroom and two bathroom home; and no less than 1,200 total net square feet for a four bedroom and two bathroom home.

(e) Housing proposed to be constructed under this Activity must meet the requirements in chapters 20 and 21 of this title and must be certified by a licensed architect or engineer.

(f) The total hard construction costs are limited as described in paragraphs (1) and (2) of this subsection:

(1) Reconstruction and New Construction of site-built housing: The hard construction costs are limited to \$78 per square foot and \$85,000 or for Households of five or more Persons \$90,000; and

(2) Rehabilitation that is not Reconstruction: \$40,000.

(g) In addition to the Direct Project Costs allowable under subsection (d) of this section, a sum not to exceed \$5,000 may be used to pay for any of the following:

(1) necessary environmental mitigation as identified during the Environmental review process; or

(2) homeowner requests for accessibility features.

(h) Developer fees (including consulting fees) are limited to 15 percent of the total hard construction costs.

(i) General Contractor Fees are limited to 15 percent of the total hard construction costs. The General Contractor is defined as one who contracts for the construction or rehabilitation of an entire development Project, rather than a portion of the work. The General contractor hires subcontractors, such as plumbing contractors, electrical contractors, etc., coordinates all work, and is responsible for payment to the subcontractors. A prime subcontractor will also be treated as a General Contractor, and any fees payable to the prime subcontractor will be treated as fees to the General Contractor, in the scenarios described in subparagraphs (1) and (2) of this paragraph:

(1) any subcontractor, material supplier, or equipment lessor receiving more than 50 percent of the contract sum in the construction contract will be deemed a prime subcontractor; or

(2) if more than 75 percent of the contract sum in the construction contract is subcontracted to three or fewer subcontractors, material suppliers, and equipment lessors, such parties will be deemed prime subcontractors.

(j) Construction period financing for each unit shall be structured as a zero percent interest loan with a nine (9) month term, or with a term that coincides with the end date of the Household commitment contract under a Reservation System Participation Agreement. The maximum construction loan amount may not exceed the total development cost less developer fees/profit, homebuyer closing costs, and ineligible Project costs. Prior to construction loan closing, a sales contract must be executed with a qualified homebuyer.

(k) In the instance that the Combined Loan to Value equals more than 100 percent of the appraised value, the portion of the sales price that exceeds 100 percent of the appraised value will be granted to the developer to buy down the purchase price if the homebuyer is receiving downpayment assistance or a first lien mortgage from the Department. The cost to the Developer to close the homebuyer loan may be provided as a grant to the Developer.

- (l) The HOME assistance to the homebuyer shall be structured as a first and/or second lien loan(s):
- (1) the downpayment assistance is limited to ten (10) percent of the total development costs and shall be structured as a ten (10) year deferred, forgivable loan with a subordinate lien; and
  - (2) a first lien conventional mortgage not provided by the Department must meet the mortgage financing requirements applicable to §23.41 of this chapter (relating to Homebuyer Assistance (HBA) Program Requirements). If the Department is providing the first lien mortgage with HOME financing, the loan will be fully amortizing with a thirty (30) year term. The Department will require a debt to income ratio (back-end ratio) not to exceed 45 percent. The total estimated housing payment (including principal, interest, property taxes, and insurance) shall be no less than 20 percent and no greater than 30 percent of the Household's gross monthly income. Should the estimated housing payment be less than 20 percent of the Household's gross income, the Department shall reduce the amount of downpayment assistance and/or charge an interest rate to the homebuyer such that the total estimated housing payment is no less than 20 percent of the homebuyer's gross income. In no instance shall the interest rate charged to the homebuyer exceed 5 percent. The Department shall use to the Household's income certification to make this determination.
- (m) Earnest money is limited to no more than \$1,000, which may be credited to the homebuyer at closing, but may not be reimbursed as cash. HOME funds may be used to pay other reasonable and customary closing costs that are HOME eligible costs
- (n) If a Household should become ineligible or otherwise cease participation and a replacement Household is not located within ninety (90) days of the end of the construction period, all additional funding closings and draws on the award will cease and the Department will require the Applicant to repay any outstanding construction debt in full.
- (o) The Division Director may approve the use of alternative floor plans or lots from those included in the approved Application, provided the requirements of this section can still be met and such changes do not materially affect the total budget.
- (p) To ensure affordability, the Department will impose resale or recapture provisions established in this chapter.

**§23.72. Single Family Development (SFD) Administrative Requirements.**

- (a) Commitment or Reservation of Funds. The Administrator must submit true and correct information, certified as such, with a request for the Commitment or Reservation of Funds as described in paragraphs (1) - (11) of this subsection:
- (1) head of Household name and address of housing unit for which assistance is being requested;
  - (2) a budget that includes the amount of Project funds specifying the acquisition cost, construction costs, contractor fees, and developer fees, as applicable. A maximum of 5 percent of hard construction costs for contingency items, proposed Match to be provided, evidence that Project Cost limitations are not exceeded, and evidence that any duplication of benefit is addressed;
  - (3) verification of environmental clearance;
  - (4) a copy of the Household's intake application on a form prescribed by the Department;
  - (5) certification of the income eligibility of the Household signed by the Administrator and all Household members age 18 or over, and including the date of the income eligibility determination. In instances where the total Household income is within \$3,000 of the 80 percent AMFI, all documentation used to determine the income of the Household;

(6) project cost estimates, construction contracts, and other construction documents necessary, in the Department's sole determination, to ensure applicable property standard requirements will be met at completion;

(7) identification of Lead-Based Paint (LBP);

(8) executed sales contract and documentation that the first lien mortgage meets the eligibility requirements;

(9) if applicable, documentation to address or resolve any potential conflict of interest, identity of interest, duplication of benefit, or floodplain mitigation;

(10) appraisal, which includes post rehabilitation or reconstruction improvements for Projects involving construction; and

(11) any other documentation necessary to evidence that the Project meets the Program Rules.

(b) Loan closing. The Administrator or Developer must submit the documents described in paragraphs (1) - (3) of this subsection, with a request for the preparation of loan closing with the request for the Commitment or Reservation of Funds:

(1) a title commitment to issue a title policy not older than ninety (90) days when submitted for a Commitment of Funds that evidences the property will transfer with no tax lien, child support lien, mechanic's or materialman's lien or any other restrictions or encumbrances that impair the good and marketable nature of title to the ownership interest and that the definition of Homeownership will be met. Commitments that expire prior to execution of closing must be updated at closing and must not have any adverse changes in order to close;

(2) within ninety (90) days after the loan closing date, the Administrator or Developer must submit to the Department the original recorded deed of trust and transfer of lien, if applicable. Failure to submit these documents within ninety (90) days after the loan closing date will result in the Department withholding payment for disbursement requests; and

(3) a draft settlement statement that is consistent with the executed sales contract, the first lien mortgage loan requirements (as applicable), and the terms of this Contract will be provided to Department.

(c) Disbursement of funds. The Administrator must comply with the requirements described in paragraphs (1) - (10) of this subsection, for a request for disbursement of funds to reimburse eligible costs incurred. Submission of documentation related to the Administrator compliance with requirements described in paragraphs (1) - (10) of this subsection may be required with a request for disbursement:

(1) for construction costs, a down date endorsement to the title policy not older than the date of the last disbursement of funds or forty-five (45) days, whichever is later. For release of retainage the down date endorsement must be dated at least forty (40) days after the date of construction completion;

(2) if required or applicable, up to 50 percent of Direct Project Costs for a Project may be drawn before providing evidence of Match. Thereafter, each Administrator must provide evidence of Match, including the date of provision, in accordance with the percentage of Project funds disbursed;

(3) property inspections, including photographs of the front and side elevation of the housing unit and at least one picture of the kitchen, family room, one of the bedrooms and one of the bathrooms

with date and property address reflected on each photo. The inspection must be signed and dated by the inspector and Administrator or Developer;

(4) certification that its fiscal control and fund accounting procedures are adequate to assure the proper disbursement of, and accounting for, funds provided, no Person that would benefit from the award of HOME funds has provided a source of Match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith; that each request for disbursement of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions;

(5) original, executed, legally enforceable loan documents containing remedies adequate to enforce any applicable affordability requirements. Original documents must evidence that such agreements have been recorded in the real property records of the county in which the housing unit is located and the original documents must be returned, duly certified as to recordation by the appropriate county official;

(6) expenditures must be allowable and reasonable in accordance with federal, state, and local rules and regulations. The Department shall determine the reasonableness for expenditures submitted for reimbursement. The Department may request Administrator or Developer to make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein and to establish such additional requirements for payment of HOME funds to Administrator or Developer as may be necessary or advisable for compliance with all Program Requirements;

(7) table funding requests must be submitted to the Department with complete documentation no later than ten (10) business days prior to the anticipated loan closing date. Such a request must include a draft settlement statement, title company payee identification information, the Administrator or Developer's authorization for disbursement of funds to the title company, request letter from title company to the Texas Comptroller with bank account wiring instructions, and invoices for costs being paid at closing;

(8) include the withholding of 10 percent of hard construction costs for retainage. Retainage will be held until at least forty (40) days after completion of construction;

(9) for final disbursement requests, submission of documentation required for Project completion reports; and

(10) the final request for disbursement must be submitted to the Department with support documentation no later than sixty (60) days after the termination date of the Contract in order to remain in compliance with Contract and eligible for future funding. The Department shall not be obligated to pay for costs incurred or performances rendered after the termination date of a Contract.

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**BOARD ACTION REQUEST**  
**SINGLE FAMILY OPERATIONS & SERVICES**  
**JULY 30, 2015**

Presentation, Discussion, and Possible Action on the proposed amendments to 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, and directing their publication for public comment in the *Texas Register*.

**RECOMMENDED ACTION**

**WHEREAS**, pursuant to Texas Government Code, §2306.053, the Department is authorized to adopt rules governing the administration of the Department and its programs;

**WHEREAS**, pursuant to Texas Government Code, §2306.187, the Department is required to develop and adopt rules relating to Minimum Energy Efficiency requirements for new construction, reconstruction, and rehabilitation activities for Single Family dwellings;

**WHEREAS**, the Department's Governing Board adopted 10 TAC Chapter 21 on December 12, 2013, to be effective on January 1, 2015; and

**WHEREAS**, proposed amendments to 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, §§21.1, 21.3, 21.4, 21.5, and 21.6 are to clarify applicability and definitions, simplify requirements, improve readability, and affect grammatical matters;

**NOW, therefore, it is hereby**

**RESOLVED**, that the Executive Director and his designees, be and each of them hereby are authorized, empowered and directed, for and on behalf of the Department to cause the publication of the proposed amendments, in the form presented to this meeting, to be published in the *Texas Register* for public comment and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles.

**BACKGROUND**

The purpose of amending the Minimum Energy Efficiency Requirements for Single Family Construction Activities is to further clarify construction requirements. The significant proposed changes to 10 TAC Chapter 21 are:

§21.4 General Requirements. This section was amended to clarify when construction activities had to have been funded or reserved with regards to compliance with this chapter.



§21.5 New Construction and Reconstruction Activities. This section was amended to identify that compliance with Health and Safety Code §388, Texas Building Energy Performance Standards, is required for new construction and reconstruction activities.

§21.6 Rehabilitation Activities. This section was amended to remove the minimum of meeting six energy efficiency measures per project; set the 2009 International Residential Code as the standard for central heating and cooling equipment; and set Energy Star Certified and WaterSense Labeled products as the standard for other applicable items to be installed or replaced.

### **RECOMMENDATION**

Staff recommends publishing the proposed amended Minimum Energy Efficiency Requirements for Single Family Construction Activities in the *Texas Register* in order to receive public comment.

**Attachment A: Preamble of 10 TAC Chapter 21 Minimum Energy Efficiency Requirements for Single Family Construction Activities; proposed amendments to §§21.1, 21.3, 21.4, 21.5, and 21.6**

The Texas Department of Housing and Community Affairs (the “Department”) proposes amendments to TAC Chapter 21 Minimum Energy Efficiency Requirements for Single Family Construction Activities, §§21.1 Purpose, 21.3 Definitions, 21.4 General Requirements, 21.5 New Construction and Reconstruction Activities, and 21.6 Rehabilitation Activities.

The purpose of amending the Minimum Energy Efficiency Requirements for Single Family Construction Activities is to further clarify construction requirements. The significant proposed changes to 10 TAC Chapter 21 are:

§21.4 General Requirements. This section was amended to clarify when construction activities had to have been funded or reserved with regards to compliance with this chapter.

§21.5 New Construction and Reconstruction Activities. This section was amended to identify that compliance with Health and Safety Code §388, Texas Building Energy Performance Standards, is required for new construction and reconstruction activities.

§21.6 Rehabilitation Activities. This section was amended to remove the minimum of meeting six energy efficiency measures per project; set the 2009 International Residential Code as the standard for central heating and cooling equipment; and set Energy Star Certified and WaterSense Labeled products as the standard for other applicable items to be installed or replaced.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that for each year of the first five years the amendments are in effect, enforcing or administering the amendments does not have any foreseeable implications related to costs or revenues of the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that for each year of the first five years the amendments are in effect, the public benefit anticipated as a result of the amendments will be clarity of construction requirements, adherence to state governing statute, and increased home affordability via reduced household utility costs. There will be minimal economic cost to entities complying with the amendments, and lower utility costs to households.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there will be no economic effect on small or micro-businesses.

REQUEST FOR PUBLIC COMMENT. The public comment period for the proposed amendments will be from August 14, 2015, to September 14, 2015. Written comments may be mailed to the Texas Department of Housing and Community Affairs, Attention: Mark Leonard, Energy Efficiency Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941; emailed to [huf@tdhca.state.tx.us](mailto:huf@tdhca.state.tx.us); or faxed to (512) 475-1162.

ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. SEPTEMBER 14, 2015.

STATUTORY AUTHORITY. The amendments are proposed pursuant to Texas Government Code §2306.053, which authorizes the Department to adopt rules, and §2306.187, which authorizes the

Department to develop and adopt rules relating to Minimum Energy Efficiency requirements for new construction, reconstruction, and rehabilitation activities for Single Family dwellings.

The proposed amendments affect no other code, article, or statute.

TITLE 10. COMMUNITY DEVELOPMENT  
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
CHAPTER 21. MINIMUM ENERGY EFFICIENCY REQUIREMENTS FOR SINGLE  
FAMILY CONSTRUCTION ACTIVITIES

- §21.1. ~~Purpose.~~
- §21.2. ~~Applicability.~~
- §21.3. ~~Definitions.~~
- §21.4. ~~General Requirements.~~
- §21.5. ~~New Construction and Reconstruction Activities.~~
- §21.6. ~~Housing Rehabilitation Activities.~~

**§21.1. Purpose.**

- (a) Texas Government Code, §2306.187 requires that the Department develop and adopt rules relating to Minimum Energy Efficiency requirements for new construction, reconstruction, and rehabilitation activities in Single Family Programs.
- (b) This chapter describes the Minimum Energy Efficiency Requirements for all single family construction activities, which includes the Department's HOME Investments Partnership Program (HOME), Housing Trust Fund (HTF), Neighborhood Stabilization Program (NSP), Office of Colonia Initiatives (OCI) Programs, and other single family programs as developed by the Department.
- (c) Single family programs are designed to improve and provide affordable housing opportunities to low-income individuals in Texas ~~and~~ in accordance with Texas Government Code, Chapter, 2306, and any applicable statutes and federal regulations.

**§21.2. Applicability.**

Unless otherwise noted, this chapter only applies to single family programs. Program rules may impose additional requirements related to any provision of this chapter.

~~Where program rules conflict with this chapter, the provisions of this chapter will control program decisions, unless it is a federal requirement.~~

**§21.3. Definitions.**

- (a) Any capitalized terms that are defined in Texas Government Code, Chapter 2306, and Chapter 1 of this title (relating to Administration) and Chapter 20 of this title (relating to Single Family Programs Umbrella Rule), or other Department rules, have, when capitalized, the meanings ascribed to them therein.
- (b) The following words and terms, when used in this chapter, shall have the following meanings unless the context or the Notice of Funding Availability (NOFA) indicates otherwise.
  - (1) ~~ENERGY STAR Energy Star~~ Certified Appliances, Equipment, and Products--Labeled appliances, equipment, and products that are independently certified to save energy without sacrificing features or functionality, meeting the US EPA's specifications for energy efficiency and performance.

- (2) ~~ENERGY STAR Energy Star~~ Certified Home--A new home that has earned the ~~ENERGY STAR Energy Star~~ label and has undergone a process of inspections, testing, and verification to meet requirements set forth by the US EPA.
- (3) RESNET--Residential Energy Services Network. RESNET is an independent, nonprofit organization established in 1995 to help homeowners reduce the cost of their utility bills by making their homes more energy efficient. RESNET-certified Home Energy Systems Raters are required to inspect, test, and verify homes for ~~ENERGY STAR Energy Star~~ certification.
- (4) WaterSense ~~Labeled Certified~~ Fixtures--Labeled products that are backed by independent, third-party testing and certification, meeting the US EPA's specifications for water efficiency and performance.
- (5) US EPA--United States Environmental Protection Agency. \_\_\_\_\_

~~(e) Defined terms when not capitalized are to be read in context and construed according to common usage.~~

#### **§21.4. General Requirements-**

The following general requirements shall apply to all single family construction activities.

~~(a)~~ This chapter shall go into effect on January 1, 2015. All construction activities funded by a Contract with an effective date on or after January 1, 2015, or a Reservation of Department funds submitted on or after January 1, 2015 ~~permitted or otherwise begun after this date~~ shall comply with this chapter.

~~(b)~~ Local residential building codes that exceed some or all parts of this chapter shall take precedence.

~~(c)~~ A final inspection conducted by Administrators confirming compliance with this chapter shall be required for release of final payment from the Department.

~~(4) All appliances, equipment, and fixtures installed or replaced shall be Energy Star or WaterSense certified products.~~

#### **§21.5. New Construction and Reconstruction Activities-**

Single family ~~detached~~ residential dwellings, as defined in Section 388.002 of the Health and Safety Code, up to three stories high, including townhouses, that are newly constructed or reconstructed shall comply with Section 388 of the Health and Safety Code (Texas Building Energy Performance Standards). An ENERGY STAR certified manufactured is a home that has been designed, produced and installed by the home manufacturer to meet ENERGY STAR requirements for energy efficiency. ~~this chapter in one of the following two ways:~~

~~(1) Compliance with the energy efficiency provisions of the International Residential Code as they existed on May 1, 2009; or~~

~~(2) Compliance with the Energy Star Certified Homes Program as demonstrated through RESNET-approved procedures.~~

#### **§21.6. Housing Rehabilitation Activities-**

~~(a) Unless otherwise required by federal law or NOFA, this subsection is not applicable to Housing rehabilitation activities that do not exceed \$10,000 in total construction costs.~~

~~(b) If the proposed scope of work or the awarded construction contract for the Rehabilitation of an existing single family residential unit dwellings that are rehabilitated shall contain, at a minimum, six of includes an item work the measures described in paragraphs (a) - (j) of this subsection, the following requirements shall apply:~~

~~-(1) Airsealing of all penetrations in the building envelope in accordance with Section N1102.4.1 of the 2009 International Residential Code. Exhaust fans in bathrooms and kitchens are required if Airsealing is completed;~~

~~-(2) Airsealing of ductwork located in unconditioned spaces in accordance with Section M1601.4.1 of the 2009 International Residential Code. Ductwork located in unconditioned spaces shall be insulated to R-8;~~

~~-(3) Attic insulation shall be increased to R-30 (R-38 in Climate Zone 4 as defined by Figure N1101.2 of the 2009 International Residential Code), including insulation covering the top plates of exterior walls. Baffles shall be installed in framing bays of existing soffit vents;~~

~~-(4) Attic accesses shall be insulated in accordance with Section N1102.2.3 of the 2009 International Residential Code;~~

~~-(5) Energy Star certified ceiling fans with light(s) shall be installed in each bedroom and in the main living space;~~

~~-(6) Inoperable windows requiring replacement shall be replaced with Energy Star certified windows for southern climates, meeting the U-factor and Solar Heat Gain Coefficient for the climate zone of the dwelling as identified in Table N1101.2 of the 2009 International Residential Code;~~

~~-(7) Windows located on eastern and western facing walls shall have solar shades permanently installed;~~

~~-(8) South facing windows shall have permanently installed overhangs sized to keep summer sun from entering the home while allowing winter sun to enter the home. Flashing details shall maintain a positive drainage plane;~~

~~-(9) Exterior doors requiring replacement shall be replaced with Energy Star certified exterior doors;~~

~~-(10) All incandescent light bulbs in the kitchen, bathrooms, bedrooms, hallways, and the main living area shall be replaced with Energy Star certified compact florescent lamps (CFLs) or light-emitting diodes (LEDs);~~

~~-(11) All inoperable showerheads requiring replacement shall be WaterSense certified products;~~

~~-(12) All inoperable faucets requiring replacement shall be WaterSense certified products. If existing faucets are operable and do not need to be replaced, WaterSense certified aerators shall be installed;~~

~~-(13) Exhaust fans venting to the exterior shall be installed in all bathrooms and the kitchen in accordance with Chapter 15 of the 2009 International Residential Code;~~

~~-(14) Replacement or installation of central heating and cooling equipment shall be sized as specified in Section M1401.3 of the 2009 International Residential Code;~~

~~-(15) Weatherstripping existing and operable exterior doors and windows;~~

~~-(16) Replacement of a 40-gallon natural gas domestic water heater with a new one with a minimum Energy Factor of 0.67. Replacement of a 40-gallon electric domestic water heater with a new one with a minimum Energy Factor of 0.93. Domestic water heaters with different storage capacities shall comply with Energy Star requirements.~~

~~(c) If one or more of these measures are existing and in operable condition, they may be counted as a required measure.~~

a) Replacement or installation of central heating and cooling equipment shall be sized as specified in Section M1401.3 of the 2009 International Residential Code;

b) If central heating and cooling equipment is replaced or installed, ductwork located in unconditioned spaces shall be sealed in accordance with Section M1601.4.1 of the 2009 International Residential Code. Ductwork located in unconditioned spaces shall be insulated to R-8;

c) If central heating and cooling equipment is replaced or installed, attic insulation shall be increased to R-30 (R-38 in Climate Zone 4 as defined by Figure N1101.2 of the 2009 International Residential Code), including insulation covering the top plates of exterior walls. Baffles shall be installed in framing bays of existing soffit vents;

d) If central heating and cooling equipment is replaced or installed, where applicable, attic accesses shall be insulated in accordance with Section N1102.2.3 of the 2009 International Residential Code;

e) If ductless heating and cooling systems (also known as mini-split, multi-split or variable refrigerant flow (VRF) heat pump systems) are replaced or installed, they shall be ~~ENERGY STAR~~Energy Star certified;

f) ~~ENERGY STAR~~Energy Star certified exhaust fans venting to the exterior shall be installed in bathrooms containing a bathtub or shower and in kitchens that contain a gas fueled appliance, in accordance with Chapter 15 of the 2009 International Residential Code;

g) Inoperable windows requiring replacement shall be replaced with ~~ENERGY STAR~~Energy Star certified windows, meeting the U-factor and Solar Heat Gain Coefficient for the climate zone of the dwelling as identified in Table N1101.2 of the 2009 International Residential Code;

- h) Electrical fixtures, equipment and appliances that are installed or replaced, where applicable, shall be ENERGY STAR~~Energy Star~~ certified products;
- i) Plumbing fixtures that are installed or replaced, where applicable, shall be WaterSense labeled products;
- a)j) Domestic water heaters, regardless of fuel source, when replaced or installed, shall be ENERGY STAR~~Energy Star~~ certified.



1v

**BOARD ACTION REQUEST**  
**OFFICE OF COLONIA INITIATIVES**  
**JULY 30, 2015**

Presentation, Discussion, and Possible Action on the proposed amendments to 10 TAC Chapter 24, Texas Bootstrap Loan Program, and directing their publication for public comment in the *Texas Register*.

**RECOMMENDED ACTION**

**WHEREAS**, pursuant to Texas Government Code, §2306.053, the Department is authorized to adopt rules governing the administration of the Department and its programs; and

**WHEREAS**, proposed amendments to 10 TAC Chapter 24, Texas Bootstrap Loan Program, §§24.1, 24.2, 24.5, 24.6, 24.7, 24.8, 24.9, 24.10, 24.11, 24.12 and 24.13 are to clarify and simplify definitions, clarify income calculation requirements, and affect grammatical and capitalization matters;

**NOW, therefore, it is hereby**

**RESOLVED**, that the Executive Director and his designees, be and each of them hereby are authorized, empowered and directed, for and on behalf of the Department to cause the publication of the proposed amendments, in the form presented to this meeting, to be published in the *Texas Register* for public comment and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles.

**BACKGROUND**

The purpose of amending the Texas Bootstrap Loan Program Rule is to further clarify certain program requirements. The following are significant changes made to the Texas Bootstrap Loan Program Rule at 10 TAC Chapter 24:

§24.1 Purpose. Additional chapters of the Texas Administrative Code were added as chapters that are relevant to the administration of the program.

§24.2 Definitions. Additional chapters of the Texas Administrative Code were added as places to locate definitions used in this chapter. The definition for Capital Recovery Fee was added because loans that include waivers of these fees will be prioritized.

§24.3 Allocation of Funds. No amendments recommended for this section.

§24.6 Prohibited Activities. Clarifies that loan servicing fees are an ineligible expense.

§24.7 Distribution of Funds. Limitations on benchmark extensions were removed, but may be placed in Notices of Funding Availability and/or contracts.

§24.7(c) Loan Priority. This section was added to clarify how the Department will prioritize certain loans. The loans prioritized are: 1) those that serve households with income below \$17,500; and 2) situations in which local fees are waived to promote more efficient use of funds.

§24.8 Criteria for Funding. Provides clearer language on the reservation process and properly uses defined terms.

§24.9 Program Administration. Specifies the requalification process for Owner-Builder Applicants and properly uses defined terms.

§24.9(l)(1) Loan Program Requirements. This section was amended to better protect the Department's investment by increasing the difference in the leveraged loan amount from \$1,000 to \$10,000 in the instances when the Department subordinates its lien.

§24.9(l)(9)(10)(11)(12) Credit Qualifications. These sections were moved to §24.10(3) Owner-Builder Qualifications, regarding Owner-Builders' demonstration of willingness and ability to repay loans because they are more appropriate under the Owner-Builder Qualifications section than under the Program Administration section.

§24.9(l)(13) Principal Residency. This section was moved to §24.10(9) Owner-Builder Qualifications, regarding Owner-Builders' length of time they must occupy the property as their Principal Residence because it is better suited under this section than under the Program Administration section.

§24.9(n) Forgivable Loans. This section was added to include loan term limits for Forgivable Loans.

§24.10(2) Owner-Builder Qualifications. Sections on Eligibility Income and Qualifying Income were added to clarify how the Department calculates household income and debt-to-income ratio, respectively.

§24.12(a) Property Guidelines and Related Issues. This subsection regarding property inspection requirements was reorganized and clarified at the end of the section under new subsection (g), Existing Property.

§24.13 Nonprofit Owner-Builder Housing Program (NOHP) Certification. Strengthens the certification language for the nonprofit builder to refer specifically to Generally Accepted Accounting Principles ("GAAP") audited financial statements.

### **RECOMMENDATION**

Staff recommends publishing the proposed amended Texas Bootstrap Loan Program rules in the *Texas Register* in order to receive public comment.

**Attachment A: Preamble of 10 TAC Chapter 24 Texas Bootstrap Loan Program Rule; proposed amendments to §§24.1, 24.2, 24.5, 24.6, 24.7, 24.8, 24.9, 24.10, 24.11, 24.12, and 24.13**

The Texas Department of Housing and Community Affairs (the “Department”) proposes amendments to TAC Chapter 24 Texas Bootstrap Loan Program Rule, §§24.1 Purpose, 24.2 Definitions, 24.5 Program Activities, 24.6 Prohibited Activities, 24.7 Distribution of Funds, 24.8 Criteria for Funding, 24.9 Program Administration, 24.10 Owner-Builder Qualifications, 24.11 Types of Funding Transactions, 24.12 Property Guidelines, and 24.13 Nonprofit Owner-Builder Housing Program (NOHP) Certification.

The purpose of amending the Texas Bootstrap Loan Program Rule is to further clarify construction requirements. The significant proposed changes to 10 TAC Chapter 24 are:

§24.1 Purpose. Additional chapters of the Texas Administrative Code were added as chapters that are relevant to the administration of the program.

§24.2 Definitions. Additional chapters of the Texas Administrative Code were added as places to locate definitions used in this chapter. The definition for Capital Recovery Fee was added because loans that include waivers of these fees will be prioritized.

§24.3 Allocation of Funds. No amendments recommended for this section.

§24.6 Prohibited Activities. Clarifies that loan servicing fees are an ineligible expense.

§24.7 Distribution of Funds. Limitations on benchmark extensions were removed, but may be placed in Notices of Funding Availability and/or contracts.

§24.7(c) Loan Priority. This section was added to clarify how the Department will prioritize certain loans. The loans prioritized are: 1) those that serve households with income below \$17,500; and 2) situations in which local fees are waived to promote more efficient use of funds.

§24.8 Criteria for Funding. Provides clearer language on the reservation process and properly uses defined terms.

§24.9 Program Administration. Specifies the requalification process for Owner-Builder Applicants and properly uses defined terms.

§24.9(l)(1) Loan Program Requirements. This section was amended to better protect the Department’s investment by increasing the difference in the leveraged loan amount from \$1,000 to \$10,000 in the instances when the Department subordinates its lien.

§24.9(l)(9)(10)(11)(12) Credit Qualifications. These sections were moved to §24.10(3) Owner-Builder Qualifications, regarding Owner-Builders’ demonstration of willingness and ability to repay loans because they are more appropriate under the Owner-Builder Qualifications section than under the Program Administration section.

§24.9(l)(13) Principal Residency. This section was moved to §24.10(9) Owner-Builder Qualifications, regarding Owner-Builders' length of time they must occupy the property as their Principal Residence because it is better suited under this section than under the Program Administration section.

§24.9(n) Forgivable Loans. This section was added to include loan term limits for Forgivable Loans.

§24.10(2) Owner-Builder Qualifications. Sections on Eligibility Income and Qualifying Income were added to clarify how the Department calculates household income and debt-to-income ratio, respectively.

§24.12(a) Property Guidelines and Related Issues. This subsection regarding property inspection requirements was reorganized and clarified at the end of the section under new subsection (g), Existing Property.

§24.13 Nonprofit Owner-Builder Housing Program (NOHP) Certification. Strengthens the certification language for the nonprofit builder to refer specifically to Generally Accepted Accounting Principles ("GAAP") audited financial statements.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that for each year of the first five years the amendments are in effect, enforcing or administering the amendments does not have any foreseeable implications related to costs or revenues of the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that for each year of the first five years the amendments are in effect, the public benefit anticipated as a result of the amendments will be clarity and certainty of the requirements. There will be minimal economic cost to entities complying with the amendments.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there may be a minor short-term economic effect on small or micro-businesses as they prepare to comply with the proposed amendments and adjust to minor increases in costs and additional inspections.

REQUEST FOR PUBLIC COMMENT. The public comment period for the proposed amendments will be from August 14, 2015, to September 14, 2015. Written comments may be mailed to the Texas Department of Housing and Community Affairs, Attention: Raul Gonzales, Bootstrap Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941; emailed to [htf@tdhca.state.tx.us](mailto:htf@tdhca.state.tx.us); or faxed to (512) 475-1162.

ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. SEPTEMBER 14, 2015.

STATUTORY AUTHORITY. The amendments are proposed pursuant to Texas Government Code §2306, which authorizes the Department to adopt rules governing the administration of the Department and its programs.

The proposed amendments affect no other code, article, or statute.

TITLE 10. COMMUNITY DEVELOPMENT.  
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS.  
CHAPTER 24. TEXAS BOOTSTRAP LOAN PROGRAM RULE.

- §24.1. Purpose. ~~20121101~~
- §24.2. Definitions. ~~20121101~~
- §24.3. Allocation of Funds. ~~20121101~~
- §24.4. Participant Requirements. ~~20121101~~
- §24.5. Program Activities. ~~20121101~~
- §24.6. Prohibited Activities. ~~20121101~~
- §24.7. Distribution of Funds. ~~20121101~~
- §24.8. Criteria for Funding. ~~20121101~~
- §24.9. Program Administration. ~~20121101~~
- §24.10. Owner-Builder Qualifications. ~~20121101~~
- §24.11. Types of Funding Transactions. ~~20121101~~
- §24.12. Property Guidelines and Related Issues. ~~20121101~~
- §24.13. Nonprofit Owner-Builder Housing Program (~~NOHP~~)-Certification. ~~20121101~~

**§24.1. Purpose.**

(a) This chapter clarifies the Texas Bootstrap Loan program, administration administered of by the Texas Department of Housing and Community Affairs' (the "Department") ~~Texas Bootstrap Loan Program~~, also known as the Owner-Builder Loan Program. The Texas Bootstrap Loan Program provides assistance to income-eligible individuals, families and households to purchase or refinance real property, on which to build new residential housing or improve existing residential housing. The Program is administered in accordance with Texas Government Code, Chapter 2306, Subchapter FF, Chapter 1 of this title (relating to Administration), Chapter 2 of this title (relating to Enforcement), and Chapter 20 of this title (relating to Single Family Programs Umbrella Rule), Chapter 21 of this title (relating to Minimum Energy Efficiency Requirements for Single Family Construction Activities), -and Chapter 26 of this title (relating to Housing Trust Fund).

(b) The Texas Bootstrap Loan Program is a ~~self-help~~Self-Help construction Program that is designed to provide very low-income families an opportunity to help themselves attain homeownership or repair their existing homes through sweat equity. All Owner-Builder ~~applicants~~Applicants under this Program are required to provide through personal labor at least 65 percent of labor necessary to build or rehabilitate the home. All applicable building codes and housing standards are adhered to under this Program. In addition, Nonprofit Organizations can combine these funds with other sources of funds. The total amount of ~~Amortized~~amortized repayable loans made by the Department and other entities to an Owner-Builder may not exceed \$90,000 per housing unit.

**§24.2. Definitions.**

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise. Other definitions may be found in Texas Government Code, Chapter 2306, Chapter 1 of this title (relating to Administration), Chapter 2 of this title (relating to Enforcement), -or Chapter 20 of this title (relating to Single Family Programs Umbrella Rule), Chapter 21 of this title (relating to Minimum Energy Efficiency

Requirements for Single Family Construction Activities), and Chapter 26 of this title (relating to Housing Trust Fund).

(1) Capital Recovery Fee-- Means a charge or assessment imposed by a political subdivision against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development. The term includes amortized charges, lump-sum charges, contributions in aid of construction, and any other fee that functions as described by this definition.

~~(2)~~ Loan Origination Agreement--A written agreement, including all amendments thereto between the Department and the ~~Nonprofit Owner-Builder Housing Provider (NOHP Participant)~~ that authorizes the ~~NOHP Participant~~ to originate certain loans under the Texas Bootstrap Loan Program.

~~(2)~~ NOHP--Nonprofit Owner-Builder Housing Provider.

~~(3)~~ Owner-Builder--A person, other than a person who owns or operates a construction business and who owns or purchases a piece of real property through a warranty deed and deed of trust; or is purchasing a piece of real property under a ~~contract for deed~~ Contract for Deed entered into before January 1, 1999; and who undertakes to make improvements to that property.

~~(4)~~ Participant--An organization which submits an application to the Department to be certified as an NOHP or a Colonia Self-Help Center.

~~(5)~~ Program--Texas Bootstrap Loan Program also known as the Owner-Builder Loan Program.

~~(6)~~ Self-Help Housing Construction--The ~~self-help housing~~ Self-Help Housing process enables Owner-Builders to ~~rehabilitate~~ Rehabilitate, ~~reconstruct~~ Reconstruct or construct their own homes, usually working together in groups on other eligible Owner-Builder's houses at the same time. Owner-Builders use their own "sweat equity" to reduce the cost of their homes.

### **§24.3. Allocation of Funds.**

(a) The Department administers all Texas Bootstrap Loan Program funds provided to the Department in accordance with Texas Government Code, Chapter 2306, Subchapter FF. The Department shall solicit gifts and grants to make loans under this chapter.

(b) The Department may also make loans under this chapter from:

(1) available funds in the housing trust fund established under Texas Government Code, §2306.201;

(2) federal block grants that may be used for the purposes of this chapter; and

(3) the Owner-Builder revolving loan fund established under Texas Government Code, §2306.7581.

(c) The Department shall establish an Owner-Builder revolving loan fund for the sole purpose of funding loans pursuant to Texas Government Code, §2306.7581.

(d) The Department shall deposit money received in repayment of a loan to the Owner-Builder revolving loan fund pursuant to Texas Government Code, §2306.7581.

(e) Each state fiscal year the Department shall transfer at least \$3 million to the Texas Bootstrap Loan Program revolving fund from money received under the federal HOME Investment Partnerships program established under Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. §§12701, et seq.), from money in the housing trust fund; or from money appropriated by the legislature to the Department pursuant to Texas Government Code, §2306.7581.

(f) In a state fiscal year the Department may use not more than 10 percent of the revenue available to enhance the ability of tax-exempt organizations described by Texas Government Code, §2306.755(a) to enhance the number of such organizations that are able to implement the Program. The Department shall use that available revenue to provide financial assistance, technical training and management support.

#### **§24.4. Participant Requirements.**

(a) Eligible Participants. The following organizations or entities are eligible to participate in the Texas Bootstrap Loan Program:

(1) Colonia Self Help Centers established under Texas Government Code, Chapter 2306, Subchapter Z; or

(2) ~~Nonprofit Owner-Builder Housing Provider~~ (NOHPs) certified by the Department pursuant to Texas Government Code, §2306.755.

(b) Eligibility requirements. The Participant must be certified as an NOHP or must be a Colonia Self-Help Center and must have entered into a Loan Origination Agreement with the Department in order to be eligible to participate in the Texas Bootstrap Loan Program. The Participant must have the capacity to administer and manage resources as evidenced by previous experience of managing state and/or federal programs.

#### **§24.5. Program Activities.**

Texas Bootstrap Loan Program funds may be used to finance affordable housing and promote homeownership through acquisition, new construction, ~~reconstruction~~ Reconstruction, or ~~rehabilitation~~ Rehabilitation of residential housing. All eligible ~~Participants~~ organizations that satisfy the requirements of this chapter may reserve funds by submitting and submit a loan application on behalf of an Owner-Builder ~~applicant~~ Applicant for the Texas Bootstrap Loan Program.

#### **§24.6. Prohibited Activities.**

The ~~activities~~ use of funds described in paragraphs (1) - (7) of this section are prohibited in relation to the origination of a loan through the Texas Bootstrap Loan Program ~~loan~~, but may be charged as an allowable cost by a third (3rd) party lender for the origination of all other loans originated in connection with a loan through the Texas Bootstrap Loan Program ~~loan~~:

(1) payment of delinquent property taxes or related fees or charges on properties to be assisted with Texas Bootstrap Loan Program funds;

(2) Loan Origination Fees;

(3) Application fee;

(4) discount fees;



(5) underwriter fee;

(6) loan processing fees; ~~and~~

(7) loan servicing fees; and

~~(78)~~ other fees not approved by the Department in writing prior to expenditure.

#### **§24.7. Distribution of Funds.**

(a) Set-Asides. In accordance with Texas Government Code, §2306.753(d), at least two-thirds (2/3) of the dollar amount of loans made under this chapter in each fiscal year must be made to Owner-Builders whose property is located in a census tract that has a median household income that is not greater than 75 percent of the median state household income for the most recent year for which statistics are available.

(b) Balance of State. The remaining one-third (1/3) of the dollar amount of loans may be made to Owner-Builders statewide.

(c) Loan Priority. The Department may allow an Participant access to the Reservation System 24 hours prior to all other Participants if the Owner-Builder Applicant meets the following criteria:

(1) annual household income is less than \$17,500; or

(2) property is located in a county and/or municipality that agrees in writing to waive the Capital Recovery Fees, building permit fee or other fees related to the house(s) to be built with the loan proceeds. Owner-Builder Applicant will not receive priority if there are none of the above fees are imposed by the county and/or municipality or water supply company.

~~(e) Once a Reservation has been awarded, the Department may grant one forty-five (45) day extension of required benchmarks due to extenuating circumstances that were beyond the Owner-Builder's and/or the NOHPs control. If the NOHP cannot meet the required benchmarks after the forty-five (45) day extension, the Reservation will be cancelled. If funds are available the NOHP may receive another Reservation on the same Owner-Builder applicant and the NOHP must submit an updated application to ensure the Owner-Builder applicant still meets all guidelines and requirements under Texas Bootstrap Loan Program Rule and Program Manual.~~

#### **§24.8. Criteria for Funding.**

(a) The Department will distribute the funds in accordance with the Texas Housing Trust Fund (HTF) Plan in effect at the time. The Department will publish an announcement for a ~~Notice of Funding Availability (NOFA)~~ in the *Texas Register* and post the NOFA on the Department's website. The NOFA will establish and define the terms, ~~and conditions,~~ and maximum Reservation amounts allowed per Participant for the submission of Reservations and/or applications. The Department may also set a deadline for receiving Reservations and/or ~~A~~ applications. The NOFA will ~~also~~ indicate the approximate amount of available funds. The Department may increase funds in the NOFA from time to time without republishing the NOFA in the *Texas Register* and Department's website.

(b) A ~~N~~onprofit ~~O~~rganization must have been certified by the Department as a ~~Nonprofit Owner-Builder Housing Provider (NOHP)~~ and must have executed a Loan Origination Agreement to be eligible to submit ~~a~~ Reservations ~~on behalf of an Owner-Builder applicant.~~ Any

Reservation containing false information will be disqualified. The Department will review and process all ~~Owner-Builder applications-Reservations~~ in the order received. The NOHP will be notified in writing of the Department's determination.

(c) Reservations received by the Department in response to a NOFA will be handled as described in paragraphs (1) - (6) of this subsection.

(1) The Department will accept Reservations until all funds under the NOFA have been committed. The Department may limit the eligibility of Reservations in the NOFA.

(2) Each Reservation will be assigned a "received date" based on the date and time the Reservation was entered into the Texas Bootstrap Loan Program Reservation system. Each Reservation will be reviewed in accordance with the Program rules.

(3) Reservations ~~and/or applications submitted on behalf of an Owner-Builder applicant~~ must comply with all applicable Texas Bootstrap Loan Program requirements or regulations established in this chapter. Reservations ~~and/or applications submitted on behalf of an Owner-Builder applicant~~ that do not comply with such requirements may be disqualified. The ~~NOHPParticipant~~ will be notified in writing of any cancelled and/or disqualified Reservations ~~and/or applications submitted on behalf of an Owner-Builder applicant~~.

(4) If a Reservation contains ~~administrative~~ deficiencies which, in the determination of the Department, require clarification or correction of information submitted at the time of the Reservation, the Department may request clarification or correction ~~of such Administrative Deficiencies. The Department may request clarification or correction in a deficiency notice~~ in the form of an email ~~or letter, facsimile or a telephone call~~ to the ~~NOHPParticipant~~ ~~advising that such a request has been transmitted~~.

(5) Prior to issuing an ~~applicant~~ Applicant eligibility letter the Department may decline to fund any Reservation entered into the Reservation system if the proposed housing ~~aetivities~~ Activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Reservation which are entered, and may decide it is in the Department's best interest to refrain from committing the funds. If the Department has issued an ~~applicant~~ Applicant eligibility letter to the Owner-Builder ~~applicant~~ Applicant, but the ~~NOHPParticipant~~ and/or Owner-Builder ~~applicant~~ Applicant has not complied with all the Program rules and guidelines, the Department may suspend funding until the ~~NOHPParticipant~~ and/or Owner-Builder ~~applicant~~ Applicant has satisfied all requirements of the Program. If the ~~NOHPParticipant~~ is unable to cure any deficiencies within fifteen (15) calendar days, the Department may provide a one-time fifteen (15) calendar day extension or decline to fund the Reservation.

~~-(6) The Department will give priority to Reservations to Owner-Builders with an annual income of less than \$17,500 and Reservations to Owner-Builders who will reside in counties and municipalities that agree in writing to waive the capital recovery fees, building permit fee or other fees related to the building of the houses to be built with the loan proceeds.~~

#### **§24.9. Program Administration.**

(a) ~~Per-h~~ Household assistance from the Department for any Texas Bootstrap Loan Program loans may not exceed \$45,000 per-~~H~~ household pursuant to Texas Government Code, §2306.754(b). The Owner-Builder must obtain the amount necessary that exceeds \$45,000 from other sources of funds including other Department funds with the exception of funds being utilized to

implement the Texas Bootstrap Loan Program. The total amount of ~~Amortized~~ amortized repayable loans made by the Department and other entities to an Owner-Builder under the Program may not exceed \$90,000 pursuant to Texas Government Code, §2306.754(b).

(b) The Department, ~~through a Nonprofit Owner-Builder Housing Provider (NOHP)~~, shall make loans for Owner-Builder applicants to enable them to:

- (1) purchase or refinance real property on which to build new residential housing;
- (2) build new residential housing; or
- (3) improve existing residential housing.

~~(c) The NOHP will be granted a 6 percent administration fee upon completion of the house and closing of each mortgage loan.~~

~~(d)~~ Upon approval by the Department, the ~~nonprofit organization certified as an NOHP Participant or Colonia Self-Help Centers~~ shall enter into, execute, and deliver to the Department the Loan Origination Agreement. The Department may terminate the Loan Origination Agreement in whole or in part if the Participant has not performed as outlined in the NOFA, Loan Origination Agreement, and/or Program Manual.

~~(e)~~ In the event the Department has additional funds in the same funding cycle, the Department, with Board approval, will distribute funds in accordance with this chapter.

~~(f)~~ ~~The Department may terminate the Loan Origination Agreement in whole or in part. If the NOHP has not achieved performance benchmarks as outlined in the NOFA, Loan Origination Agreement, and/or Program Manual.~~ If the Owner-Builder ~~applicant~~ Applicant qualifies for the Program, the Department will issue an ~~applicant~~ Applicant eligibility letter (approval letter) which reserves the funds (up to \$45,000 per Reservation) for twelve (12) months from the date of the ~~applicant~~ Applicant eligibility letter. Owner-Builder ~~applicant~~ Applicant will not be required to re-qualify for the Program if the Owner-Builder ~~applicant~~ Applicant closes on the loan on or before the expiration date stated on the ~~applicant~~ Applicant eligibility letter issued by the Department. If the Owner-Builder fails to close on the loan on or before the expiration date stated on the ~~applicant~~ Applicant eligibility letter, the Owner-Builder ~~applicant~~ Applicant will be required to re-qualify for the Program. The Owner-Builder Applicant must be requalified by the Department. If the Owner-Builder Applicant is requalified the Department may grant an extension of up to 90 days from the expiration date on the original Applicant eligibility letter. If the Owner-Builder Applicants fails to close on the loan after the extension is granted the Reservation and/or loan will be cancelled.

~~(g)~~ Roles and responsibilities for administering the Program ~~contract~~ Contract. ~~NOHP Participants~~ are required to:

- (1) qualify potential Owner-Builders for loans;
- (2) provide Owner-Builder homeownership education classes;
- (3) supervise and assist Owner-Builders ~~to build in building~~ and/or ~~rehabilitate~~ Rehabilitate housing;
- (4) facilitate loans made or purchased by the Department under the Program; and

(5) implement and administer the Program on behalf of the Department.

(hg) Loan Servicing Agreement. If the NOHP-Participant wishes to service the loans originated on behalf of the Department it must enter into a Loan Servicing Agreement with the Department. The Department may grant the request upon reviewing the NOHP-Participant capacity to implement those specific functions.

(hh) First Year Consultation Agreement. The NOHP-Participant agrees that if notified by the Department that Owner-Builder has failed to make a scheduled payment due under the Program loan, or other payments due under the Program loan documents issued under the Program, within the first twelve (12) months of funding, the NOHP-Participant will be required to meet with the Owner-Builder and provide counseling and assistance until the payments are made current. After consultation and in the event that the Department and NOHP-Participant are not able to reach a consensus about NOHPs-Participant's effort to bring the Program loan current as required under this chapter, the Department in accordance with its administrative rules may apply appropriate graduated sanctions leading up to, but not limited to deobligation of funds and future debarment from participation in the Program.

(ji) Administrative Fee. ~~The NOHP may request their administrative fee upon completion of the house and closing of each mortgage loan.~~ The Participant will be granted a 6 percent administration fee upon completion of the house and funding of each Mortgage loan.

(kj) Blueprints. If NOHP's-Participant's activity is interim or residential construction, NOHP Participant must provide an original copy of the proposed blueprints to be approved by the Department prior to accepting applications. Blueprints must include the required construction requirements pursuant to Texas Government Code, §2306.514. All blueprints submitted for approval must be prepared and executed by an architect or engineer licensed by the state of Texas.

(hk) Work Write-up. The NOHP-Participant must submit a work write-up for all rehabilitation projects. Work write-ups must be reviewed and approved by the Department, before rehabilitation is started.

(ml) Loan Program requirements. The Department may purchase or originate loans that conform to the lending parameters and the specific loan Program requirements as described in paragraphs (1) - ~~(813)~~ of this subsection:

(1) maximum Loan amount not to exceed \$45,000. If it is not possible for the Owner-Builder to purchase necessary real property and build adequate housing for \$45,000, the NOHPParticipant must obtain additional funding from other sources of funds. The Department may accept a subordinate lien position if the original principal amount of the leveraged mortgage loan is at least \$10,000 or greater than the Department's Loan. However, liens related to other subsidized funds provided in the form of grants and non-amortizing loans, such as deferred payment of Forgivable Loans, must be subordinate to the Department's Loan;

(2) minimum Loan amount is \$1,000;

(3) the total amount of all Amortized repayable loans under the Program may not exceed \$90,000. Deferred ~~f~~Forgivable ~~h~~Loans are not included in these total loan calculations;

(4) may not exceed a term of thirty (30) years;

(5) minimum loan term of five (5) years;

(6) zero percent (0 percent) non-interest loans;

(7) when refinancing a ~~e~~C~~ontract~~ for ~~d~~D~~eed~~, the Department will not disburse any portion of the Department's loan until the Owner-Builder receives a deed to the property;

(8) Owner-Builder(s) must have resided in this state for the preceding six (6) months prior to the date of loan application;

~~(9) Credit Qualifications. Owner-Builder applicants must have a credit history that indicates reasonable ability and willingness to meet debt obligations. In order for the Department to make a reasonable determination, the Department will obtain a tri-merge credit report on all Owner-Builder applicants submitted to the Department for approval;~~

~~-(10) unacceptable credit includes, but is not limited to:~~

~~—(A) payments on any open consumer, retail and/or installment account (i.e. auto loans, signature loans, payday loans, credit cards or any other type of retail and/or installment loan) which has been delinquent for more than thirty (30) days on three (3) or more occasions within the last twelve (12) months, unless the Owner-Builder applicant has been current for the four (4) months immediately preceding the application date. For purposes of this subparagraph, the credit history of an Owner-Builder who is a Domestic Farm Laborer and receives a substantial portion of his/her income from the production or handling of agriculture or aquacultural products will not apply. However, Owner-Builder must still demonstrate the ability and willingness to meet debt obligations;~~

~~—(B) a foreclosure which has been completed within the last twelve (12) months prior to the date of loan application;~~

~~—(C) an outstanding Internal Revenue Service tax lien or any other outstanding tax liens where Owner-Builder applicant has made formal and satisfactory payment arrangements for at least six (6) months prior to the date of loan application;~~

~~—(D) a court-created or court-affirmed obligation or judgment caused by nonpayment that is currently outstanding must be paid off. The Department may consider this account in good standing if the Owner-Builder applicant has made formal and satisfactory payment arrangements for at least six (6) months prior to the date of loan application;~~

~~—(E) any account (with the exception of a medical account) that has been placed for "collection," "profit and loss" or "charged off" within the last twelve (12) months prior to the date of loan application, unless the account has been or will be paid in full after receiving notice from the Department. If there are other, unpaid or unresolved accounts that were placed for "collection," "profit and loss," or "charged off" prior to the last twelve (12) months prior to the date of loan application then Owner-Builder applicant must also have re-established at least one line of credit that must be in good standing with no delinquencies for at least six (6) months prior to the date of loan application. Type of debts that will be taken into consideration may include, but are not limited to the following: rental history, cell phone, utility, child care, auto insurance, etc.;~~

~~—(F) any delinquency on any government debt unless the Owner-Builder applicant has made formal and satisfactory payment arrangements for at least six (6) months prior to the date of loan application;~~

~~—(G) a bankruptcy that has been filed within the past twelve (12) months prior to the date of loan application;~~

~~—(H) any delinquency on child support unless the Owner-Builder applicant has made formal and satisfactory payment arrangements for at least six (6) months prior to the date of loan application;~~

~~—(11) subparagraphs (A)–(C) of this paragraph will not be considered indicators of unacceptable credit:~~

~~—(A) a bankruptcy in which debts were discharged more than twelve (12) months prior to the date of loan application. Owner-Builder applicant must also have re-established at least one line of credit that must be in good standing with no delinquencies for at least six (6) months prior to the date of loan application. In addition the Owner-Builder applicant must submit to the Department a letter of explanation regarding the circumstances that led to the bankruptcy which is acceptable to the Department;~~

~~—(B) where an Owner-Builder applicant has successfully completed a debt restructuring plan and has demonstrated a willingness to meet obligations when due for the six (6) months prior to the date of loan application. If an Owner-Builder applicant is currently participating in a debt management plan, the trustee or assignee must provide a letter to the Department stating that they are aware and agree with the Owner-Builder applicant applying for a mortgage loan. In addition Owner-Builder applicant must have successfully completed at least six (6) months of the debt management plan with no delinquent payments;~~

~~—(C) medical accounts that are delinquent or that have been placed for collection;~~

~~—(12) the Owner-Builder applicant's liabilities include all revolving charge accounts, real estate loans, alimony, child support, installment loans, and all other debts of a continuing nature with more than ten (10) monthly payments remaining. Debts for which the Owner-Builder applicant is a co-signer will be included in the total monthly obligations unless the other party to the debt provides evidence showing that the Owner-Builder applicant has not been making payments on the co-signed loans for the previous twelve (12) months. There may be no late payments within the past twelve (12) months or the debt will be included. Payments on installment debts which are paid off prior to funding are not included for qualification purposes. Payments on all revolving debts (e.g. credit cards, payday loans, lines of credit, unsecured loans) and certain types of installment loans that appear to be recurring in nature will be included in debt ratio calculation, even if the Owner-Builder applicant intends to pay off the accounts, since the Owner-Builder applicant can reuse those credit sources, unless the account is paid off and closed. Payments on any type of loan that have been deferred must be deferred for at least eighteen (18) months from the date of loan application in order for the debt not to be included in the debt ratio calculation; and~~

~~—(13) the residence must be occupied as the Principal Residence of the Owner-Builder within thirty (30) days of the later of the end of the construction period or the closing of the loan. Any additional habitable structures must be removed from the property prior to closing. Portion of the former structure may be utilized as storage upon the Department's written approval prior to closing.~~



(am) Loan Assumption. A Program loan is assumable if the Department determines that the Owner-Builder ~~applicant~~ Applicant complies with all Program requirements in effect at the time of the assumption.

(en) Forgivable Loan. The term for a Forgivable Loan may not exceed 15 years from the date of closing.

#### **§24.10. Owner-Builder Qualifications.**

The Owner-Builder must:

- (1) own or be purchasing a piece of real property through a warranty deed or Contract for Deed;
- (2) not have an annual household income that exceeds 60 percent of the greater of the state or local area median family income as determined by HUD's income table;

(a) Eligibility Income is the total Household income including all income (salary, tips, bonus, overtime, alimony, child support, benefits, etc.) received by the Owner-Builder Applicant, co-Applicant and/or any other persons living in the home. This income is used to determine whether the household income exceeds 60% of the Area Median Family Income or 60% of the State Median Family Income, adjusted for Household size, whichever is greater. No income is excluded in this calculation.

(b) Qualifying Income is the income used to calculate the Owner-Builder Applicant's debt to income ratio. It is the income of the Owner-Builder Applicant and co-Applicant excluding the total of any income not received consistently for the past 12 months from the date of application. Examples of excluded income includes, but is not limited to, income from a full or part time job that lacks a stable job history, potential bonuses, commissions, and child support.

- (3) demonstrate the willingness and ability to repay the loan; Owner-Builder Applicants must have a credit history that indicates reasonable ability and willingness to meet debt obligations. In order for the Department to make a reasonable determination, the Department will obtain a tri-merge credit report on all Owner-Builder Applicants submitted to the Department for approval. Unacceptable credit includes, but is not limited to:

(a) payments on any open consumer, retail and/or installment account (i.e. auto loans, signature loans, payday loans, credit cards or any other type of retail and/or installment loan) which has been delinquent for more than thirty (30) days on three (3) or more occasions within the last twelve (12) months. For purposes of this subparagraph, the credit history of an Owner-Builder who is a Domestic Farm Laborer and receives a substantial portion of his/her income from the production or handling of agriculture or aquacultural products will not apply. However, Owner-Builder must still demonstrate the ability and willingness to meet debt obligations;

(b) a foreclosure which has been completed within the last twelve (12) months prior to the date of loan application;

(c) an outstanding Internal Revenue Service tax lien or any other outstanding tax liens unless the Owner-Builder Applicant has made formal and satisfactory payment arrangements for at least six (6) months prior to the date of loan application;

- (d) a court-created or court-affirmed obligation or judgment caused by nonpayment that is currently outstanding must be paid off. The Department may consider this account in good standing if the Owner-Builder Applicant has made formal and satisfactory payment arrangements for at least six (6) months prior to the date of loan application;
- (e) any account (with the exception of a medical account) that has been placed for "collection," "profit and loss" or "charged off" within the last twenty-four (24) months prior to the date of loan application, unless the account has been or will be paid in full after receiving notice from the Department. If there are other, unpaid or unresolved accounts that were placed for "collection," "profit and loss," or "charged off" prior to the last twenty-four (24) months prior to the date of loan application then, Owner-Builder Applicant must also have re-established at least one line of credit that must be in good standing with no delinquencies for at least six (6) months prior to the date of loan application. Type of debts that will be taken into consideration may include, but are not limited to the following: rental history, cell phone, utility, child care, auto insurance, etc.;
- (f) any delinquency on any government debt unless the Owner-Builder Applicant has made formal and satisfactory payment arrangements for at least six (6) months prior to the date of loan application;
- (g) a bankruptcy that has been filed within the past twelve (12) months prior to the date of loan application;
- (h) any delinquency on child support unless the Owner-Builder Applicant has made formal and satisfactory payment arrangements for at least six (6) months prior to the date of loan application;

The following will not be considered indicators of unacceptable credit:

- (a) a bankruptcy in which debts were discharged more than twelve (12) months prior to the date of loan application. Owner-Builder Applicant must also have re-established at least one line of credit that must be in good standing with no delinquencies for at least six (6) months prior to the date of loan application. In addition the Owner-Builder Applicant must submit to the Department a letter of explanation regarding the circumstances that led to the bankruptcy which is acceptable to the Department;
- (b) where an Owner-Builder Applicant has successfully completed a debt restructuring plan and has demonstrated a willingness to meet obligations when due for the six (6) months prior to the date of loan application. If an Owner-Builder Applicant is currently participating in a debt management plan, the trustee or assignee must provide a letter to the Department stating that they are aware and agree with the Owner-Builder Applicant applying for a mortgage loan. In addition Owner-Builder Applicant must have successfully completed at least six (6) months of the debt management plan with no delinquent payments;
- (c) medical accounts that are delinquent or that have been placed for collection;

The Owner-Builder Applicant's liabilities include all revolving charge accounts, real estate loans, alimony, child support, installment loans, and all other debts of a continuing nature with more than ten (10) monthly payments remaining. Debts for which the Owner-Builder Applicant



is a co-signer will be included in the total monthly obligations. Payments on installment debts which are paid off prior to funding are not included for qualification purposes. Payments on all revolving debts (e.g. credit cards, payday loans, lines of credit, unsecured loans) and certain types of installment loans that appear to be recurring in nature will be included in debt ratio calculation, even if the Owner-Builder Applicant intends to pay off the accounts, since the Owner-Builder Applicant can reuse those credit sources, unless the account is paid off and closed. Payments on any type of loan that have been deferred must be deferred for at least eighteen (18) months from the date of loan application in order for the debt not to be included in the debt ratio calculation;

(4) execute a Self-Help Agreement committing to provide through personal labor at least 65 percent of the labor necessary to build or ~~rehabilitate~~ Rehabilitate the proposed housing working through a state-certified ~~NOHPParticipant~~; or provide an amount of labor equivalent to 65 percent in connection with building or ~~rehabilitating~~ Rehabilitating housing for others through a state certified ~~NOHPParticipant~~; provide through the noncontract labor of friends, family, or volunteers and through personal labor at least 65 percent of the labor necessary to build or ~~rehabilitate~~ Rehabilitate the proposed housing by working through a state certified ~~NOHPParticipant~~ or if due to a documented disability or other limiting circumstances the Owner-Builder cannot provide the amount of personal labor otherwise required, provide through the noncontract labor of friends, family or volunteers at least 65 percent of the labor necessary to build or ~~rehabilitate~~ Rehabilitate the proposed housing by working through a state certified ~~NOHPParticipant~~;

(5) not have cash assets in excess of \$25,000 (excluding retirement and/or 401K accounts);

(6) successfully complete an Owner-Builder homeownership education class prior to loan funding;

(7) be given priority for loans if the Owner-Builder has an income of less than \$17,500 annually; and

(8) not have any outstanding judgments and/or liens on the property.

(913) the residence must be occupied as the Principal Residence of the Owner-Builder within thirty (30) days of the later of the end of the construction period or the closing of the loan. Any additional habitable structures must be removed from the property prior to closing. Portion of the former structure may be utilized as storage upon the Department's written approval prior to closing.

#### **§24.11. Types of Funding Transactions.**

All ~~mortgage~~ Mortgage Loans will be evidenced by a promissory note and will be secured by a lien on the subject property. The following transaction types are permitted by the Department under the Program.

(1) Purchase Money. In a purchase money transaction, all proceeds are used to finance the purchase of a single-family dwelling unit and/or a piece of real property which will be the Owner-Builder's primary residence within thirty (30) days of closing the loan. In this instance, a permanent loan is made and the Owner-Builder's repayment obligation begins immediately. In certain situations, eligible closing costs may be financed by the loan proceeds.

(2) Residential Construction (One Time Closing with Owner-Builder). An interim construction loan, also known as a residential construction loan, this transaction is treated as a purchase, because it is a one-time closing with the Owner-Builder. Construction period may be up to twelve (12) months.

(3) Interim Construction (Closing with NOHPParticipant). Interim construction is a commercial transaction between the NOHPParticipant and the Department. The construction period may be up to twelve (12) months; once the construction of the home is completed the closing with the Owner-Builder will take place as a purchase money transaction.

(4) Purchase of Mortgage Loansloans. The Department may purchase and take assignments from mortgage-Mortgage lenders of notes and other obligations evidencing loans or interest in loans for purchase money transactions as described in paragraph (1) of this section or for residential construction transactions as described in paragraph (2) of this section.

#### **§24.12. Property Guidelines and Related Issues.**

~~(a) If the Nonprofit Owner-Builder Housing Provider (NOHP) is utilizing Program funds to construct the home they must conform to Texas Government Code, §2306.514 and execute a Construction Loan Agreement.~~

~~-(1) If the property is located outside an incorporated area inspections will be required to be completed by a professional inspector licensed by the Texas Real Estate Commission for all new construction and reconstruction projects. For all housing rehabilitation projects an initial and final inspection will be required and completed by a licensed inspector.~~

~~-(2) The NOHP and/or the Owner-Builder Applicant will be responsible for the selection and/or the fee of a licensed inspector.~~

(ba) Appraisals are required by the Department on each property prior to fundingclosing.

(eb) Loan to value ratio may not exceed 95 percent of the appraised value. ~~the~~ The lien amounts of forgivable loans and/or ~~grants-Grants~~ will not be included in the loan-to-value calculation.

(dc) Combined loan ~~to~~-value ratio may not exceed 100 percent of the appraised value. ~~The, the~~ lien amounts of ~~forgivable loans~~Forgivable Loans will also be included in the combined loan to value ratio.

(ed) Improvement Surveys are required on each property.

(fe) Category 1A (Texas Society of Professional Surveyors) ("lot survey") are required for all interim and residential construction loans. Upon Department approval a recorded subdivision plat may be used in lieu of lot surveys for interim construction loans only. Upon completion of construction an improvement survey must also be provided.

(gf) Title Commitment. A copy of the preliminary title report including complete legal description, and copies of covenants, conditions and restrictions, easements, and any supplements thereto is required. The preliminary title report should not be more than thirty (30) days old at the time the submission package (Submission or Funding Package) is sent to the Department and must list the Department's Loan.

(g) Existing Property. A property inspection will be required to be completed by a professional inspector licensed by the Texas Real Estate Commission for all existing properties. A copy of

the inspection report must be submitted prior to closing. Any deficiencies listed on the report must be corrected prior to closing. Cosmetic issues such as paint, wall texture, etc. may not be required to be corrected if utilizing a Self-Help construction Program. A copy of the reports must be provided to the Owner-Builder Applicant and the Department. The Participant and/or the Owner-Builder Applicant will be responsible for the selection and/or the fee of a licensed inspector.

### **§24.13. Nonprofit Owner-Builder Housing Program (~~NOHP~~) Certification.**

(a) Definitions and Terms. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Applicant--A ~~N~~onprofit ~~O~~rganization that has submitted a request for certification as a NOHP to the Department. An Applicant for the Texas Bootstrap Loan Program must be a NOHP certified by the Department.

(2) Bylaws--A rule or administrative provision adopted by a corporation for its internal governance. Bylaws are enacted apart from the Certificate of Formation. Bylaws and amendments to bylaws must be formally adopted in the manner prescribed by the organization's certificate of formation or current bylaws by either the organization's board of directors or the organization's members, whoever has the authority to adopt and amend bylaws.

(3) Certificate of Formation--A document that sets forth the basic terms of a corporation's existence and is the official recognition of the corporation's existence. The documents must evidence that they have been filed with the Office of the Secretary of State.

(4) Resolutions--Formal action by a corporate board of directors or other corporate body authorizing a particular act, transaction, or appointment. Resolutions must be in writing and state the specific action that was approved and adopted, the date the action was approved and adopted, and the signature of person or persons authorized to sign resolutions. Resolutions must be approved and adopted in accordance with the corporate bylaws.

(b) Application Procedures for Certification or Re-Certification of NOHP. An Applicant requesting certification or re-certification as an NOHP must submit an ~~application~~ Application for NOHP certification in a form prescribed by the Department. The NOHP ~~application~~ Application must be submitted prior to submitting an ~~application~~ Application for Texas Bootstrap Loan Program Reservation system, and must be recertified every three (3) years. An NOHP applying for recertification will only be required to submit the following if any changes have occurred. An organization applying for certification ~~The application~~ must include documentation ~~evidencing~~ pertaining to the requirements of this subsection.

(1) Applicant must have the following legal status at the time of ~~application~~ Application to apply for certification as an NOHP:

(A) The Applicant must be organized as a nonprofit organization under the Texas Business Code or other state not-for-profit/nonprofit statute as evidenced by ~~Charter~~ charter or Certificate of Formation.

(B) The Applicant must be registered and in good standing with the Office of the Secretary of State and the State Comptroller's Office to do business in the state of Texas.

(C) No part of the ~~N~~onprofit ~~O~~rganization's net earnings may inure to the benefit of any member, founder, contributor, or individual, as evidenced by charter or Certificate of Formation.

(D) The Applicant must have the following tax status:

(i) A current letter of determination from the Internal Revenue Service (IRS) under §501(c)(3), a charitable, nonprofit corporation, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the ~~application~~ Application and must continue to be effective while certified as an NOHP; or

(ii) Classification as a subordinate of a central ~~organization~~ Non-profit Organization under the Internal Revenue Code §501(c)(3), as evidenced by a current group exemption letter, that is dated 1986 or later, ~~from the IRS that includes the Applicant~~. The group exemption letter must specifically list the Applicant.

(iii) A ~~N~~onprofit ~~O~~rganization's pending application for §501(c)(3) status cannot be used to comply with the tax status requirement under this subparagraph.

(E) The Applicant must have among its purposes the provision of decent housing that is affordable to low and moderate income people as evidenced by a statement in the organization's charter, Certificate of Formation, Resolutions, or Bylaws.

(2) An Applicant must have the capacity and experience listed in subparagraphs (A) and (B) of this paragraph.

(A) Conforms to the ~~financial accountability standards of "Standards of Financial Management Systems"~~ United States Generally Accepted Accounting Principles ("GAAP") as evidenced by a:

(i) notarized statement by the Executive Director or chief financial officer of the organization in a form prescribed by the Department; or

(ii) certification from a Certified Public Accountant.

(B) If the Applicant will be utilizing interim or residential construction funds it must provide an audited financial statement for the most recent fiscal year or a signed and dated financial statement for the period since last published audit. Applicants that do not have audited financial statements or a signed and dated financial statement for the period since last published audit must provide a resolution from the Board of Directors that is signed and dated within 6 months from the date of application and certifies that the accounting procedures used by the organization conform to the GAAP. Applicants that do not have audited financial statements or a signed and dated financial statement for the period since last published audit and are certified as NOHPs are restricted to only originating permanent loans and will be ineligible for any interim or residential construction loans until the Department has reviewed the most current audited financial statements.

(BC) Has a demonstrated capacity of at least one (1) year for carrying out ~~mortgage~~ Mortgage loan origination and ~~self~~ Self-Help housing construction ~~activities~~ Activities, as evidenced by resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with Texas Bootstrap Loan Program funds; or contract(s) with consultant firms or individuals who have housing experience similar to projects to be assisted with Texas Bootstrap Loan Program funds, to train appropriate

key staff of the organization. If applying for re-certification to participate in the Texas Bootstrap Loan Program and the organization is in good standing, the organization will not be required to submit any additional information regarding experience.

(3) An Applicant must submit a current roster of all Board of Directors, including names and mailing addresses.

(4) A local or state government and/or public agency cannot qualify as a NOHP, but may sponsor the creation of a NOHP.

(5) Religious or Faith-based Organizations may sponsor a NOHP if the NOHP meets all the requirements of this section. While the governing board of a NOHP sponsored by a religious or a faith-based organization remains subject to all other requirements in this section, the faith-based organization may retain control over appointments to the board. If a NOHP is sponsored by a religious organization, the restrictions described in subparagraphs (A) - (C) of this paragraph also apply:

(A) Housing developed must be made available exclusively for the residential use of Program beneficiaries and must be made available to all persons regardless of religious affiliations or beliefs;

(B) A religious organization that participates in the Texas Bootstrap Loan Program may not use Texas Bootstrap Loan Program funds to support any inherently religious activities such as worship, religious instruction, or proselytizing; and

(C) Compliance with subparagraphs (A) and (B) of this paragraph may be evidenced by the ~~Organizations~~ Bylaws, ~~Charter~~ ~~charter~~ or Certificate of Formation. If an organization is applying for re-certification and no updates have been made to ~~their~~ ~~its~~ Bylaws and/or Certificate of Formation, the organization will not be required to submit any additional information regarding ~~their~~ ~~its~~ Bylaws and/or ~~their~~ Certificate of Formation, but must submit a sworn statement attesting to the fact that no changes have been made to either ~~their~~ Bylaws and/or Certificate of Formation.

(6) A Colonia Self-Help Center as defined under Texas Government Code, Chapter 2306, Subchapter Z is not required to complete the NOHP Certification process as long as it provides a letter from the appropriate funding entity unit of local government demonstrating a good standing performance ~~and/or certification standing~~.

(c) Program Design. Organizations must provide written evidence on how the Owner-Builder will meet the 65 percent sweat equity requirement. If applying for re-certification to participate in the Texas Bootstrap Loan Program and the organization is in good standing and certifies that no changes have been made to the Program design, as certified by the organization, the organization will not be required to submit any additional information regarding the Program design.

(d) Applicant must provide details, such as number of houses they are proposing to build, type of proposed financing structure and construction timeliness in order to show evidence of its ability to carry out the Texas Bootstrap Loan Program. If applying for re-certification to participate in the Texas Bootstrap Loan Program and the organization is in good standing and certifies that no changes have been made that impact the proposed financing structure or construction timeliness,

~~as certified by the organization, the organization will not be required to submit any additional information.~~

(e) Applicant must provide copies of Program guidelines used to qualify Owner-Builders and homebuyer course curriculum in order to show evidence of its experience in qualifying potential Owner-Builders ~~and in;~~ providing education classes, counseling and training. If applying for re-certification to participate in the Texas Bootstrap Loan Program and the organization is in good standing, the organization will not be required to submit any additional information.

(f) Applicant must submit any past due Single A audit to the Department in a satisfactory format on or before the Application deadline.

(g) Applicants must be in compliance in any existing or prior ~~contracts~~ Contracts awarded by the Department.

(h) The Department may certify NOHPs meeting all of the criteria in subsection (b) of this section operated by a tax-exempt organization listed under §501(c)(3), Internal Revenue Code of 1986 to:

- (1) qualify potential Owner-Builders for loans under this chapter;
- (2) provide Owner-Builder education classes;
- (3) assist Owner-Builders in building or ~~rehabilitating~~ Rehabilitating housing; and
- (4) originate and/or service loans.

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BOARD ACTION REQUEST  
COMMUNITY AFFAIRS DIVISION  
JULY 30, 2015

Presentation, Discussion, and Possible Action on the proposed repeal of 10 TAC Chapter 5, Community Affairs Programs, Subchapter A, General Provisions, §5.12 concerning Purchases, and directing its publication for public comment in the Texas Register

RECOMMENDED ACTION

WHEREAS, pursuant to Texas Government Code, §§2306.053 and .092, the Department is provided the authority to adopt rules governing the administration of the Department and its Community Affairs programs and

WHEREAS, the requirements of 10 TAC §5.12 regarding Purchases are being incorporated into another rule under a separate action at this Board meeting;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the publication of the proposed repeal of 10 TAC Chapter 5, Subchapter A, §5.12, in the form presented to this meeting, to be published in the Texas Register for public comment and, in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of a subchapter specific preamble.

BACKGROUND

The items in 10 TAC §5.12, are being incorporated into 10 TAC §5.10, Purchase and Procurement Requirements under a separate item at this Board meeting. The section being repealed addressed in what cases purchases of personal property, equipment, goods or services required prior written approval from the Department.



Attachment A. Preamble and proposed repeal of 10 TAC Chapter 5, Community Affairs Programs, Subchapter A, General Provisions, §5.12, concerning Purchases

The Texas Department of Housing and Community Affairs (the "Department") proposes the repeal of 10 TAC Chapter 5, Community Affairs Programs, Subchapter A, General Provisions, §5.12, concerning Purchases.

The purpose of the proposed repeal is to consolidate requirements and to avoid redundancy. The requirements of 10 TAC §5.12 related to Purchases are being written into 10 TAC §5.10, Purchase and Procurement Requirements

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the repeal will be in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that, for each year of the first five years the repeal will be in effect, the public benefit anticipated as a result of the repeal will be to avoid redundancy in and clarify Department rules. There will not be any economic cost to any individuals required to comply with the repeal.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there will be no economic effect on small or micro-businesses.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held August 14, 2015, to September 14, 2015, to receive input on the amendments. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attention: Annette Cornier, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by email to the following address: [cadrulecomments@tdhca.state.tx.us](mailto:cadrulecomments@tdhca.state.tx.us), or by fax to (512) 475-3935. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. SEPTEMBER 14, 2015.

STATUTORY AUTHORITY. The repeal is proposed pursuant to Texas Government Code, §2306.053, which authorizes the Department to adopt rules, and §2306.094, which specifically authorizes the Department to adopt rules to govern the administration of its Community Affairs programs.

The proposed repeal affects no other code, article, or statute.

§5.12 Purchases

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BOARD ACTION REQUEST  
COMMUNITY AFFAIRS DIVISION  
JULY 30, 2015

Presentation, Discussion, and Possible Action proposing amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter A, General Provisions, §§5.2 and 5.10, and directing that they be published for public comment in the Texas Register

RECOMMENDED ACTION

WHEREAS, pursuant to Chapter 2306 of the Texas Government Code, the Department is authorized to adopt rules governing the administration of the Department and its programs, and

WHEREAS, proposed amendments to 10 TAC §5.2 remove definitions specific to the Community Services Block Grant ("CSBG"), Comprehensive Energy Assistance Program ("CEAP"), and the Weatherization Assistance Program ("WAP") from the General Provisions subchapter and add them to the program sections of the rules; and to change the client income eligibility threshold for the CEAP and the Low Income Home Energy Assistance Program ("LIHEAP") WAP; the proposed amendments to §5.10 change the name of the section to Purchase and Procurement Standards, clarify the requirements of "aggregate"; and incorporate changes to procurement requirements introduced by 2 CFR Part 200;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the proposed amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter A, General Provisions, §5.2 and 5.10, in the form presented to this meeting, to be published in the Texas Register for review and public comment, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The purpose of the amendments is to remove definitions specific to the CSBG, CEAP, and the WAP from the General Provisions subchapter and add them to the program sections of the rules; and to change the client income eligibility threshold for the CEAP and the LIHEAP WAP from 125% to 150%. This change is in response to public comment received on the Federal Fiscal Year 2016 LIHEAP State Application and Plan.

The proposed amendments to §5.10 change the name of the section to Purchase and Procurement Standards to incorporate the procurement requirement relating to purchase pre-approval from §5.12 to §5.10 (§5.12 is proposed for repeal in a separate action item); clarify the requirements of "aggregate"; and incorporate changes to procurement requirements introduced by the updated 2 CFR Part 200.

Attachment A: Preamble and proposed amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter A, General Provisions, §5.2 and 5.10

The Texas Department of Housing and Community Affairs (the "Department") proposes amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter A, General Provisions, §5.2 Definitions and §5.10.

The purpose of the amendments to 10 TAC §5.2 is to remove definitions specific to the Community Services Block Grant ("CSBG"), Comprehensive Energy Assistance Program ("CEAP"), and the Weatherization Assistance Program ("WAP") from the General Provisions subchapter and add them to the program sections of the rules; and to change the client income eligibility threshold for the CEAP and the Low Income Home Energy Assistance Program ("LIHEAP") WAP from 125% to 150%. The purpose of the amendments to 10 TAC §5.10 is to change the name of the section to Purchase and Procurement Standards to incorporate the procurement requirement relating to purchase pre-approval from §5.12 to §5.10 (§5.12 is proposed for repeal in a separate action item); to clarify the requirements of "aggregate"; and to incorporate changes to procurement requirements introduced by the updated 2 CFR Part 200.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the amendments are in effect, enforcing or administering the amendments does not have any foreseeable implications related to costs or revenues of the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that, for each year of the first five years the amendments are effect, the public benefit anticipated as a result of the amendments will be clarity of program requirements and programmatic adherence to federal guidelines. There will not be any economic cost to any individuals required to comply with the amendments.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there will be no economic effect on small or micro-businesses.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held August 14, 2015, to September 14, 2015, to receive input on the amendments. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attention: Annette Cornier, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by email to the following address: [cadrulecomments@tdhca.state.tx.us](mailto:cadrulecomments@tdhca.state.tx.us), or by fax to (512) 475-3935. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. SEPTEMBER 14, 2015.

STATUTORY AUTHORITY. The amendments are proposed pursuant to Texas Government Code §2306.053, which authorizes the Department to adopt rules, and Chapter 2306, Subchapter E, which authorizes the Department to administer its Community Affairs programs.

The proposed amendments affect no other code, article, or statute.

§5.2. Definitions.

(a) To ensure a clear understanding of the terminology used in the context of the programs of the Community Affairs Division, a list of terms and definitions has been compiled as a reference.

(b) The words and terms in this chapter shall have the meanings described in this subsection unless the context clearly indicates otherwise.

(1) Affiliate--If, directly or indirectly, either one controls or has the power to control the other or a third person controls or has the power to control both. The ways the Department may determine control include, but are not limited to:

(A) Interlocking management or ownership;

(B) Identity of interests among family members;

(C) Shared facilities and equipment;

(D) Common use of employees; or

(E) A business entity which has been organized following the exclusion of a person which has the same or similar management, ownership, or principal employees as the excluded person.

(2) Award Date--Date on which the Department's Board commits funds to an awardee.

(3) Awarded Funds--The amount of funds committed by the Department's board to a Subrecipient or service area.

(4) Child--Household dependent not exceeding eighteen (18) years of age.

(5) Code of Federal Regulations (CFR)--The codification of the general and permanent rules and regulations of the federal government as adopted and published in the Federal Register.

(6) Collaborative Application--An application from two or more organizations to provide services to the target population.

(7) Community Action Agencies (CAAs)--Local Private Nonprofit Organizations and Public Organizations that carry out the Community Action Program, which was established by the 1964 Economic Opportunity Act to fight poverty by empowering the poor in the United States.

~~(8) Community Action Plan--A plan required by the Community Services Block Grant (CSBG) Act which describes the local Eligible Entity service delivery system, how coordination will be developed to fill identified gaps in services, how funds will be coordinated with other public and private resources and how the local entity will use the funds to support innovative community and neighborhood based initiatives related to the grant.~~

~~(8)~~(9) Community Affairs Division (CAD)--The Division at the Department that administers CEAP, CSBG, ESG, HHSP, Section 8 Housing Choice Voucher Program, and WAP.

~~(9)~~(10) Community Services Block Grant (CSBG)--An HHS-funded program which provides funding for CAAs and other Eligible Entities that seek to address poverty at the community level.

~~(10)(11)~~ Comprehensive Energy Assistance Program (CEAP)--A LIHEAP-funded program to assist low-income Households, particularly those with the lowest incomes, that pay a high proportion of Household income for home energy, primarily in meeting their immediate home energy needs.

~~(11)(12)~~ Contract--The executed written Agreement between the Department and a Subrecipient performing an Activity related to a CAD program that describes performance requirements and responsibilities assigned by the document; for which the first day of the contract period is the point at which programs funds may be considered by a Subrecipient for expenditure unless otherwise directed in writing by the Department.

~~(12)(13)~~ Contracted Funds--The amount of funds obligated by the Department to a Subrecipient as reflected in a Contract.

~~(14) CSBG Act--The CSBG Act is a law passed by Congress authorizing the Community Services Block Grant. The CSBG Act was amended by the Community Services Block Grant Amendments of 1994 and the Coats Human Services Reauthorization Act of 1998 under 42 U.S. C. §§9901, et seq. The CSBG Act authorized establishing a community services block grant program to make grants available through the program to states to ameliorate the causes of poverty in communities within the states.~~

~~(13)(15)~~ Declaration of Income Statement (DIS)--A Department-approved form for limited use and only when an applicant cannot obtain income documentation requiring the Subrecipient to document income and the circumstances preventing the client from obtaining documentation. The DIS is not complete unless notarized in accordance with §406.014 of the Texas Government Code.

~~(14)(16)~~ Deobligation--The partial or full removal of Contracted Funds from a Subrecipient. Partial Deobligation is the removal of some portion of the full Contracted Funds from a Subrecipient, leaving some remaining balance of Contracted Funds to be administered by the Subrecipient. Full Deobligation is the removal of the full amount of Contracted Funds from a Subrecipient. This definition does not apply to CSBG.

~~(15)(17)~~ Department--The Texas Department of Housing and Community Affairs.

~~(16)(18)~~ Department of Energy (DOE)--Federal department that provides funding for the weatherization assistance program.

~~(17)(19)~~ Department of Health and Human Services (HHS)--Federal department that provides funding for CSBG and LIHEAP energy assistance and weatherization.

~~(18)(20)~~ Department of Housing and Urban Development (HUD)--Federal department that provides funding for ESG.

~~(21) Discretionary Funds--Those CSBG funds maintained by the Department, at its discretion, for CSBG allowable uses as authorized by §675C of the CSBG Act, and not designated for distribution on a statewide basis to CSBG Eligible Entities and not designated for state administrative purposes.~~

~~(22) DOE WAP Rules--10 CFR Part 440 describes the Weatherization Assistance for Low Income Persons as administered through the Department of Energy. 10 CFR Part 600 implements OMB~~

~~requirements on behalf of DOE and establishes administrative requirements for grants and agreements.~~

~~(19)(23) Dwelling Unit--A house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters. This definition does not apply to the ESG or HHSP.~~

~~(20)(24) Elderly Person--~~

~~(A) for CSBG, a person who is fifty-five (55) years of age or older;~~

~~(B) for CEAP, WAP and HHSP, a person who is sixty (60) years of age or older; and~~

~~(C) for ESG, a person who is sixty-two (62) years of age or older~~

~~(25) Eligible Entity--Those local organizations in existence and designated by the federal and state government to administer programs created under the Federal Economic Opportunity Act of 1964. This includes community action agencies, limited purpose agencies, and units of local government. The CSBG Act defines an eligible entity as an organization that was an eligible entity on the day before the enactment of the Coats Human Services Reauthorization Act of 1998 (October 27, 1998), or is designated by the Governor to serve a given area of the state and that has a tripartite board or other mechanism specified by the state for local governance.~~

~~(26) Emergency--Defined by the LIHEAP Act of 1981 (Title XXVI of the Omnibus Budget Reconciliation Act of 1981, 42 U.S.C. §8622):-~~

~~(A) natural disaster;~~

~~(B) a significant home energy supply shortage or disruption;~~

~~(C) significant increase in the cost of home energy, as determined by the Secretary;~~

~~(D) a significant increase in home energy disconnections reported by a utility, a state regulatory agency, or another agency with necessary data;~~

~~(E) a significant increase in participation in a public benefit program such as the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. §§2011, et seq.), the national program to provide supplemental security income carried out under Title XVI of the Social Security Act (42 U.S.C. §§1381, et seq.) or the state temporary assistance for needy families program carried out under Part A of Title IV of the Social Security Act (42 U.S.C. §§601, et seq.), as determined by the head of the appropriate federal agency;~~

~~(F) a significant increase in unemployment, layoffs, or the number of Households with an individual applying for unemployment benefits, as determined by the Secretary of Labor; or~~

~~(G) an event meeting such criteria as the Secretary, at the discretion of the Secretary, may determine to be appropriate.~~

~~(H) This definition does not apply to ESG or HHSP.~~

~~(21)~~(27) Emergency Solutions Grants (ESG)--A HUD-funded program which provides funds for services necessary to help persons that are at risk of homelessness or homeless quickly regain stability in permanent housing.

~~(22)~~(28) Equipment--Tangible non-expendable personal property including exempt property, charged directly to the award, having a useful life of more than one year, and an acquisition cost of \$5,000 or more per unit.

~~(23)~~(29) Expenditure--Funds having been drawn from the Department through the Contract System. For purposes of this rule, expenditure will include draws requested through the system.

~~(24)~~(30) Families with Young Children--A family that includes a Child age five (5) or younger.

~~(25)~~(31) High Energy Burden--Households with energy burden which exceeds 11% of annual gross income. Determined by dividing a Household's annual home energy costs by the Household's annual gross income.

~~(26)~~(32) High Energy Consumption--Household energy expenditures exceeding the median of low-income home energy expenditures, by way of example, at the time of this rulemaking, that amount is \$1,000, but is subject to change.

~~(27)~~(33) Homeless or Homeless Individual--An individual as defined by 42 U.S.C. §§11371 - 11378 and 24 CFR §576.2.

~~(28)~~(34) Homeless Housing and Services Program (HHSP)--A state funded program established under §2306.2585 of the Texas Government Code with the purpose of providing funds to local programs to prevent and eliminate homelessness in municipalities with a population of 285,500 or more.

~~(29)~~(35) Household--Any individual or group of individuals who are living together as one economic unit. For DOE WAP this includes all persons living in the Dwelling Unit. For energy programs, these persons customarily purchase residential energy in common or make undesignated payments for energy.

~~(30)~~(36) Inverse Ratio of Population Density Factor--The number of square miles of a county divided by the number of poverty Households of that county.

~~(37) Life Threatening Crisis--A life threatening crisis exists when at least one person in the applicant household could lose their life without the Subrecipient's utility assistance because there is a shut-off notice or a delivered fuel source is below a ten (10) day supply (by client report) and any member of the Household is dependent upon equipment that is prescribed by a medical professional, operated on electricity or gas and is necessary to sustain the person's life. Examples of life-sustaining equipment include but are not limited to kidney dialysis machines, oxygen concentrators, cardiac monitors, and in some cases heating and air conditioning when ambient temperature control is prescribed by a medical professional. Documentation must not include information regarding the applicant's medical condition but may include certification that such a device is required in the home to sustain life.~~



~~(31)(38)~~ Local Unit of Government--City, county, council of governments, and housing authorities.

~~(32)(39)~~ Low Income--Income in relation to family size and that governs eligibility for a program:

(A) For DOE WAP, at or below 200% of the DOE Income guidelines;

(B) For CEAP and LIHEAP WAP, at or below 150% of the HHS Poverty Income guidelines;

~~(C)(B) For CEAP, CSBG, and LIHEAP WAP~~ at or below 125% of the HHS Poverty Income guidelines;

~~(D)(C)~~ For ESG, below 30% of the Median Family Income (MFI) as defined by HUD's 30% Income Limits for All Areas for persons receiving prevention assistance; and

~~(E)(D)~~ For HHSP, there is no procedural requirement to verify income for persons living on the street (or other places not fit for human habitation) or living in emergency shelter. For all other persons, at or below 30% of the Extremely Low Income Limits as defined by HUD for the Section 8 program.

~~(33)(40)~~ Low Income Home Energy Assistance Program (LIHEAP)--An HHS-funded program which serves low income Households who seek assistance for their home energy bills and/or weatherization services.

~~(34)(41)~~ Migrant Farm Worker--An individual or family that is employed in agricultural labor or related industry and is required to be absent overnight from their permanent place of residence.

~~(35)(42)~~ Modified Cost Reimbursement--A contract sanction whereby reimbursement of costs incurred by the Subrecipient is made only after the Department has reviewed and approved backup documentation provided by the Subrecipient to support such costs.

~~(43) National Performance Indicator--An individual measure of performance within the Department's Community Affairs Contract System for measuring performance and results of Subrecipients of funds.~~

~~(44) Needs Assessment--An assessment of community needs in the areas to be served with CSBG funds.~~

~~(36)(45)~~ Office of Management and Budget (OMB)--Office within the Executive Office of the President of the United States that oversees the performance of federal agencies and administers the federal budget.

~~(37)(46)~~ OMB Circulars--Instructions and information issued by OMB to Federal agencies that set forth principles and standards for determining costs for federal awards and establish consistency in the management of grants for federal funds. Uniform cost principles and administrative requirements for local governments and for nonprofit organizations, as well as audit standards for governmental organizations and other organizations expending federal funds are set forth in 2 CFR Part 200, unless different provisions are required by statute or approved by OMB.

~~(38)~~~~(47)~~ Outreach--The method that attempts to identify clients who are in need of services, alerts these clients to service provisions and benefits, and helps them use the services that are available. Outreach is utilized to locate, contact and engage potential clients.

~~(39)~~~~(48)~~ Performance Statement--A document which identifies the services to be provided by a Subrecipient.

~~(40)~~~~(49)~~ Persons with Disabilities--Any individual who is:

(A) a handicapped individual as defined in §7(9) of the Rehabilitation Act of 1973;

(B) under a disability as defined in §1614(a)(3)(A) or §223(d)(1) of the Social Security Act or in §102(7) of the Developmental Disabilities Services and Facilities Construction Act; or

(C) receiving benefits under 38 U.S.C. Chapter 11 or 15.

~~(41)~~~~(50)~~ Population Density--The number of persons residing within a given geographic area of the state.

~~(42)~~~~(51)~~ Poverty Income Guidelines--The official poverty income guidelines as issued by HHS annually.

~~(43)~~~~(52)~~ Private Nonprofit Organization--An organization described in §501(c) of the Internal Revenue Code (the "Code") of 1986 and which is exempt from taxation under subtitle A of the Code, has an accounting system and a voluntary board, and practices nondiscrimination in the provision of assistance. For ESG, this does not include a governmental organization such as a public housing authority or a housing finance agency.

~~(44)~~~~(53)~~ Production Schedule--A Production schedule signed by the applicable Executive Director/Chief Executive Officer of the Subrecipient, and approved by the Department meeting the requirements of this definition. The Production Schedule shall include the estimated monthly and quarterly performance targets and the estimated monthly and quarterly expenditure targets for all Contracted Funds reflecting achievement of the criteria identified in the specific program sections of this chapter by the end of the contract period.

~~(45)~~~~(54)~~ Public Organization--A unit of government, as established by the Legislature of the State of Texas. Includes, but may not be limited to, cities, counties, and councils of governments.

~~(46)~~~~(55)~~ Referral--The process of providing information to a client Household about an agency, program, or professional person that can provide the service(s) needed by the client.

~~(47)~~~~(56)~~ Reobligation--The reallocation of deobligated funds to other Subrecipients administering those same program's funds.

~~(48)~~~~(57)~~ Seasonal Farm Worker--An individual or family that is employed in seasonal or temporary agricultural labor or related industry and is not required to be absent overnight from their permanent place of residence. In addition, at least 20% of the Household annualized income must be derived from the agricultural labor or related industry.

~~(49)~~(58) Single Audit--As defined in the Single Audit Act of 1984 (as amended) or UGMS, a series of audits that cover departments, agencies, and other organizational units which expended or otherwise administered federal or state awards during such fiscal year provided that each such audit shall encompass the financial statements and schedule of expenditures of federal or state awards for each such department, agency, and organizational unit.

~~(50)~~(59) State--The State of Texas or the Department, as indicated by context.

~~(51)~~(60) Subcontractor--A person or an organization with whom the Subrecipient contracts with to provide services.

~~(52)~~(61) Subgrant--An award of financial assistance in the form of money, or property in lieu of money, made under a grant by a Subrecipient to an eligible Subgrantee. The term includes financial assistance when provided by contractual legal agreement, but does not include procurement purchases.

~~(53)~~(62) Subgrantee--The legal entity to which a subgrant is awarded and which is accountable to the Subrecipient for the use of the funds provided.

~~(54)~~(63) Subrecipient--Generally, an organization with whom the Department contracts and provides CSBG, CEAP, ESG, HHSP, DOE WAP, or LIHEAP funds. (Refer to Subchapters B, D - G, J, and K of this chapter for program specific definitions.)

~~(55)~~(64) Supplies—All tangible personal property excluding equipment, intangible property, and debt instruments, and inventions of a contractor conceived or first actually reduced to practice in the performance of work under a funding agreement (subject inventions), as defined in 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements." A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the Subrecipient for financial statement purposes or \$5,000, regardless of the length of its useful life.

~~(56)~~(65) System for Award Management (SAM)--Combined federal database that includes the Excluded Parties List System (EPLS).

~~(57)~~(66) Systematic Alien Verification for Entitlements (SAVE)--Automated intergovernmental database that allows authorized users to verify the immigration status of applicants.

~~(58)~~(67) Texas Administrative Code (TAC)--A compilation of all state agency rules in Texas.

~~(59)~~(68) Treatment as a State or Local Agency--For purposes of 5 U.S.C. Chapter 15, any entity that assumes responsibility for planning, developing, and coordinating activities under the CSBG Act and receives assistance under CSBG Act shall be deemed to be a state or local agency.

~~(60)~~(69) Uniform Grant Management Standards (UGMS)--Established to promote the efficient use of public funds by providing awarding agencies and grantees a standardized set of financial management procedures and definitions, by requiring consistency among grantor agencies in their dealings with grantees, and by ensuring accountability for the expenditure of public funds. State agencies are required to adhere to these standards when administering grants and other financial

assistance agreements with cities, counties and other political subdivisions of the state. In addition, Chapter 2105, Texas Government Code, subjects subrecipients of federal block grants (as defined therein) to the Uniform Grant and Contract Management Standards.

~~(61)(70)~~ Unit of General Local Government--A unit of government which has, among other responsibilities, the authority to assess and collect local taxes and to provide general governmental services.

~~(62)(71)~~ United States Code (U.S.C.)--A consolidation and codification by subject matter of the general and permanent laws of the United States.

~~(63)(72)~~ Vendor Agreement--An agreement between the Subrecipient and energy vendors that contains assurance as to fair billing practices, delivery procedures, and pricing for business transactions involving ESG and LIHEAP beneficiaries.

~~(64)(73)~~ Weatherization Assistance Program (WAP)--DOE and LIHEAP funded program designed to reduce the energy cost burden of low income households through the installation of energy efficient weatherization materials and education in energy use.

#### §5.10. Purchase and Procurement Standards.

(a) General. All purchase of materials, labor, supplies, or services require some form of procurement.

(1) Excluding micropurchases, all ~~All~~ procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. Subrecipients must perform and document a cost or price analysis in connection with every procurement action, including contract modifications. Subrecipients must have written selection procedures for all procurement transactions, and if not subject to UGMS must document which federal regulations they have adopted.

(2) The following practices may hinder full and open competition and are not allowable in any procurement transaction:

(A) Geographic preferences;

(B) Points for prior experience that exclude relative experience;

(C) Lack of a defined scoring scale

(D) Name Brand requirements

(E) Bid packet pick-up requirements with limited availability of access.

(3) In accordance with 34 Texas Administrative Code §20.13, each Subrecipient shall make a good faith effort to utilize the state's Historically Underutilized Business Program in contracts for construction, services (including professional and consulting services) and commodities purchases.

(4) Documentation of procurement processes, to include but not be limited to cost or price analysis, procurement package, advertising, responses, selection process, and evidence that the awardee does not appear on the System for Award Management (SAM) must be maintained by the Subrecipient in accordance with the record retention requirements of the applicable program.

For purchases of personal property, equipment, goods or services with an acquisition cost of over \$25,000 in the aggregate, Competitive Proposal or Sealed Bid procedures must be used.

(b) Purchases of personal property, equipment, goods or services with an acquisition cost of over \$5,000 in the aggregate require prior written approval from the Department's Community Affairs Division before the purchase can take place. "Aggregate" means the following:

(1) For single purchases or individual recurring purchases made without contract, aggregate cost means the cost of the individual purchase.

(2) For contracts, aggregate cost means the total potential cost of the contract, including option years and amendments. For CSBG, CEAP, WAP, and ESG, any partnership formed by the Subrecipient with an entity that will receive federal funds to provide program services requires a written executed contract or memorandum of understanding. For ESG, except if the Subrecipient is Subgrant(ing) funds to a private nonprofit organization, full and open procurement is required.

(c) For CSBG, CEAP, WAP, and ESG, any partnership formed by the Subrecipient with an entity that will receive federal funds to provide program services requires a written executed contract or memorandum of understanding. For ESG, except if the Subrecipient is subgranting funds to a Private Nonprofit Organization, full and open procurement is required. For CEAP and WAP, any partnership, contract, or memorandum of understanding, formed by the Subrecipient with an entity that will replace heating and cooling appliances must include a provision that the appliances must be destroyed beyond repair and/or in accordance with local, state, or federal requirements.

(d) For CEAP and WAP, any partnership, contract, or memorandum of understanding, formed by the Subrecipient with an entity that will replace heating and cooling appliances must include a provision that the appliances must be destroyed beyond repair and/or in accordance with local, state, or federal requirements. In addition to the requirements in subsections (a) - (c) of this section and those described in §5.3 of this chapter (relating to Cost Principles and Administrative Requirements), except for Private Nonprofit Subrecipients of ESG and DOE WAP, Subrecipients must follow the requirements in Texas Government Code, Chapter 783.

(e) In addition to the requirements in subsections (a) - (c) of this section and those described in §5.3 of this chapter (relating to Cost Principles and Administrative Requirements), except for Private Nonprofit Subrecipients of ESG and DOE WAP, Subrecipients must follow the requirements in Texas Government Code, Chapter 783 (UGMS). For Subrecipients that are subject to UGMS, this subsection may be modified by the version of UGMS that exists at the time the Contract is signed. For example, the current version of UGMS, as of this publication, does not allow micro-purchases. Additional Department requirements are:

-(1) Small purchase procedures:

—(A) This procedure may be used only on those services, supplies, or equipment costing in the aggregate of \$25,000 or less;

—(B) Subrecipient must establish a clear, accurate description of the specifications for the technical requirements of the material, equipment, or services to be procured;

—(C) Subrecipient must obtain a written price or documented rate quotation from an adequate number of qualified sources. An adequate number is, at a minimum, three different sources; and

—(D) For a small purchase procurement that exceeds \$500 in the aggregate, and for any single item purchase for any program that exceeds \$250, Subrecipients must obtain three (3) written quotes that contain a clear and accurate description of the material product or services to be provided. For any procurement that does not exceed these stated amounts, written documentation of phone quotes is acceptable.

-(2) For Sealed bids:

—(A) Subrecipient must formally advertise, for a minimum of three (3) days, in newspapers or through notices posted in public buildings throughout the service area. Advertising beyond the Subrecipient's service area is allowable and recommended by the Department. The advertisement should include, at a minimum, a response time of fourteen (14) days prior to the closing date of the

bid request. All bids must be publicly opened and the time and place described in the advertisement. A government entity must comply with the statutorily imposed publication requirements in addition to those requirements stated herein; and

~~— (B) When advertising for material or labor services, Subrecipient shall indicate a period for which the materials or services are sought (e.g. for a one year contract with an option to renew for an additional four (4) years). This advertised time period shall determine the length of time which may elapse before re-advertising for material or labor services, except that advertising for labor services must occur at least every five (5) years.~~

~~— (3) For Competitive proposals:~~

~~— (A) The Request for Proposal (RFP) or Request for Qualification (RFQ) must be publicized. The preferred method of advertising is the local service area newspapers. This advertisement should, at a minimum, allow fourteen (14) days before the RFP or RFQ is due. The due date must be stated in the advertisement; and~~

~~— (B) The time period for services shall be one year, plus four (4) additional years at a maximum.~~

~~— (4) Non-competitive proposals may be used only if:~~

~~— (A) The service, supply, or equipment is available only from a single source;~~

~~— (B) A public emergency exists preventing the time required for competitive solicitation; or~~

~~— (C) After solicitation of a number of sources, competition is determined inadequate.~~

~~— (5) Contract provisions, including subcontracts shall include the provisions or conditions described in subparagraphs (A) — (G) of this paragraph:~~

~~— (A) Contracts in excess of \$25,000 shall include provisions or conditions that allow for administrative, contractual, or legal remedies in instances where Subcontractors violate or breach the contract terms, and provide for such remedial actions as may be appropriate;~~

~~— (B) All contracts in excess of \$25,000 shall include suitable provisions for termination by the recipient, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the Subrecipient;~~

~~— (C) Contracts shall include a provision with regard to independent Subcontractor status, and a provision to hold harmless and indemnify the Subrecipient and the Department from and against any and all claims, demands and course of action asserted by any third party arising out of or in connection with the services to be performed under contract;~~

~~— (D) Contracts shall include a provision regarding conflicts of interest. Subrecipient's employees, officers, and/or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from Subcontractors, or potential Subcontractors; and~~

~~— (E) Contracts shall include a provision prohibiting and requiring the reporting of fraud, waste, and abuse.~~

~~— (i) Subrecipient shall establish, maintain, and utilize internal control systems and procedures sufficient to prevent, detect, and correct incidents of waste, fraud, and abuse in all Department-funded programs and to provide for the proper and effective management of all program and fiscal activities funded by this contract. Subrecipient's internal control systems and all transactions and other significant events must be clearly documented and the documentation made readily available for review by Department.~~

~~— (ii) Subrecipient shall give Department complete access to all of its records, employees, and agents for the purpose of monitoring or investigating the program. Subrecipient shall fully cooperate with Department's efforts to detect, investigate, and prevent waste, fraud, and abuse. Subrecipient shall immediately notify the Department of any identified instances of waste, fraud, or abuse.~~

~~— (iii) Department will notify the funding source upon identification of possible instances of waste, fraud, and abuse or other serious deficiencies.~~

~~—(iv) Subrecipient may not discriminate against any employee or other person who reports a violation of the terms of this contract or of any law or regulation to Department or to any appropriate law enforcement authority, if the report is made in good faith.~~

~~—(F) Contracts shall include a provision to the effect that any alterations, additions, or deletions to the terms of the contract which are required by changes in federal law and regulations or state statute are automatically incorporated into the contract without written amendment, and shall become effective on the date designated by such law and or regulation; and any other alterations, additions, or deletions to the terms of the contract shall be amended hereto in writing and executed by both parties to the contract.~~

~~—(G) Contracts shall include the provisions described in clauses (i) — (iii) of this subparagraph:~~

~~—(i) Subcontractor represents that it possesses legal authority to enter into the contract, receive and manage the funds authorized by the contract, and to perform the services Subcontractor has obligated itself to perform under the contract;~~

~~—(ii) The person signing the contract on behalf of the Subcontractor warrants that he/she has been authorized by the Subcontractor to execute the contract on behalf of the Subcontractor and to bind the Subcontractor to all terms set forth in the contract; and~~

~~—(iii) Department shall have the right to suspend or terminate the contract if there is a dispute as to the legal authority of either the Subcontractor or the person signing the contract to enter into the contract or to render performances thereunder. Should such suspension or termination occur, the Subcontractor is liable to the Subrecipient for any money it has received for performance of provisions of the contract.~~

~~(f) Disposition of Equipment:~~

~~(1) For equipment with a current value of less than \$5,000, Subrecipient may dispose of the equipment without requesting Department approval.~~

~~(2) For equipment with a current value of \$5,000 or more, Subrecipient must receive written approval from the Department for disposition of the equipment.~~

~~(g) Additional Department requirements are:~~

~~(1) Micro-purchase procedures:~~

~~(A) This procedure may be used only on those services, supplies, or equipment costing in the aggregate of \$3,000 or less (or \$2,000 or less in the case of acquisitions for construction subject to the Davis-Bacon Act).~~

~~(B) Micro-purchases may be awarded without soliciting competitive quotations if the Subrecipient considers the price to be reasonable.~~

~~(C) To the extent practicable, the Subrecipient must distribute micro-purchases equitably among qualified suppliers.~~

~~(2) Small purchase procedures:~~

~~(A) This procedure may be used only on those services, supplies, or equipment costing in the aggregate of \$25,000 or less;~~

~~(B) Subrecipient must establish a clear, accurate description of the specifications for the technical requirements of the material, equipment, or services to be procured; and~~

~~(C) Subrecipient must obtain a written price or documented rate quotation from an adequate number of qualified sources. An adequate number is, at a minimum, three different sources. and~~

~~(D) For a small purchase procurement that exceeds \$500 in the aggregate, and for any single-item purchase for any program that exceeds \$250, Subrecipients must obtain three (3) written quotes that contain a clear and accurate description of the material product or services to be provided. For any procurement that does not exceed these stated amounts, written documentation of phone quotes is acceptable.~~

~~(23) If Subrecipient chooses to use sealed bid as the method for procurement For Sealed bids:~~

(A) To be used for goods and services with a fixed price where the most reasonable, responsible and responsive bid is the determining factor. Subrecipient must formally advertise, for a minimum of three (3) days, in newspapers or through notices posted in public buildings throughout the service area. Advertising beyond the Subrecipient's service area is allowable and recommended by the Department. The advertisement should include, at a minimum, a response time of fourteen (14) days prior to the closing date of the bid request. All bids must be publicly opened and the time and place described in the advertisement. A government entity must comply with the statutorily imposed publication requirements in addition to those requirements stated herein; and

(B) When advertising for material or labor services, Subrecipient shall indicate a period for which the materials or services are sought (e.g. for a one-year contract with an option to renew for an additional four (4) years). ~~This advertised time period shall determine the length of time which may elapse before re-advertising for material or labor services, except that~~ Reprocuring contracts advertising for labor services must occur at least every five (5) years.

~~(34) If Subrecipient chooses to use Competitive proposals as the method for procurement For Competitive proposals:~~

~~(A) To be used for professional and consulting services where provider price, qualifications, experience and knowledge are the determining factors.~~ The Request for Proposal (RFP) or Request for Qualification (RFQ) must be publicized. The preferred method of advertising is the local service area newspapers. This advertisement should, at a minimum, allow fourteen (14) days before the RFP or RFQ is due. The due date must be stated in the advertisement; and

~~(B) The time period for services shall be one year, plus four (4) additional years at a maximum, for a total of five years in one-year increments. Price increases may be negotiated at the end of each year. Documentation of the negotiation, including a reason for any increase in price, must be maintained by the Subrecipient.~~

~~(4) Non-competitive proposals may be used accepted only if:~~

~~(A) The service, supply, or equipment is available only from a single source;~~

~~(B) A public emergency exists preventing the time required for competitive solicitation; or~~

~~(C) After solicitation of a number of sources, competition is determined inadequate.~~

~~(i) Subrecipients must maintain written documentation explaining the determination that a service, supply, or equipment is available only from a single source.~~

~~(ii) Contracts entered into as a result of a sole source determination must be reprocured every year.~~

~~(5) Contract provisions, including subcontracts, shall include the provisions or conditions described in subparagraphs (A) - (HG) of this paragraph:~~

~~(A) Contracts in excess of \$25,000 shall include provisions or conditions that allow for administrative, contractual, or legal remedies in instances where Subcontractors violate or breach the contract terms, and provide for such remedial actions as may be appropriate;~~

~~(B) All contracts in excess of \$25,000 shall include suitable provisions for termination by the Subrecipient, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the Subrecipient;~~

~~(C) Contracts shall include a provision with regard to independent Subcontractor status, and a provision to hold harmless and indemnify the Subrecipient and the Department from and against any and all claims, demands and course of action asserted by any third party arising out of or in connection with the services to be performed under contract;~~



(D) Contracts shall include a provision regarding conflicts of interest. Subrecipient's employees, officers, and/or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from Subcontractors, or potential Subcontractors; and

(E) Contracts shall include a provision prohibiting and requiring the reporting of fraud, waste, and abuse.

(i) Subrecipient shall establish, maintain, and utilize internal control systems and procedures sufficient to prevent, detect, and correct incidents of waste, fraud, and abuse in all Department funded programs and to provide for the proper and effective management of all program and fiscal activities funded by this contract. Subrecipient's internal control systems and all transactions and other significant events must be clearly documented and the documentation made readily available for review by Department.

(ii) Subrecipient shall give Department, the Federal awarding agency, the Comptroller General of the United States, or any of their duly authorized representatives complete access to all of its records, employees, and agents for the purpose of monitoring or investigating the program. Subrecipient shall fully cooperate with Department's efforts to detect, investigate, and prevent waste, fraud, and abuse. Subrecipient shall immediately notify the Department of any identified instances of waste, fraud, or abuse.

(iii) Department will notify the funding source upon identification of possible instances of waste, fraud, and abuse or other serious deficiencies.

(iv) Subrecipient may not discriminate against any employee or other person who reports a violation of the terms of this contract or of any law or regulation to Department or to any appropriate law enforcement authority, if the report is made in good faith.

(F) Contracts shall include a provision to the effect that any alterations, additions, or deletions to the terms of the contract which are required by changes in federal law and regulations or state statute are automatically incorporated into the contract without written amendment, and shall become effective on the date designated by such law and or regulation; and any other alterations, additions, or deletions to the terms of the contract shall be amended hereto in writing and executed by both parties to the contract.

(G) Contracts shall include the provisions described in clauses (i) - (iii) of this subparagraph:

(i) Subcontractor represents that it possesses legal authority to enter into the contract, receive and manage the funds authorized by the contract, and to perform the services Subcontractor has obligated itself to perform under the contract;

(ii) The person signing the contract on behalf of the Subcontractor warrants that he/she has been authorized by the Subcontractor to execute the contract on behalf of the Subcontractor and to bind the Subcontractor to all terms set forth in the contract; and

(iii) Department shall have the right to suspend or terminate the contract if there is a dispute as the legal authority of either the Subcontractor or the person signing the contract to enter into the contract or to render performances there under. Should such suspension or termination occur, the Subcontractor is liable to the Subrecipient for any money it has received for performance of provisions of the contract.

(H) All subawards made by a Subrecipient, except for micro-purchases but including small purchases, shall contain provisions as reflected in the Contract with the Department.

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BOARD ACTION REQUEST  
COMMUNITY AFFAIRS DIVISION  
JULY 30, 2015

Presentation, Discussion, and Possible Action proposing amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter B, Community Services Block Grant, §§5.201, 5.203, 5.207, 5.210, 5.213, and 5.214, and directing that they be published for public comment in the Texas Register

RECOMMENDED ACTION

WHEREAS, pursuant to Chapter 2306 of the Texas Government Code, the Department is authorized to adopt rules governing the administration of the Department and its programs and

WHEREAS, the proposed amendment to 10 TAC §5.201 adds the definitions specific to the Community Services Block Grant ("CSBG") that were removed from Subchapter A; the proposed amendment to 10 TAC §5.203 removes a reference to an act that is no longer applicable to the program; the proposed amendment to 10 TAC §5.207 incorporates the CSBG Organizational Standards requirement into the program rules; the proposed amendment to 10 TAC §5.210 revises language to fit current program requirements, and incorporates the CSBG strategic plan requirement into the program rules; the proposed amendment to 10 TAC §5.213 clarifies information regarding tripartite boards; and the proposed amendment to §5.214 establishes in the rules limits to the authority of advisory boards;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the proposed amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter B, Community Services Block Grant, §§5.201, 5.203, 5.207, 5.210, 5.213 and 5.214, in the form presented to this meeting, to be published in the Texas Register for review and public comment, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The proposed amendment to 10 TAC §5.201 changes the name of the subsection to "Background and Definitions" and adds definitions specific to the CSBG that were removed from Subchapter A, General Provisions.

The proposed amendment to 10 TAC §5.203 removes a reference to a policy that is no longer applicable to the program.

The proposed amendment to 10 TAC §5.207 Subrecipient Performance incorporates the CSBG Organizational Standards, as modified by the Department, into the program rule. This comprehensive set of organizational standards, developed by the CSBG Organizational Standards Center of Excellence, has been established to ensure that all CSBG Eligible Entities have the capacity to provide high-quality services to low-income individuals and communities.

The proposed amendment to 10 TAC §5.210 revises language to fit current program requirements, and incorporates the new requirement that CSBG Eligible Entities complete a strategic plan into the program rules.

The proposed amendment to 10 TAC §5.213 clarifies information regarding tripartite boards.

The proposed amendment to §5.214 Board Administrative Requirements, establishes in the rules that an advisory board established by the governing officials of a public organization to administer the CSBG may not exercise any authority that is not designated in writing by the governing officials of the public organization.

Attachment A: Preamble and proposed amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter B, Community Services Block Grant, §§5.201, 5.203, 5.207, 5.210, 5.213 and 5.214

The Texas Department of Housing and Community Affairs (the "Department") proposes amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter B, Community Services Block Grant, §§5.201 Background, 5.203 Distribution of CSBG Funds; 5.207 Subrecipient Performance; 5.210 CSBG Needs Assessment and Community Action Plan; 5.213 Board Structure, and 5.214 Board Administrative Requirements.

The purpose of the amendment to 10 TAC §5.201 is to change the name of the subsection to "Background and Definitions" and to add definitions specific to the CSBG that were removed from Subchapter A, General Provisions. The purpose of the amendment to 10 TAC §5.203 is to remove a reference to a policy that is no longer applicable to the program. The purpose of the amendment to 10 TAC §5.207 is to incorporate the CSBG Organizational Standards, as modified by the Department, into the program rule. The purpose of the amendment to 10 TAC §5.210 is to revise language to fit current program requirements, and to incorporate the new requirement that CSBG Eligible Entities complete a strategic plan into the program rules. The purpose of the amendment to 10 TAC §5.213 is to clarify information regarding tripartite boards. The purpose of the amendment to §5.214 is to establish in the rules that an advisory board established by the governing officials of a public organization to administer the CSBG may not exercise any authority that is not designated in writing by the governing officials of the public organization.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the amendments are in effect, enforcing or administering the amendments does not have any foreseeable implications related to costs or revenues of the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that, for each year of the first five years the amendments are effect, the public benefit anticipated as a result of the amendments will be clarity of program requirements and programmatic adherence to federal guidelines. There will not be any economic cost to any individuals required to comply with the amendments.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there will be no economic effect on small or micro-businesses.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held August 14, 2015, to September 14, 2015, to receive input on the amendments. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attention: Annette Cornier, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by email to the following address: [cadrulecomments@tdhca.state.tx.us](mailto:cadrulecomments@tdhca.state.tx.us), or by fax to (512) 475-3935. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. SEPTEMBER 14, 2015.

STATUTORY AUTHORITY. The amendments are proposed pursuant to Texas Government Code §2306.053, which authorizes the Department to adopt rules, and Chapter 2306, Subchapter E, which authorizes the Department to administer its Community Affairs programs.

The proposed amendments affect no other code, article, or statute.

## §5.201. Background and Definitions

(a) In addition to this subchapter, the rules established in Subchapter A of this chapter (relating to General Provisions) also apply to the CSBG program, except those that relate to the suspension, reduction, withholding or termination of funding. The CSBG Act was amended by the "Community Services Block Grant Amendments of 1994" and the Coats Human Services Reauthorization Act of 1998. The Secretary is authorized to establish a community services block grant program and make grants available through the program to states to ameliorate the causes of poverty in communities within the states.

(b) The Texas Legislature designated the Department as the lead agency for the administration of the CSBG program pursuant to Texas Government Code, §2306.092. CSBG funds will be made available to Eligible Entities to carry out the purposes of the CSBG program.

### (c) Definitions--

(1) Community Action Plan--A plan required by the Community Services Block Grant (CSBG) Act which describes the local Eligible Entity service delivery system, how coordination will be developed to fill identified gaps in services, how funds will be coordinated with other public and private resources and how the local entity will use the funds to support innovative community and neighborhood based initiatives related to the grant.

(2) CSBG Act--The CSBG Act is a law passed by Congress authorizing the Community Services Block Grant. The CSBG Act was amended by the Community Services Block Grant Amendments of 1994 and the Coats Human Services Reauthorization Act of 1998 under 42 U.S.C. §§9901, et seq. The CSBG Act authorized establishing a community services block grant program to make grants available through the program to states to ameliorate the causes of poverty in communities within the states.

(3) Discretionary Funds--Those CSBG funds maintained by the Department, at its discretion, for CSBG allowable uses as authorized by §675C of the CSBG Act, and not designated for distribution on a statewide basis to CSBG Eligible Entities and not designated for state administrative purposes.

(4) Eligible Entity--Those local organizations in existence and designated by the federal and state government to administer programs created under the Federal Economic Opportunity Act of 1964. This includes community action agencies, limited-purpose agencies, and units of local government. The CSBG Act defines an eligible entity as an organization that was an eligible entity on the day before the enactment of the Coats Human Services Reauthorization Act of 1998 (October 27, 1998), or is designated by the Governor to serve a given area of the state and that has a tripartite board or other mechanism specified by the state for local governance.

(5) National Performance Indicator-- An individual measure of performance within the Department's Community Affairs Contract System for measuring performance and results of Subrecipients of funds.

(6) Needs Assessment--An assessment of community needs in the areas to be served with CSBG funds.

## §5.203. Distribution of CSBG Funds.

(a) The CSBG Act requires that no less than 90% of the state's allocation be allocated to Eligible Entities. The Department currently utilizes a multi-factor fund distribution formula to equitably provide CSBG funds throughout the state's 254 counties to the CSBG Eligible Entities. Revisions to

the formula shall be considered on a biennial basis including the release of decennial census figures. Changes to the formula shall be presented to the Department's Governing Board for approval.

(b) Five percent of the Department's annual allocation of CSBG funds and any funds not spent as identified in subsection (c) of this section, may be expended for activities as per 42 U.S.C. §9907(b)(A) - (H), and activities that may include:

- (1) the provision of training and technical assistance to CSBG Eligible Entities;
- (2) services to low-income migrant seasonal farm worker and Native American populations;
- (3) assisting CSBG Eligible Entities in responding to natural or man-made disasters;
- (4) funding for innovative and demonstration projects that assist CSBG target population groups to overcome at least one of the barriers to attaining self-sufficiency; and
- (5) other projects/initiatives, including state conference expenses. ~~The Department may provide monetary awards to Subrecipients for outstanding performance. To ensure consistent and comparable results, the process for monetary awards to CSBG Subrecipients will be standardized.~~

(c) Up to 5% of the Department's annual allocation of CSBG funds will be used for administrative purposes consistent with state and federal law.

#### §5.207. Subrecipient Performance.

(a) Eligible Entities shall submit information regarding the use of funds as part of the Community Action Plan as described in §5.210 of this chapter.

(b) Unexpended Funds. The Department reserves the right to deobligate or recapture funds from CSBG Eligible Entities and any other CSBG-funded organizations.

(1) The Department of Health and Human Services (HHS) issues terms and conditions for receipt of funds under the CSBG. Subrecipients will comply with the requirements of the terms and conditions of the CSBG award.

(2) The Coats Human Services Reauthorization Act of 1998, allows states to recapture unexpended CSBG funds in excess of 20% of the CSBG funds obligated to an Eligible Entity unless superseded by Congressional action in the appropriation process or by the terms and conditions issued by HHS in the CSBG award letter.

(c) Services to Poverty Population. Eligible Entities administering services to clients in one or more CSBG service area counties shall ensure that such services are rendered reasonably and in an equitable manner to ensure fairness among all potential applicants eligible for services. Services rendered must reflect the poverty population ratios in the service area and services should be distributed based on the proportionate representation of the poverty population within a county. A variance of greater than plus or minus 20% may constitute a finding. Eligible Entities with a service area of a single county shall demonstrate marketing and outreach efforts to render direct services to a reasonable percentage of the county's eligible population based on the most recent census or American Community Survey data, as directed by the Department. Services should also be distributed based on the proportionate representation of the poverty population within a county. Other CSBG-funded organizations shall ensure that services are rendered in accordance with requirements of the CSBG contract.

(d) In keeping with the regulations issued under Title II, §676(b)(3)(C), §676(5),(6),(9) State Application and Plan, the Department requires CSBG Eligible Entities, and other CSBG organizations where applicable, to coordinate CSBG funds and form partnerships with other public and private resources and coordinate and establish linkages between governmental and other social service programs to assure the effective delivery of services and avoid duplication of services.

(e) In keeping with the regulations issued under Title II, §676(b)(4), CSBG Eligible Entities shall provide, on an emergency basis, for the provision of such supplies and services, nutritious foods, and related services, as may be necessary to counteract the conditions of starvation and malnutrition. The nutritional needs may be met through a referral source that has resources available to meet the immediate needs.

(f) In keeping with the regulations issued under Title II, §676(b)(5), CSBG Eligible Entities, shall coordinate the provision of employment and training activities through local workforce investment systems under the Workforce Investment Act of 1998.

(g) In keeping with the regulations issued under Title II, §678G(b)(1-2), CSBG Eligible Entities shall inform custodial parents in single-parent families that participate in programs, activities, or services about the resources available through the Texas Attorney General's Office with respect to the collection of child support payments and refer eligible parents to the Texas Attorney General's Office of Child Support Services Division.

(h) Documentation of Services. Subrecipients must maintain a record of referrals and services provided.

(i) Intake Form. To fulfill the requirements of 42 U.S.C. §9917, CSBG Subrecipients must complete and maintain an intake form that documents income, assesses client needs, and captures the demographic and household characteristic data required for the monthly performance and expenditure report, referenced in Subchapter A of this chapter (relating to General Provisions), for all Households receiving a community action service. CSBG Subrecipients must complete and maintain a manual or electronic intake form for all clients for each program year.

(j) Case Management.

(1) In keeping with the regulations issued under Title II, §676(b) State Application and Plan, the Department requires CSBG Eligible Entities, and other CSBG Subrecipients where applicable, to incorporate integrated case management systems in the administration of their CSBG program (Title II, §676(b)). Incorporating case management in the service delivery system and providing assistance that has a long-term impact on the client, such as enabling the client to move from poverty to self-sufficiency, to maintain stable families, and to revitalize the community, supports the requirements of Title II, §676(b). An integrated case management system improves the overall provision of assistance and improves each Subrecipient's ability to transition persons from poverty to self-sufficiency. Case management can be provided on a short-term basis to meet immediate needs, or for Eligible Entities it can be provided on a long-term basis to persons working to transition out of poverty and achieve self-sufficiency.

(2) Subrecipients must have and maintain documentation of case management services provided.



(3) Eligible Entities must provide ongoing case management services for persons working to transition out of poverty and achieve self-sufficiency. The case management services must include the components described in subparagraphs (A) - (N) of this paragraph. The forms or systems utilized for each component may be manual or electronic forms provided by the Department or manual or electronic forms created by the Eligible Entity that at minimum contain the same information as the Department-issued form, including but not limited to:

(A) Self-Sufficiency Client Questionnaire to assess a client's status in the areas of employment, job skills, education, income, housing, food, utilities, child care, transportation, and health insurance;

(B) Self-Sufficiency Outcomes Matrix to assess the client's status in the self-sufficiency domains noted in subparagraph (A) of this paragraph;

(C) Case Management Screening Questions to assess the client's willingness to participate in case management services on an ongoing basis;

(D) Case Management Agreement between Subrecipient and client;

(E) Release of Information Form;

(F) Case Management Service Plan to document steps and timeline to achieve goals;

(G) Case management follow-up - A system to document client progress at completing steps and achieving goals. Case management follow-up should occur, at a minimum, every 30 days, either through a meeting, phone call or e-mail. In person meetings should occur, at a minimum, once a quarter;

(H) A record of referral resources and documentation of the results;

(I) A system to document services received and to collect and report NPI data;

(J) A system to document case closure for persons that have exited case management;

(K) A system to document income for persons that have maintained an income level above 125% of the Poverty Income Guidelines for 90 days;

(L) Client Satisfaction Survey;

(M) A system to document and notify clients of termination of case management services; and

(N) Evaluation System - a process to determine the effectiveness of case management services and CSBG services.

(k) Subrecipient Requirements for Review Process for Applicants Denied based on Income Eligibility. When an applicant is denied services based solely on income eligibility, the applicant may request a recertification of income eligibility based on initial documentation provided at the time of the original application. The recertification will be an analysis of the initial calculation based on the

documentation received with the initial application for services and will be performed by an individual other than the person who performed the initial determination. If the recertification upholds the denial based on income eligibility documents provided at the initial application, the applicant is notified in writing and no further appeal is afforded to the applicant.

(l) Subrecipient Requirements for Appeals Process for CSBG Applicants/Clients Denied for Reasons other than Income Eligibility. Subrecipients shall establish a CSBG denial of service complaint procedure. At a minimum, the procedures described in paragraphs (1) - (7) of this subsection shall be included:

(1) Subrecipients shall provide a written denial of assistance notice to applicant/client within ten (10) business days of the adverse determination. This notification shall include written notice of the right to a hearing and specific reasons for the denial by component. The applicant wishing to appeal a decision must provide written notice to Subrecipient within twenty (20) days of receipt of the denial notice;

(2) Subrecipient who receives an appeal or client complaint shall establish an appeal committee composed of at least three persons. Subrecipient shall maintain documentation of appeals/complaints in their client files;

(3) Subrecipient shall hold the hearing within twenty (20) days after the Subrecipient received the appeal/complaint request from the applicant/client;

(4) Subrecipient shall record the hearing;

(5) The hearing shall allow time for a statement by Subrecipient staff with knowledge of the case;

(6) The hearing shall allow the applicant/client at least equal time, if requested, to present relevant information contesting the decision;

(7) Subrecipient shall notify applicant/client of the decision in writing. The Subrecipient shall mail the notification by close of business on the business day following the decision (one (1) day turnaround). In the event of an adverse decision, the notice must inform the applicant of their ability to appeal to the Department and must state that the applicant must appeal the decision in writing within ten (10) days of the decision.

(m) In the event of an adverse decision by the Department under subsection (l) of this section, applicants/clients who allege that the Subrecipient has denied all or part of a service or benefit in a manner that is unjust, violates discrimination laws, or without reasonable basis in law or fact, may request a contested hearing under Texas Government Code, Chapter 2001.

(n) The hearing shall be conducted by the State Office of Administrative Hearings on behalf of the Department in the locality served by the Subrecipient.

(o) If client appeals to the Department, the funds should remain encumbered until the Department completes its decision.

(p) Effective January 1, 2016, Eligible Entities shall meet the CSBG Organizational Standards as issued by the U.S. Department of Health and Human Services in Information Memorandum #138 (as revised), except that where the word bylaws is used the Department has modified the standards to read Certificate of Formation and bylaws; also, Eligible Entities will have to follow the Administrative requirements in UGMS including but not limited to the State of Texas Single Audit Circular. The CSBG Organizational Standards shall be included as a performance objective as described in §5.206 of this subchapter.

§5.210. CSBG Needs Assessment, Community Action Plan, and Strategic Plan.

(a) In accordance with §676 of the CSBG Act, the Department is required to secure a Community Action Plan on an annual basis from each CSBG Eligible Entity. The Community Action Plan shall be submitted to the Department on or before a date specified by the Department in the Eligible Entity contract.

(b) Every three (3) ~~five (5)~~ years each CSBG Eligible Entity shall complete a community needs assessment, upon which the Community Action Plan will be based. Information related to the ~~The~~ community needs assessment shall be submitted to the Department on or before a date specified by the Department in the Eligible Entity contract.

(c) The Community Action Plan shall at a minimum include a budget, a description of the delivery of services for the case management system in accordance with the National Performance Indicators and shall include a performance statement that describes the services, programs and activities to be administered by the organization.

(d) Hearing. In conjunction with the Submission of the Community Action Plan, the Eligible Entity must submit to the Department a certification from its board that a public hearing was conducted on the proposed use of funds.

(e) Every five (5) years each Eligible Entity shall complete a strategic plan, upon which the Community Action Plan will be based. Information related to the strategic plan shall be submitted to the Department on or before a date specified by the Department in the Eligible Entity contract.

(f)(e) Subrecipients receiving state discretionary funds under §5.203(b) of this subchapter (relating to Distribution of CSBG Funds) are not required to submit a Community Action Plan. All CSBG Subrecipients must develop a performance statement which identifies the services, programs, and activities to be administered by the organization.

§5.213. Board Structure.

(a) Eligible Entities that are Private Nonprofit Organizations shall administer the CSBG program through a tripartite board that fully participates in the development, planning, implementation, and evaluation of the program to serve low-income communities. Some of the members of the board shall be selected by the Private Nonprofit Organizations and others through a democratic process; the board shall be composed so as to assure that the requirements of §676B(a)(2) of the CSBG Act are followed and are composed as:

(1) One-third of the members of the board shall be elected public officials, holding office on the date of the selection, or their representatives. In the event that there are not enough elected public officials reasonably available and willing to serve on the board, the entity may select appointive public officials to serve on the board. The public officials selected to serve on the board may each choose one permanent representative or designate an alternate to serve on the board. Appointive public officials or their representatives or alternates may be counted in meeting the 1/3 requirement. Refer to subsection (g)(1)(B) of this section entitled "Permanent Representatives and Alternates" for related information;

(2) not fewer than 1/3 of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members are representative of low-income individuals and families in the neighborhood served; and each representative of low-income individuals and families selected to represent a specific neighborhood within a community under subsection (b)(1)(B) of this section, resides in the neighborhood represented by the member;

(3) the remainder are members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served.

(b) For a public organization ~~organizations~~ to be considered to be an Eligible Entity for purposes of the CSBG Act, ~~§673(1)§676B(b)~~, the entity shall administer the CSBG grant through a tripartite board ~~boards~~ that fully participates ~~participate~~ in the development, planning, implementation and evaluation of programs that serve low-income communities or through another mechanism specified by the state or act as an advisory board. ~~At present, the tripartite board, whether it consists of publicly elected officials or of official appointees (an "advisory board"), is the only mechanism for administration the Department has specified.~~

(c) For a Public Organization to administer the CSBG grant as an Eligible Entity through another ~~an advisory board or other qualifying~~ method, prior review and approval from the Department is required. The mechanism must assure decision-making and participation by low-income individuals in the development, planning, implementation, and evaluation of programs funded by CSBG .

(d) All Public Organization Boards must have a tripartite structure where:

(1) One-third of the members of the board shall be elected public officials, holding office on the date of the selection, or their representatives. In the event that there are not enough elected public officials reasonably available and willing to serve on the board, the entity may select appointive public officials to serve on the board. The public officials selected to serve on the board may each choose one permanent representative or designate an alternate to serve on the board. Appointive public officials or their representatives or alternates may be counted in meeting the 1/3 requirement. Refer to subsection (g)(1)(B) of this section, entitled "Permanent Representatives and Alternates" for related information:

(2) not fewer than 1/3 of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members are representative of low-income individuals and families in the neighborhood served; reside in the neighborhood served; and are able to participate actively in the development, planning implementation, and evaluation of programs funded by CSBG; and

(3) the remainder are members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served.

~~(e) Another mechanism specified by the Department which meets the tripartite requirements, such as an advisory board, may be used. However, the mechanism the Public Organization wishes to use must be submitted to the Department for review and approval.~~

~~(e)(f) Eligible Entities administering the Head Start Program must comply with the Head Start Act (42 U.S.C. §9837) that requires the governing body membership to comply with the requirements of §642(c)(1) of the Head Start Act. Exceptions shall be made to the requirements of clauses (i) — (iv) of §642(c)(1) of the Head Start Act for members of a governing body when those members oversee a public entity and are selected to their positions with the public entity by public election or political appointment.~~

(g) Selection. Pursuant to §676B of the CSBG Act, Eligible Entities that are Private Nonprofit Organizations and Public Organizations have the responsibility for selection and composition of the board.

(1) Public Officials:

(A) Elected public officials or appointed public officials, selected to serve on the board, shall have either general governmental responsibilities or responsibilities which require them to deal with poverty-related issues; and

(B) Permanent Representatives and Alternates. The public officials selected to serve on the board may each choose one permanent representative or designate an alternate to serve on the board.

~~(i) Permanent Representatives. The public officials selected by a private nonprofit entity or public organization to serve on the board may each choose one permanent representative to serve on the board in a full time capacity. The public officials of the public organization may choose a representative to serve on the board or other governmental body. The representative need not be a public official but shall have full authority to act for the public official at meetings of the board. Permanent representatives may hold an officer position on the board. If a permanent representative is not chosen, then an alternate may be designated by the public official selected to serve on the board. Alternates may not hold an officer position on the board.~~

(ii) Alternate Representatives. If the private nonprofit entity or public organization board chooses to allow alternates, the alternates for low-income representatives shall be elected at the same time and in the same manner as the board representative is elected to serve on the board. Alternates for representatives of private sector organizations may be designated to serve on the board and should be selected at the same time the board representative is selected. In the event that the board member or alternate ceases to be a member of the organization represented, he/she shall no longer be eligible to serve on the board. Alternates may not hold an officer position on the board.

(2) Low-Income Representatives:

(A) ~~The~~ An essential objective of community action is participation by low-income individuals in the programs which affect their lives; therefore, the CSBG Act and its amendments require representation of low-income individuals on boards or state-specified governing bodies. The CSBG statute requires that no ~~not~~ fewer than one-third of the members shall be representatives of low-income individuals and families and that they shall be chosen in accordance with democratic selection procedures adequate to assure that these members are representative of low-income individuals and families in the neighborhoods served; and that each representative of low-income individuals and families selected to represent a specific neighborhood within a community resides in the neighborhood represented by the member; or

(B) Board members representing low-income individuals and families must be selected in accordance with a democratic procedure. This procedure, as detailed in subparagraph (D) of this paragraph, may be either directly through election, public forum, or, if not possible, through a similar democratic process such as election to a position of responsibility in another significant service or community organization such as a school PTA, a faith-based organization leadership group; or an advisory board/governing council to another low-income service provider;

(C) Every effort should be made by the nonprofit entity or public organization to assure that low-income representatives are truly representative of current residents of the geographic area to be served, including racial and ethnic composition, as determined by periodic selection or reselection by the community. "Current" should be defined by the recent or annual demographic changes as documented in the needs/community assessment. This does not preclude extended service of low-income community representatives on boards, but it does suggest that continued board participation of longer term members be revalidated and kept current through some form of democratic process; and

(D) The procedure used to select the low-income representative must be documented to demonstrate that a democratic selection process was used. Among the selection processes that may be utilized, either alone or in combination, are:

(i) Selection and elections, either within neighborhoods or within the community as a whole; at a meeting or conference, to which all neighborhood residents, and especially those who are poor, are openly invited;

(ii) Selection of representatives to a community-wide board by members of neighborhood or sub-area boards who are themselves selected by neighborhood or area residents;

(iii) Selection, on a small area basis (such as a city block); or

(iv) Selection of representatives by existing organizations whose membership is predominately composed of poor persons.

(3) Representatives of Private Groups and Interests:

(A) The private nonprofit entity or public organization shall select the remainder of persons to represent the private sector on the board or it may select private sector organizations from which representatives of the private sector organization would be chosen to serve on the board; and

(B) The individuals and/or organizations representing the private sector shall be selected in such a manner as to assure that the board will benefit from broad community involvement. The board composition for the private sector shall draw from officials or members of business, industry, labor, religious, law enforcement, education, school districts, representatives of education districts and other major groups and interests in the community served.

(h) Eligible Entities must have written procedures under which a low-income individual, community organization, religious organization, or representative of such may petition for adequate representation as described in (a) - (g) of this section if such persons or organizations consider there to be inadequate representation on the board of the Eligible Entity.

#### §5.214. Board Administrative Requirements.

(a) Powers of the Board for Private Nonprofit Entities. The board is responsible for abiding by the terms of contracts and shall determine the policies of the agency to assure accountability for public funding. The board shall function as the organization's governing body with the same legal powers and responsibilities as the board of directors of any nonprofit corporation.

(b) Powers of the Board for Public Organizations. The powers, duties, and responsibilities of the board shall be determined by the governing officials of the public organization. The governing officials may establish:

~~(1) an advisory board. The advisory board may not exercise any authority not delegated to it in writing by the governing officials of the public organization., in which case the authority given to the advisory board depends on the powers delegated to it by the governing officials of the political subdivision; or~~

~~(2) a governing board, empowering the board of directors with substantive decision-making authority and delegating the powers, duties, and responsibilities to carry out its CSBG-supported contract and functions.~~

(c) Compensation. Board members are not entitled to compensation for their service on the board. Reimbursement of reasonable and necessary expenses incurred by a board member in carrying out his/her duties is allowed.

(d) Conflict of Interest. No board member may participate in the selection, award, or administration of a subcontract supported by CSBG funds if:

(1) the board member;

(2) any member of his/her immediate family (as defined in the CSBG contract);

(3) the board member's partner; or

(4) any organization which employs or is about to employ any of the individuals described in paragraphs (1) - (3) of this subsection, has a financial interest in the firm or person selected to perform a subcontract. No employee of the local CSBG Subrecipient or of the Department may serve on the board.

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BOARD ACTION REQUEST  
COMMUNITY AFFAIRS DIVISION  
JULY 30, 2015

Presentation, Discussion, and Possible Action proposing amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter D, Comprehensive Energy Assistance Program, §§5.401, 5.407, 5.423, and directing that they be published for public comment in the Texas Register

RECOMMENDED ACTION

WHEREAS, pursuant to Chapter 2306 of the Texas Government Code, the Department is authorized to adopt rules governing the administration of the Department and its programs and

WHEREAS, the proposed amendment to 10 TAC §5.401 adds definitions specific to the Comprehensive Energy Assistance Program ("CEAP"); the proposed amendment to 10 TAC §5.407 increases the income level to 150%, adds the requirement that highest energy costs or needs in relation to income shall be the highest rated item in service priority determination, and adds categorical eligibility requirements to the rules; the proposed amendment to 10 TAC §5.423 adds the ability for Subrecipients to purchase portable heating/cooling units for households experiencing a Life Threatening Crisis without regard for weather criteria;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the proposed amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter D, CEAP, §§5.401, 5.407, 5.423, in the form presented to this meeting, to be published in the Texas Register for review and public comment, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The proposed amendment to 10 TAC §5.401 changes the name of the subsection to "Background and Definitions" and adds definitions specific to the CEAP that were removed from Subchapter A, General Provisions, under a separate Board item.

The proposed amendment to 10 TAC §5.407 raises the client income eligibility level to at or below 150% of the federal poverty level as requested through public comment; and adds the requirement that highest energy costs or needs in relation to income ("energy burden") shall be the highest rated item in priority determinations. The rule already includes a sliding scale of benefits based on income. The elevation of energy burden in the rules assures that the program is administered in accordance with Section 2605(b)(5) of the LIHEAP Act, which specifies that the State agrees to furnish the highest level of assistance to those Households which have the lowest incomes and the

highest energy costs or needs in relation to income; and adds categorical eligibility, whereby pursuant to Section 2605(b)(2)(A) of Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35), as amended ("the LIHEAP Act"), states may make payments to households in which at least one individual is receiving supplemental security income payments issued under Title XVI of the Social Security Act and/or veterans benefit payments issued under the Veterans' and Survivors' Pension Improvement Act of 1978.

The proposed amendment to 10 TAC §5.423 adds the ability for Subrecipients to purchase portable heating/cooling units for households experiencing a Life Threatening Crisis whether or not the established weather criteria had been met.

Attachment A: Preamble and proposed amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter D, Comprehensive Energy Assistance Program, §§5.401, 5.407, 5.423, ,

The Texas Department of Housing and Community Affairs (the "Department") proposes amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter D, Comprehensive Energy Assistance Program, §5.401 Background; .

The purpose of the amendments to 10 TAC §5.401 is to change the name of the subsection to "Background and Definitions" and to add definitions specific to the CEAP that were removed from Subchapter A, General Provisions. The purpose of the amendments to 10 TAC §5.407 is to raise the client income eligibility level to at or below 150% of the federal poverty level; to add the requirement that highest energy costs or needs in relation to income ("energy burden") shall be the highest rated item in priority determinations; and to add categorical eligibility, whereby pursuant to Section 2605(b)(2)(A) of Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35), as amended ("the LIHEAP Act"), states may make payments to households in which at least one individual is receiving supplemental security income payments issued under Title XVI of the Social Security Act and/or veterans benefit payments issued under the Veterans' and Survivors' Pension Improvement Act of 1978. The purpose of the amendment to 10 TAC §5.423 is to add the ability for Subrecipients to purchase portable heating/cooling units for households experiencing a Life Threatening Crisis whether or not the established weather criteria had been met.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the amendments are in effect, enforcing or administering the amendments does not have any foreseeable implications related to costs or revenues of the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that, for each year of the first five years the amendments are effect, the public benefit anticipated as a result of the amendments will be clarity of program requirements and programmatic adherence to federal guidelines. There will not be any economic cost to any individuals required to comply with the amendments.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there will be no economic effect on small or micro-businesses.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held August 14, 2015, to September 14, 2015, to receive input on the amendments. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attention: Annette Cornier, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by email to the following address: [cadrulecomments@tdhca.state.tx.us](mailto:cadrulecomments@tdhca.state.tx.us), or by fax to (512) 475-3935. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. SEPTEMBER 14, 2015.

STATUTORY AUTHORITY. The amendments are proposed pursuant to Texas Government Code §2306.053, which authorizes the Department to adopt rules, and Chapter 2306, Subchapter E, which authorizes the Department to administer its Community Affairs programs.

The proposed amendments affect no other code, article, or statute.

§5.401. Background and Definitions.

(a) The Comprehensive Energy Assistance Program (CEAP) is funded through the Low Income Home Energy Assistance Act of 1981 (Title XXVI of the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, as amended). LIHEAP has been in existence since 1982. LIHEAP is a federally funded block grant program that is implemented to serve low income Households who seek assistance for their home energy bills.

(b) Definitions--

(1) Categorical Eligibility: use of funds whereby Subrecipients may deem income eligible Households that include at least one member that receives:

(A) Supplemental security income payments (SSI) from the Social Security Administration; or

(B) Veterans benefit payments under:

(i) Section 415 – Dependency and Indemnity Compensation to Parents of a Deceased Veteran;

(ii) Section 521 – Veterans of a Period of War (a Veteran who is permanently and totally disabled);

(iii) Section 541 – Spouses and Children” (of a deceased Veteran); or

(iv) Section 542 – Children of Deceased Veterans of a Period of War.

(2) Emergency--Defined by the LIHEAP Act of 1981 (Title XXVI of the Omnibus Budget Reconciliation Act of 1981, 42 U.S.C. §8622):

(A) natural disaster;

(B) a significant home energy supply shortage or disruption;

(C) significant increase in the cost of home energy, as determined by the Secretary;

(D) a significant increase in home energy disconnections reported by a utility, a state regulatory agency, or another agency with necessary data;

(E) a significant increase in participation in a public benefit program such as the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. §§2011, et seq.), the national program to provide supplemental security income carried out under Title XVI of the Social Security Act (42 U.S.C. §§1381, et seq.) or the state temporary assistance for needy families program carried out under Part A of Title IV of the Social Security Act (42 U.S.C. §§601, et seq.), as determined by the head of the appropriate federal agency;

(F) a significant increase in unemployment, layoffs, or the number of Households with an individual applying for unemployment benefits, as determined by the Secretary of Labor; or

(G) an event meeting such criteria as the Secretary, at the discretion of the Secretary, may determine to be appropriate.

-(3) Life Threatening Crisis--A life threatening crisis exists when at least one person in the applicant Household could lose their life without the Subrecipient's utility assistance because there is a shut-off notice or a delivered fuel source is below a ten (10) day supply (by client report) and any member of the Household is dependent upon equipment that is prescribed by a medical professional, operated on electricity or gas and is necessary to sustain the person's life. Examples of life-sustaining equipment include but are not limited to kidney dialysis machines, oxygen concentrators, cardiac monitors, and in some cases heating and air conditioning when ambient temperature control is prescribed by a medical professional. Documentation must not include information regarding the applicant's medical condition but may include certification that such a device is required in the home to sustain life.

§5.407. Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria.

(a) Subrecipients shall set the client income eligibility level at or below 150% ~~425%~~ of the federal poverty level in effect at the time the client makes an application for services.

(b) Subrecipients shall determine client income. Income ~~inclusions and~~ exclusions to be used to determine total Household income are those noted in §5.19 of this chapter (relating to Client Income Guidelines).

(c) Social security numbers are not required for applicants for CEAP.

(d) Subrecipients shall establish priority criteria to serve persons in Households who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption. Highest energy costs or needs in relation to income shall be the highest rated item in sliding scale priority determinations.

(e) Categorical eligibility exists when any member of the household receives cash assistance payments from SSI and/or from veterans benefits as described in subsection 5.401 of this section.

(1) A complete application is required for all households, including those that are categorically eligible. Total household income documentation must be collected by the agency for the purposes of determining benefit level and collecting required demographic information.

(2) Recipients of regular social security payments are not automatically categorically eligible.

(3) Applicants shall provide the agency a letter from the cognizant federal agency stating under what Public Law or U.S. Code Title his/her benefit is received.

(f)(e) Household units where the Subrecipient is unable to determine whether the meter is utilized by another Household may not be served without written approval from Community Affairs Division staff. ~~A Household unit cannot be served if the meter is utilized by another Household.~~

#### §5.422. General Assistance and Benefit Levels.

(a) Subrecipients shall not discourage anyone from applying for CEAP assistance. Subrecipients shall provide all potential clients with opportunity to apply for LIHEAP programs.

(b) CEAP provides assistance to targeted beneficiaries, with priority given to the elderly, persons with disabilities, families with young children; Households with the highest energy costs or needs in relation to income, and Households with high energy consumption.

(c) CEAP includes activities, as defined in Assurances 1-16 in Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35), as amended; such as education; and financial assistance to help very low- and extremely low-income consumers reduce their utility bills to an affordable level. CEAP services include energy education, needs assessment, budget counseling (as it pertains to energy needs), utility payment assistance; repair of existing heating and cooling units, and crisis-related purchase of portable heating and cooling units.

(d) Sliding scale benefit for all CEAP components:

(1) Benefit determinations are based on the Household's income, the Household size, the energy cost and/or the need of the Household, and the availability of funds;

(2) Energy assistance benefit determinations will use the sliding scale described in subparagraphs (A) - (C) of this paragraph:

(A) Households with Incomes of 0 to 50% of Federal Poverty Guidelines may receive an amount needed to address their energy payment shortfall not to exceed \$1,200;

(B) Households with Incomes of 51% to 75% of Federal Poverty Guidelines may receive an amount needed to address their energy payment shortfall not to exceed \$1,100; and

(C) Households with Incomes of 76% to at or below 150% ~~125%~~ of Federal Poverty Guidelines may receive an amount needed to address their energy payment shortfall not to exceed \$1,000; and

(3) A Household may receive repair of existing heating and cooling units not to exceed \$3,000 ~~\$2,500~~. Households that include at least one member that is elderly, disabled, or a child age 5 or younger, may receive either repair of existing heating and cooling units or crisis-related purchase of portable heating and cooling units not to exceed \$3,000 ~~\$2,500~~.

(e) Subrecipient shall not establish lower local limits of assistance for any component.

(f) Total maximum possible annual Household benefit (all allowable benefits combined) equals \$5,400 ~~\$4,900~~.

(g) Subrecipient shall determine client eligibility for utility payments and/or retrofit based on the agency's Household priority rating system and Household's income as a percent of poverty.

(h) Subrecipients shall provide only the types of assistance described in paragraphs (1) - (11) of this subsection with funds from CEAP:

(1) Payment to vendors and suppliers of fuel/utilities, goods, and other services, such as past due or current bills related to the procurement of energy for heating and cooling needs of the residence, not to include security lights and other items unrelated to energy assistance;

(2) Payment to vendors--only one energy bill payment per month;

(3) Needs assessment and energy conservation tips, coordination of resources, and referrals to other programs;

(4) Payment of water bills only when such costs include expenses from operating an evaporative water cooler unit or when the water bill is an inseparable part of a utility bill. As a part of the intake process, outreach, and coordination, the Subrecipient shall confirm that a client owns an operational evaporative cooler and has used it to cool the dwelling within sixty (60) days prior to application. Payment of other utility charges such as wastewater and waste removal are allowable only if these charges are an inseparable part of a utility bill. Documentation from vendor is required. Whenever possible, Subrecipient shall negotiate with the utility providers to pay only the "home energy"--heating and cooling--portion of the bill;

(5) Energy bills already paid may not be reimbursed by the program;

(6) Payment of reconnection fees in line with the registered tariff filed with the Public Utility Commission and/or Texas Railroad Commission. Payment cannot exceed that stated tariff cost.

Subrecipient shall negotiate to reduce the costs to cover the actual labor and material and to ensure that the utility does not assess a penalty for delinquency in payments;

(7) Payment of security deposits only when state law requires such a payment, or if the Public Utility Commission or Texas Railroad Commission has listed such a payment as an approved cost, and where required by law, tariff, regulation, or a deferred payment agreement includes such a payment. Subrecipients shall not pay such security deposits that the energy provider will eventually return to the client;

(8) While rates and repair charges may vary from vendor to vendor, Subrecipient shall negotiate for the lowest possible payment. Prior to making any payments to an energy vendor a Subrecipient shall have a signed vendor agreement on file from the energy vendor receiving direct LIHEAP payments from the Subrecipient;

(9) Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating Household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of client is deducted from client's rent;

(10) In lieu of deposit required by an energy vendor, Subrecipient may make advance payments. The Department does not allow LIHEAP expenditures to pay deposits, except as noted in paragraph (7) of this subsection. Advance payments may not exceed an estimated two months' billings; and

(11) Funds for the Texas CEAP shall not be used to weatherize dwelling units, for medicine, food, transportation assistance (i.e., vehicle fuel), income assistance, or to pay for penalties or fines assessed to clients.

#### §5.423. Household Crisis Component.

(a) A bona fide Household crisis exists when extraordinary events or situations resulting from extreme weather conditions and/or fuel supply shortages or a terrorist attack have depleted or will deplete Household financial resources and/or have created problems in meeting basic Household expenses, particularly bills for energy so as to constitute a threat to the well-being of the Household, particularly the Elderly, the Disabled, or a Family with Young Children.

(b) A utility disconnection notice may constitute a Household crisis. Assistance provided to Households based on a utility disconnection notice is limited to two (2) payments per year. Weather criterion is not required to provide assistance due to a disconnection notice. The notice of disconnection must have been provided to the Subrecipient within the effective contract term and the notice of disconnection must not be dated more than sixty (60) days from receipt at the Subrecipient.

(c) Crisis assistance payments cannot exceed the minimum amount needed to resolve the crisis; e.g. when a shut-off notice requires a certain amount to be paid to avoid disconnection and the same notice indicates that there are balances due other than the required amount, only the amount required to avoid disconnection may be paid as crisis assistance. Crisis assistance payments that are less than the amount needed to resolve the crisis may only be made when other funds or options are available to resolve the Household's remaining crisis need.

(d) Crisis assistance for one Household cannot exceed the maximum allowable benefit level in one program year. If a Household's crisis assistance needs exceed that maximum allowable benefit, Subrecipient may pay up to the Household crisis assistance limit only if the remaining amount of Household need can be paid from other funds. If the Household's crisis requires more than the Household limit to resolve and no other funds are available, the crisis exceeds the scope of this component.

(e) Payments may not exceed Household's actual utility bill.

(f) Where necessary to prevent undue hardships from a qualified crisis, Subrecipients may directly issue vouchers to provide:

(1) Temporary shelter not to exceed the annual Household expenditure limit for the duration of the contract period in the limited instances that supply of power to the dwelling is disrupted--causing temporary evacuation;

(2) Emergency deliveries of fuel up to 250 gallons per crisis per Household, at the prevailing price. This benefit may include coverage for tank pressure testing;

(3) Service and repair of existing heating and cooling units not to exceed \$2,500 during the contract period when Subrecipient has met local weather crisis criteria. If any component of the central system cannot be repaired using parts, the Subrecipient can replace the component in order to repair the central system. Documentation of service/repair and related warranty must be included in the client file;

(4) Portable air conditioning/evaporative coolers and heating units (portable electric heaters are allowable only as a last resort) may be purchased for households that include at least one member that is Elderly, Disabled, or a Family with Young Children, when Subrecipient has met local weather crisis criteria;

(5) When a Household's crisis meets the definition of Life Threatening Crisis, portable air conditioning/evaporative coolers and heating units (portable electric heaters are allowable only as a last resort) may be purchased for those Households regardless of whether Subrecipient has met local weather crisis criteria. All other provisions of this subsection apply;

~~(6)(5)~~ Purchase of more than two portable heating/cooling units per Household requires prior written approval from the Department;

~~(7)(6)~~ Purchase of portable heating/cooling units which require performance of electrical work for proper installation requires prior written approval from the Department;

~~(8)(7)~~ Replacement of central systems and combustion heating units is not an approved use of crisis funds; and

~~(9)(8)~~ Portable heating/cooling units must be Energy Star(r) and compliant with the 2009 International Residential Code (IRC). In cases where the type of unit is not rated by Energy Star(r), or if Energy Star(r) units are not available due to supply shortages, Subrecipient may purchase the highest rated unit available.

(g) Crisis funds, whether for emergency fuel deliveries, repair of existing heating and cooling units, purchase of portable heating/cooling units, or temporary shelter, shall be considered part of the total maximum Household allowable assistance.

(h) When natural disasters result in energy supply shortages or other energy-related emergencies, LIHEAP will allow home energy related expenditures for:

(1) Costs to temporarily shelter or house individuals in hotels, apartments or other living situations in which homes have been destroyed or damaged, i.e., placing people in settings to preserve health and safety and to move them away from the crisis situation;

(2) Costs for transportation (such as cars, shuttles, buses) to move individuals away from the crisis area to shelters, when health and safety is endangered by loss of access to heating or cooling;

(3) Utility reconnection costs;



- (4) Blankets, as tangible benefits to keep individuals warm;
  - (5) Crisis payments for utilities and utility deposits; and
  - (6) Purchase of fans, air conditioners and generators. The number, type, size and cost of these items may not exceed the minimum needed to resolve the crisis.
- (i) Time Limits for Assistance--Subrecipients shall ensure that for clients who have already lost service or are in immediate danger of losing service, some form of assistance to resolve the crisis shall be provided within a 48-hour time limit (18 hours in life-threatening situations). The time limit commences upon completion of the application process. The application process is considered to be complete when an agency representative accepts an application and completes the eligibility process.
- (j) Subrecipients must maintain written documentation in client files showing crises resolved within appropriate timeframes. Subrecipients must maintain documentation in client files showing that a utility bill used as evidence of a crisis was received by the Subrecipient during the effective contract term. The Department may disallow improperly documented expenditures.

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BOARD ACTION REQUEST  
COMMUNITY AFFAIRS DIVISION  
JULY 30, 2015

Presentation, Discussion, and Possible Action proposing an amendment to 10 TAC Chapter 5 Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §5.503; and new §5.529, and directing that they be published for public comment in the Texas Register

RECOMMENDED ACTION

WHEREAS, pursuant to Chapter 2306 of the Texas Government Code, the Department is authorized to adopt rules governing the administration of the Department and its programs and

WHEREAS, the proposed amendment to 10 TAC §5.503 adds Electric Baseload Measure to the list of definitions for the Weatherization Assistance Program ("WAP"), and the proposed new 10 TAC §5.529 adds general program requirements for the WAP;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the proposed amendment to 10 TAC Chapter 5 Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §5.503 Definitions, and the proposed new §5.529 Program Requirements, in the form presented to this meeting, to be published in the Texas Register for review and public comment, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The proposed amendment to §5.503 adds a definition that is specific to the WAP that was moved from Subchapter A, General Provisions. This action is in response to comment received during the last public comment period covering this rule.

The proposed new §5.529 adds requirements that are applicable to both the Department of Energy and Low Income Home Energy Assistance Program WAP.

Attachment A: Preamble and proposed amendment to 10 TAC Chapter 5 Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §5.503; and proposed new §5.529

The Texas Department of Housing and Community Affairs (the "Department") proposes amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §5.503 Definitions; and proposes new §5.529 Program Requirements

The purpose of the amendment to §5.503 Definitions is to add a definition that is specific to the Weatherization Assistance Program that was removed from Subchapter A, General Provisions. The purpose of the new §5.529 Program Requirements is to clarify program requirements for the assessment of homes prior to establishing the funding source for weatherization activities.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the amendment is in effect, enforcing or administering the amendments does not have any foreseeable implications related to costs or revenues of the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that, for each year of the first five years the amendment is in effect, the public benefit anticipated as a result of the amendment will be clarity of program requirements and programmatic adherence to federal guidelines. There will not be any economic cost to any individuals required to comply with the amendment.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there will be no economic effect on small or micro-businesses.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held August 14, 2015, to September 14, 2015, to receive input on the amendments. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attention: Annette Cornier, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by email to the following address: [cadrulecomments@tdhca.state.tx.us](mailto:cadrulecomments@tdhca.state.tx.us), or by fax to (512) 475-3935. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. SEPTEMBER 14, 2015.

STATUTORY AUTHORITY. The amendments are proposed pursuant to Texas Government Code §2306.053, which authorizes the Department to adopt rules, and Chapter 2306, Subchapter E, which authorizes the Department to administer its Community Affairs programs.

The proposed amendments affect no other code, article, or statute.

§5.503. Definitions--

(a) Electric Base-Load Measure--Weatherization measures which address the energy efficiency and energy usage of lighting and appliances.

(b)(a) Energy Audit--The energy audit software and procedures used to determine the cost effectiveness of weatherization measures to be installed in a Dwelling Unit. The Energy Audit shall be used for any Dwelling Unit weatherized utilizing DOE funds.

~~(c)~~(b) Energy Repairs--Weatherization-related repairs necessary to protect or complete regular weatherization energy efficiency measures.

~~(d)~~(c) Multifamily Dwelling Unit--A structure containing more than one Dwelling Unit.

~~(e)~~(d) Rental Unit--A Dwelling Unit occupied by a person who pays rent for the use of the Dwelling Unit.

~~(f)~~(e) Renter--A person who pays rent for the use of the Dwelling Unit.

~~(g)~~(f) Shelter--Defined by the Department as a Dwelling Unit or Units whose principal purpose is to house on a temporary basis individuals who may or may not be related to one another and who are not living in nursing homes, prisons, or similar institutional care facilities.

~~(h)~~(g) Single Family Dwelling Unit--A structure containing no more than one Dwelling Unit.

~~(i)~~(h) Weatherization Assistance Program Policy Advisory Council (WAP PAC)--The WAP PAC was established by the Department in accordance with 10 CFR §440.17 to provide advisory services in regards to the DOE WAP program.

~~(j)~~(i) Weatherization Material--The material listed in Appendix A of 10 CFR Part 440.

~~(k)~~(j) Weatherization Project--A project conducted to reduce heating and cooling demand of Dwelling Units that are energy inefficient.

#### §5.529 Program Requirements

- (a) Each unit weatherized requires completion of a written whole house assessment. Subgrantees must perform the whole house assessment then let that assessment guide whether the unit is best served through DOE funds using the audit or through LIHEAP WAP funds using the priority list.
- (b) Any unit that is weatherized using DOE funds must use the audit as a guide for installed measures. Subgrantees combining DOE funds with LIHEAP WAP funds may not mix the use of the audit and the priority list.
- (c) Any unit that is weatherized using LIHEAP only must be completed using the priority list as a guide for installed measures. Failure to complete a written whole house assessment prior to weatherization may lead to unit failure during quality control inspection.

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**BOARD ACTION REQUEST**  
**MULTIFAMILY FINANCE DIVISION**  
**JULY 30, 2015**

Presentation, Discussion, and Possible Action on Inducement Resolution No. 15-023 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

**RECOMMENDED ACTION**

**WHEREAS**, a bond pre-application for Fifty Oaks Apartments and Edinburg Village were submitted to the Department for consideration of an inducement resolution;

**WHEREAS**, the Board approval of the inducement resolution is the first step in the application process for a multifamily bond issuance by the Department; and

**WHEREAS**, the inducement allows staff to submit an application to the Bond Review Board (“BRB”) to await a Certificate of Reservation;

**NOW, therefore, it is hereby**

**RESOLVED**, the Inducement Resolution No. 15-023 to proceed with the application submissions to the BRB for possible receipt of State Volume Cap issuance authority from the 2015 Private Activity Bond Program for Fifty Oaks Apartments (#15605) and Edinburg Village (#15606) is hereby approved in the form presented to this meeting.

**BACKGROUND**

The BRB administers the state’s annual private activity bond authority for the State of Texas. The Department is an issuer of Private Activity Bonds and is required to induce an application for bonds prior to the submission to the BRB. Approval of the inducement resolution does not constitute approval of the Development but merely allows the Applicant the opportunity to move into the full application phase of the process. Once the application receives a Certificate of Reservation, the Applicant has 150 days to close on the private activity bonds.

During the 150-day process, the Department will review the complete application for compliance with the Department’s Rules and underwrite the transaction in accordance with the Real Estate Analysis Rules. The Department will schedule and conduct a public hearing, and the complete application, including a transcript from the hearing, will then be presented to the Board for a decision on the issuance of bonds as well as a determination on the amount of housing tax credits anticipated to be allocated to the development.

Each year, the State of Texas is notified of the cap on the amount of private activity tax exempt revenue bonds that may be issued within the state. Approximately \$594 million is set aside for multifamily until August 15<sup>th</sup> for the 2015 program year, which includes the TDHCA set aside of approximately \$118 million. Inducement Resolution No. 15-023 would reserve approximately \$4,600,000 for Fifty Oaks Apartments and \$6,300,000 for Edinburg Village in state volume cap.

**Fifty Oaks Apartments (#15605)**

*General Information:* The existing development is located at 501 East 2<sup>nd</sup> Street in Rockport, Aransas County and includes the acquisition and rehabilitation of 50 total units serving the general population. This transaction is proposed to be Priority 2 and all the units will be rent and income restricted at 60% of the Area Median Family Income (“AMFI”) with the exception of one employee occupied unit.

*Census Demographics:* Demographics for the census tract (9504.00) include an AMFI of \$44,964; the total population is 3,583; the minority population is 41.05%; the poverty rate is 27.83%; there are 794 owner occupied units and 630 renter units. (Census information from FFIEC Geocoding 2015).

*Public Comment:* The Department has not received any letters of support or opposition for this development.

**Edinburg Village (#15606)**

*General Information:* The existing development is located at 701 South 4<sup>th</sup> Avenue in Edinburg, Hidalgo County and includes the acquisition and rehabilitation of 100 units serving the general population. This transaction is proposed to be Priority 2 with all of the units rent and income restricted at 60% of the Area Median Family Income (“AMFI”).

*Census Demographics:* Demographics for the census tract (0239.03) include an AMFI of \$32,565; the total population is 4,594; the minority population is 92.99%; the poverty rate is 38.64%; there are 630 owner occupied units and 929 renter units. (Census information from FFIEC Geocoding 2015).

*Public Comment:* The Department has not received any letters of support or opposition for this development.



## RESOLUTION NO. 15-023

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENTS; AUTHORIZING THE FILING OF ONE OR MORE APPLICATIONS FOR ALLOCATION OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AND AUTHORIZING OTHER ACTION RELATED THERETO

WHEREAS, the Texas Department of Housing and Community Affairs (the “Department”) has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended, (the “Act”) for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe, and affordable living environments for persons and families of low, very low and extremely low income and families of moderate income (all as defined in the Act); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the “State”) intended to be occupied by persons and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, it is proposed that the Department issue its revenue bonds in one or more series for the purpose of providing financing for the multifamily residential rental developments (the “Developments”) more fully described in Exhibit A attached hereto. The ownership of the Developments as more fully described in Exhibit A will consist of the applicable ownership entity and its principals or a related person (the “Owners”) within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the Owners have made not more than 60 days prior to the date hereof, payments with respect to the Developments and expect to make additional payments in the future and desire that they be reimbursed for such payments and other costs associated with the Developments from the proceeds of tax-exempt and taxable obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, the Owners have indicated their willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that the requirements of the Act and the Department will be satisfied and that the Developments will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

WHEREAS, the Department desires to reimburse the Owners for the costs associated with the Developments listed on Exhibit A attached hereto, but solely from and to the extent, if any, of the proceeds of tax-exempt and taxable obligations to be issued in one or more series to be issued subsequent to the date hereof; and

WHEREAS, at the request of the Owners, the Department reasonably expects to incur debt in the form of tax-exempt and taxable obligations for purposes of paying the costs of the Developments described on Exhibit A attached hereto; and

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for the Developments one or more Applications for Allocation of Private Activity Bonds or Applications for Carryforward for Private Activity Bonds (the "Application") with the Texas Bond Review Board (the "Bond Review Board") with respect to the tax-exempt Bonds to qualify for the Bond Review Board's Allocation Program in connection with the Bond Review Board's authority to administer the allocation of the authority of the State to issue private activity bonds; and

WHEREAS, the Governing Board of the Department (the "Board") has determined to declare its intent to issue its multifamily revenue bonds for the purpose of providing funds to the Owners to finance the Developments on the terms and conditions hereinafter set forth; NOW, THEREFORE,

BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS THAT:

## ARTICLE 1

### OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1. Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in one or more series and in amounts estimated to be sufficient to (a) fund a loan or loans to the Owners to provide financing for the respective Developments in an aggregate principal amount not to exceed those amounts, corresponding to the Developments, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and State law requirements regarding tenancy in the respective Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that the respective Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and State laws applicable to the issuance of such Bonds.

Section 1.2. Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 1.3. Reimbursement. The Department reasonably expects to reimburse the Owners for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction of its Development and listed on Exhibit A attached hereto ("Costs of the Developments") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation of its Development, including reimbursing the applicable Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in

connection with the acquisition and construction or rehabilitation of the Developments; (b) to fund any reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 1.4. Principal Amount. Based on representations of the Owners, the Department reasonably expects that the maximum principal amount of debt issued to reimburse the Owners for the Costs of the Developments will not exceed the amount set forth in Exhibit A which corresponds to the applicable Development.

Section 1.5. Limited Obligations. The Owners may commence with the acquisition and construction or rehabilitation of the Developments, which Developments will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, each Owner will enter into a loan agreement, on terms agreed to by the parties, on an installment payment basis with the Department under which the Department will make a loan to the applicable Owner for the purpose of reimbursing the Owner for the Costs of the Development and the Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to the Owner to provide financing for its Development, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 1.6. The Developments. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, which are to be occupied entirely by Eligible Tenants, as determined by the Department, and which are to be occupied partially by persons and families of low income such that the requirements of Section 142(d) of the Code are met for the period required by the Code.

Section 1.7. Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to reimburse the Owners for costs of its Development.

Section 1.8. Costs of Developments. The Costs of the Developments may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Developments. Without limiting the generality of the foregoing, the Costs of the Developments shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Developments, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Developments, the placing of the Developments in operation and that satisfy the Code and the Act. The Owners shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 1.9. No Commitment to Issue Bonds. Neither the Owners nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or damages of any nature.

Neither the Owners nor any one claiming by, through or under the Owners shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 1.10. Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by the Owners and the Department of contractual arrangements, on terms agreed to by the parties, providing assurance satisfactory to the Department that all requirements of the Act will be satisfied and that the Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from Bracewell & Giuliani LLP or other nationally recognized bond counsel acceptable to the Department (“Bond Counsel”), substantially to the effect that the interest on the tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (c) receipt of the approval of the Bond Review Board, if required, and the Attorney General.

Section 1.11. Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of the Developments’ necessary review and legal documentation for the filing of one or more Applications and the issuance of the Bonds, subject to satisfaction of the conditions specified in this Resolution. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner.

Section 1.12. Related Persons. The Department acknowledges that financing of all or any part of the Developments may be undertaken by any company or partnership that is a “related person” to the respective Owner within the meaning of the Code and applicable regulations promulgated pursuant thereto, including any entity controlled by or affiliated with the Owners.

Section 1.13. Declaration of Official Intent. This Resolution constitutes the Department’s official intent for expenditures on Costs of the Developments which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of the Developments may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 1.14. Execution and Delivery of Documents. The Authorized Representatives named in this Resolution are each hereby authorized to execute and deliver all Applications, certificates, documents, instruments, letters, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.15. Authorized Representatives. The following persons are hereby named as Authorized Representatives of the Department for purposes of executing, attesting, affixing the Department’s seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Chief of Staff of the Department, the Deputy Executive Director of Asset Analysis and Management of the Department, the Director of Bond Finance of the Department, the Director of Texas Homeownership of the Department, the Director of Multifamily Finance of the Department, and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the “Authorized Representatives.” Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

## ARTICLE 2

### CERTAIN FINDINGS AND DETERMINATIONS

Section 2.1. Certain Findings Regarding Developments and Owners. The Board finds that:

- (a) the Developments are necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;
- (b) the Owners will supply, in their Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;
- (c) the Owners are financially responsible;
- (d) the financing of the Developments is a public purpose and will provide a public benefit;  
and
- (e) the Developments will be undertaken within the authority granted by the Act to the Department and the Owners.

Section 2.2. No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds.

Section 2.3. Certain Findings with Respect to the Bonds. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for the Developments will promote the public purposes set forth in the Act, including, without limitation, assisting persons and families of low and very low income and families of moderate income to obtain decent, safe and sanitary housing at rentals they can afford.

## ARTICLE 3

### GENERAL PROVISIONS

Section 3.1. Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 3.2. Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 3.3. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 30<sup>th</sup> day of July, 2015.

[SEAL]

By: \_\_\_\_\_  
Chair, Governing Board

ATTEST:

\_\_\_\_\_  
Secretary to the Governing Board

**EXHIBIT "A"**

Description of the Owner and the Development

Project Name	Owner	Principals	Amount Not to Exceed
Edinburg Village	SFC EV LP, a Texas limited partnership	General Partner: Step Forward Communities, a California nonprofit public benefit corporation	\$6,300,000
Costs: Acquisition and rehabilitation of a 100-unit affordable, multifamily housing development known as Edinburg Village, located at 701 South 4 <sup>th</sup> Avenue, Edinburg, Hidalgo County, TX 78539.			
Project Name	Owner	Principals	Amount Not to Exceed
Fifty Oaks Apartments	SFC FO LP, a Texas limited partnership	General Partner: Step Forward Communities, a California nonprofit public benefit corporation	\$4,600,000
Costs: Acquisition and rehabilitation of a 50-unit affordable, multifamily housing development known as Fifty Oaks Apartments, located at 501 East 2 <sup>nd</sup> Street, Rockport, Aransas County, Texas 78382.			

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**BOARD ACTION REQUEST**

**MULTIFAMILY FINANCE DIVISION**

**JULY 30, 2015**

Presentation, Discussion, and Possible Action Regarding Forgiveness of Accrued Interest on HOME Loan for 1500 MLK, LLC

**RECOMMENDED ACTION**

**WHEREAS**, 1500 MLK, LLC was awarded \$280,356 in HOME funds as well as an allocation 9% Housing Tax Credits (“HTC”) at the July 26, 2012, Board Meeting to construct an affordable multifamily rental property known as Royal Gardens Mineral Wells;

**WHEREAS**, 1500 MLK, LLC closed on the HOME loan on April 15, 2013 and began construction soon thereafter;

**WHEREAS**, the HOME loan interest rate was intended to be at 0% during the construction period which was initially expected to end in October 2014 at which point the loan would automatically convert from a construction loan to permanent financing;

**WHEREAS**, prior to completion the property was completely destroyed by fire in April 2014;

**WHEREAS**, the Promissory Note for the HOME loan indicated a repayment start date of November 1, 2014, and was subsequently modified in October 2014 to reflect a repayment start date of January 1, 2015 to allow 1500 MLK, LLC to negotiate the amount of insurance proceeds to be released as well as the amount of 9% HTC to be reallocated;

**WHEREAS**, delays in the resolution of insurance issues delayed the determination until June 2015, that the project could move forward with a reallocation of 9% HTC and insurance proceeds, making the HOME funds unnecessary as part of the financing structure; and

**WHEREAS**, the principal balance of the HOME loan has been paid off and all that remains is \$10,159.28 in accrued interest since the amended conversion date;

**NOW, therefore, it is hereby**

**RESOLVED**, the Board, on behalf of the Department, as holder of the HOME loan, forgives the accrued interest and in order to release TDCHA’s lien on the property, while maintaining the HOME Land Use Restriction Agreement (“LURA”) that was executed on April 15, 2013 authorizes the Executive Director or his

assignee to take such action and execute such documents and instruments as he or they may deem necessary or advisable to effectuate the foregoing.

### **BACKGROUND**

1500 MLK, LLC was awarded HOME funds in the amount of \$280,356 in the form of a repayable loan at 5.95% interest on July 26, 2012. The award of HOME funds was made in conjunction with an allocation of 9% Housing Tax Credits. The borrower closed on the HOME loan and all other financing on April 15, 2013, and started construction soon thereafter. On April 2, 2014, as the property was within weeks of receiving Certificates of Occupancy, the property burned down. In the months following the fire, the borrower and Department had several discussions regarding a reallocation of 9% credits. The Department also agreed to modify the Note so that repayment wouldn't start until January 1, 2015, while a decision regarding the reallocation of 9% credits could be made. Last month, the borrower and Department finally reached an agreement whereby 1500 MLK, LLC would receive a reallocation of 9% credits and the \$252,320.40 in HOME funds that had been drawn down would be paid back, with the remaining balance of \$28,035.60 being de-obligated and redistributed to a future HOME award. The Department's Loan Servicing division acknowledged repayment of \$252,320.40 in HOME funds on June 4, 2015. However, a total of \$10,159.28 in accrued interest remains on the loan as a result of the 5.95% interest rate on the loan compounding over the past seven months. Therefore, the Department's second lien remains in place. In order to move forward with construction of the property, the borrower is requesting and staff is recommending that the \$10,159.28 in accrued interest be forgiven. While the Department's lien will be released a result, the Department's HOME LURA, which restricts 19 units for households at or below of the 60% Area Median Income for 30 years, will remain in place. Furthermore, the borrower will be required to comply with any and all federal crosscutting requirements – including but not limited to Davis-Bacon Labor Standards provisions – as a result of maintaining the HOME LURA.

# REPORT ITEMS

2a

BOARD REPORT ITEM

BOND FINANCE DIVISION

JULY 30, 2015

Report on the Department's Swap Portfolio and recent activities with respect thereto.

BACKGROUND

The Department has entered into five interest rate swaps for the purpose of hedging interest rate risk associated with its single family mortgage revenue tax-exempt variable rate demand bonds. In accordance with the Department's Interest Rate Swap Policy, the Bond Finance Division has the day-to-day responsibility for managing the swaps.

As part of managing the swaps and relevant bond issues, staff determines the amount of swap that must be called to prevent being overswapped (when the notional amount of the swap exceeds the bonds outstanding) and works closely with the Department's Financial Advisor, George K. Baum, to analyze the risk/return of the optional call of additional swap available to be called for economic benefit.

This report is an update to the Board of the status of each swap and any recent changes.

Texas Department of Housing and Community Affairs  
 Swap Portfolio Update  
 Presented July 30, 2015

Matched Amortization Swaps						
Related Bonds	Swap Counterparty	Effective Date	Maturity Date	Original Notional Amount	Swap Outstanding Notional as of 3/1/2015 <sup>(1)</sup>	Bonds Outstanding 3/1/2015 <sup>(1)</sup>
2005A	JP Morgan	8/1/2005	9/1/2036	\$ 100,000,000	\$ 37,115,000	\$ 37,115,000
2007A	JP Morgan	6/5/2007	9/1/2038	\$ 143,005,000	\$ 48,190,000	\$ 48,190,000

Amortizing Swaps with Optionality						
Related Bonds	Swap Counterparty	Effective Date	Maturity Date	Original Notional Amount	Swap Outstanding Notional as of 3/1/2015 <sup>(1)</sup>	Bonds Outstanding 3/1/2015 <sup>(1)</sup>
2004B <sup>(2)</sup>	BNY Mellon	3/1/2014	9/1/2034	\$ 40,000,000	\$ 40,000,000	\$ 44,260,000
2004D	Goldman Sachs	1/1/2005	3/1/2035	\$ 35,000,000	\$ 27,485,000	\$ 29,585,000
2006H <sup>(3)</sup>	BNY Mellon	3/1/2014	9/1/2025	\$ 36,000,000	\$ 36,000,000	\$ 36,000,000

<b>Total Outstanding</b>					<b>\$ 188,790,000</b>	<b>\$ 195,150,000</b>
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<sup>(1)</sup> There has been no swap or bond activity since March 1, 2015.

<sup>(2)</sup> UBS AG was the original counterparty and the original notional at issuance was \$53,000,000.

<sup>(3)</sup> The 2006H Swap has not yet been restructured. Staff is currently analyzing restructuring options.

2b

BOARD REPORT ITEM

EXECUTIVE

JULY 30, 2015

Status update regarding 2015 funding from the U.S. Department of Housing and Urban Development ("HUD")

BACKGROUND

The Department operates several programs from HUD, most of which are funded and overseen through a division of HUD called the Community Planning Development area ("CPD"). Those programs include the HOME Investment Partnerships ("HOME"), the Community Development Block Grant ("CDBG"), and Emergency Solutions Grant ("ESG") programs. Each year, the Board approves a draft Action Plan (the "Plan") which outlines how the Department will implement and spend those CPD program funds. That draft is released for comment, approved by the Board in final form, and submitted to HUD, which in turn reviews and approves the document, putting in place the document that sets forth how the Department will spend its CPD funds. This process has occurred already for 2015, and the Plan has been accepted by HUD. As it relates to the implementation of the Plan and the associated CPD programs, there are several significant developments in operations and policy that will apply to our programs beginning with the 2015 Plan year.

The first change relates to the operational system HUD uses to keep track of CPD activities. A system called Integrated Disbursement and Information and System ("IDIS") is used by HUD to maintain the information on contracting and obligation of program funds as well as the timeframes in which those funds are committed and expended. In an effort to speed the delivery and use of HOME and CDBG funds<sup>1</sup> and address increasing federal pressure to expend funds more quickly, HUD has implemented significant changes to IDIS which will take effect upon receipt and award of funds from the 2015 award, anticipated to be received imminently. Some of the changes provide more rigor in managing each activity (for example, activities which have not had any draw activity for more than one year are automatically made inactive by HUD.) Staff will continue to monitor the impact of these changes with regard to deobligated funds and program income in particular and report back to the Board as necessary.

The most significant change, however, relates to a change in the grant accounting method to be used. Historically HUD has operated on a first-in, first-out basis ("FIFO"). Under the FIFO method funds were disbursed from the oldest grants with funds available, even though when they were committed the commitment methodology was based on the program year for which funds were in place at the time ( i.e., the Department would receive an award for a program year and commit those funds, but when it came to actually reimbursing funds under those commitments the "oldest" available funds had to be used first.) So it was possible (or even likely) that the funds committed to an activity were not the same funds (or fund year)

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<sup>1</sup> Most changes have already been made for ESG.



that were disbursed to the same activity. For instance, an activity awarded and committed funds from a 2013 award, may actually, when drawing down funds, have a draw funded by 2012 grant funds. This reduced the likelihood that funds would be left unexpended or returned to HUD because of missed deadlines, and removed pressure from subgrantees of funds and the Department.

However, in 2014 the HUD Office of the Inspector General (“OIG”) and the Office of Management and Budget (“OMB”) concluded that HUD should end the use of FIFO and begin using grant based accounting beginning in program year 2015. In grant based accounting, funding/commitments and disbursements are both committed and disbursed from a specific user-defined grant year. For instance, in the above example, the 2013 award would have drawn payments disbursed only from the 2013 grant funding year from HUD. The implication of this is that the 2012 funds from the example are left uncommitted for a period of time slowing the rate of draw down. Benchmarks from HUD require that those funds be completely committed within a 24-month period. If they are not committed within that time period, they must be returned to HUD. For activities that draw funds timely and move through their activities promptly, this will have minimal to no impact.

To minimize the risk of returning funds, the Department will have to have a strong degree of confidence that commitments made are for activities that will indeed be able to proceed promptly and correctly into a completed activity within contracted timeframes, and will have far less flexibility in granting activity or contract extensions. This degree of rigor is even more critical with a shift towards contracts and away from the reservation system – the reservation system only committed funds when an activity was fully ready to proceed, whereas contracts have a lesser degree of fully prepared activities. The Department has communicated to its subgrantees that this will limit the Department’s ability to extend contracts and other deadlines. Here is a link further explaining these changes: <https://www.hudexchange.info/resources/documents/Transition-to-Grant-Based-Accounting.pdf> Staff is also happy to discuss further if desired.

Another important program change relates to fair housing. For some time HUD has had guidance regarding affirmatively furthering fair housing (“AFFH”). Historically, the State of Texas, like any other pass-through funding recipient from CPD, documented its compliance with AFFH by conducting an analysis of impediments to fair housing choice (an “AI”), developing plans for how HUD funds would be used to address identified impediments, and keeping records on these efforts. Over several years HUD has had in the works a more comprehensive approach to AFFH. In 2013, HUD published a proposed rule for public comment, and on July 16, 2015, HUD published the final rule in the Federal Register, effective August 17, 2015. Here is a link to this 377 page document:

<https://www.federalregister.gov/articles/2015/07/16/2015-17032/affirmatively-furthering-fair-housing>

While the AFFH rule has many details that need to be studied and understood, some of the most noticeable changes are that HUD has replaced the AI with a more data-rich analysis of fair housing (“AFH”); HUD has stated that it will provide extensive data and tools to aid each jurisdiction in preparing its AFH. The tool to be used by state recipients from HUD has not yet been released. This rulemaking also has similar

changes to the fair housing portion of the Department's Administrative Plan for the Section 8 Housing Choice Voucher Program. HUD also used this rulemaking to make substantial changes to the State's Citizenship Participation Plan.

We anticipate that TDHCA's fair housing staff will play a key role in helping the Department to use the HUD provided tool and data, generate other needed data and resources, document compliance and coordinate these efforts among all state agencies administering HUD funds.

A final note relates to funding levels of the HOME Program. Over the last five years the HOME Program has seen a dramatic decline in funding levels from roughly \$43 million to \$21 million.<sup>2</sup> It is quite possible that this amount may be further decreased in 2016, particularly in light of anticipated federal Housing Trust Funds becoming available. As the funds have decreased over these years, it has become increasingly challenging to administer the program within the portion of administrative funds permitted. If the HOME funds continue to decrease, it is likely that the Department will have to narrow its uses of the funds, as it will not be cost effective to administer six or more different activities each only being able to be funded with small shares of a small total. These types of decisions will likely be necessary for the Board and will be very challenging; deciding what types of housing assistance should be carried out, where there is need and demand in all types will generate significant public input and ultimately hard decisions. Staff intends to continue and expand its use of quantitative data in the development of the Action Plan as well as considering other matters, chiefly staff and subgrantee capacity to manage different activities in an efficient and compliant manner.

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<sup>2</sup> Except for federal fiscal year 2013, ESG has remained constant, and/or has seen minimal increases during the same time period.

# **ACTION ITEMS**

3a

**BOARD REPORT ITEM**  
**INTERNAL AUDIT DIVISION**  
**JULY 30, 2015**

Report of the Meeting of the Audit Committee

**REPORT ITEM**

Verbal report.

**BACKGROUND**

3b

**BOARD REPORT ITEM**  
**INTERNAL AUDIT DIVISION**  
**JULY 30, 2015**

**PRESENTATION AND DISCUSSION OF INTERNAL AUDIT ACTIVITIES**

**Management Letter #15-006 Report on Survey of Internal Control and Assurance Activities at TDHCA**

Oral Report

4a



**TO BE POSTED 3 DAYS PRIOR TO  
THE BOARD MEETING**

4b

**BOARD ACTION REQUEST**

**MULTIFAMILY FINANCE**

**JULY 30, 2015**

Presentation, Discussion, and Possible Action on appeal of denial of Funding due to Previous Participation compliance history of Housing Services Incorporated in connection with the application under the 2014 Notice of Funding Opportunity (“NOFA”) for Cornerstone Apartments, #14501.

**RECOMMENDED ACTION**

**WHEREAS**, an application under the 2014 HOME NOFA for \$4,000,000 in funds under the Community Housing Development Organization (“CHDO”) set aside was received from a development group, including Housing Service Incorporated (“HSI”), to construct 28 HOME units in the proposed 108 unit Cornerstone Apartment development to be located in Brownsville,;

**WHEREAS**, the application identified HSI to act as the CHDO general partner for the development entity;

**WHEREAS**, the Executive Award Review Advisory Committee (“EARAC”) of the Department reviewed the Previous Participation compliance history of HSI, found a pattern of noncompliance and inability to effect change in developments for which they were deemed to have control, and recommends that the Board deny their application based on that Previous Participation Review;

**WHEREAS**, EARAC met informally with HSI to consider any extenuating circumstances that could explain the past noncompliance but after such meeting was not able to make an affirmative recommendation; and

**WHEREAS**, HSI has submitted an appeal which has been responded to by the Executive Director expressing that he lacks the authority to override EARAC’s recommendation which is a statutory requirement;

**NOW, therefore, it is hereby**

**RESOLVED**, that HSI is denied access to HOME CHDO funds in connection with the construction of Cornerstone Apartments.

**BACKGROUND**

HSI is affiliated with 15 multifamily affordable housing developments monitored by the Department. Below details the compliance history of these properties for the purposes of previous participation reviews (only those items that are not corrected or were not corrected during the corrective action period are shown and were considered by EARAC).

Property name	Noncompliance issue
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Arbor Cove	Noncompliance with the Fair Housing Disclosure Notice, No evidence of or failure to certify to material participation of a HUB, household income above income limit upon initial occupancy, project failed to meet minimum set aside, Gross rents exceed highest allowed under LURA, noncompliance with utility allowance regulations.
Asbury Place	No evidence of or failure to certify to the material participation of a nonprofit, UPCS violations (in 2013 and 2014), Noncompliance with social service requirements, Failure to provide special needs housing, noncompliance with utility allowance requirements, household income increased above 80% and owner failed to properly determine rent, noncompliance with lease requirements, failure to provide HQS inspections.
Humble Memorial Gardens	Noncompliance with the Fair Housing Disclosure Notice
Seville Row	Household Income Above Income Limit upon Initial Occupancy
Timbers Edge	Violations of the Uniform Physical Condition Standards
Village of Kaufman	Violations of the Uniform Physical Condition Standards
Fox Run	Final construction inspection deficiencies
Hickory Manor	Noncompliance with Social Service requirements
Madison Pointe	Noncompliance with Social Service Requirements

Of significant concern to EARAC is HSI's requirement to participate materially as the nonprofit general partner in many of these transactions. Ten percent of the Department's competitive housing tax credit allocations must annually be awarded to developments that have a nonprofit that has an ownership interest and materially participates. This is a requirement of both state and federal law. HSI has stepped in as the nonprofit general partner on several transactions. Department staff has cited noncompliance regarding HSI's participation. In their informal meeting with the Department and again in their appeal HSI asserts that they have not been included in the addressing of compliance issues and have had no ability to ensure proper resolution of any the issues of noncompliance. This gets to the heart of the noncompliance findings and EARAC's concern regarding HSI's participation. If they have control, they should also be fully engaged. If they do not have control and not so fully engaged, then they are not materially participating and are in noncompliance.

Another significant concern of EARAC is the level of responsiveness from HSI. EARAC met with HSI in the fall of 2014 to discuss the compliance issues associated with many of the properties shown above (that meeting was regarding the potential ownership transfer of another property; not Cornerstone). If HSI had been previously unaware, all issues clearly came to light at the meeting in the fall and EARAC clearly indicated that the lack of oversight and non-responsiveness were unacceptable. While HSI has indicated that significant changes have been made to improve their oversight since that first meeting, the limited interactions with HSI since that time have provided a mixed result. There is little by way of hard documentation to support, for example, that HSI has taken a leadership role in the interactions with the Department for the developments listed above.

In addition to the 15 multifamily developments, HSI has an existing CHDO operating contract with the Department associated with the award of a prior CHDO development which provides general operating

funds for the nonprofit. This contract provides another example of the lack of responsiveness with regard to compliance matters addressed by the Department. In September 2014, staff of the Compliance Division requested detailed information in order to attempt to complete a routine desk review of that contract, and HSI failed to submit the requested information in a timely manner. After several emails, staff followed-up with a phone call in December and subsequent e-mail in January after which, in both instances, staff was told the information would be sent imminently. The lack of response caused the review to be elevated from a desk review to an onsite review, and Department staff sent a notice of the on-site review and ultimately traveled to Dallas in March to conduct the review in person. One finding was made as a result of the review and a 30 day response period was provided on March 23. Again a follow-up request had to be provided on April 22, 2015. The response to the finding was not addressed until May 13, 2015.

One of HSI's primary for-profit development partners is Dominion, headquartered in Plymouth, Minnesota. Dominion and HSI have continued to provide information to address issues of outstanding non-compliance. In a July 2, 2015, letter from Dominion's new Director of Compliance and Asset Management regarding the finding for Asbury place that there was "no evidence of or failure to certify to the material participation of a nonprofit" the contention is made that HSI has materially participated since November, 2014. This date is after the corrective action period ended and after EARAC had its first informal conference with HSI and Dominion regarding an earlier previous participation review. It would appear that steps have been taken to address the issue of material participation based upon the volume of statements made in the letter. Documentation to support the contention that HSI has been materially participating is still under review. An example of the difficulty to confirm the statements in the letter is exemplified in the statement certifying that "HSI is designated as the owner in CMIS for all TDHCA communications." Notwithstanding that this statement and letter certifying HSI's material participation comes from the property's self described managing agent, Dominion, rather than HSI; staff looked at the validity of this statement further and found the following. The general contact for the property was changed on July 1, 2015, to Judy Rath with SMRT Education.org which is a umbrella affiliate for HSI. The general contact address for this property continues to direct mail to be sent to an address in Plymouth, Minnesota, and the general contact phone number for Ms. Rath is a number for a Dominion employee. The letter also refers to IRS's 8823 Audit Guide with regard to how material participation should be determined and a major element is that "Participation must be maintained throughout the year. Periodic consultation is not sufficient." Taking the certification on its face, even if material participation has been occurring since November, 2014, this is less than a year, and their role as the nonprofit for this development began in October of 2012. The Asbury Place letter is still under review by the Department's Compliance Division and was not made part of the appeal documentation. It is illustrative in the support of progress to resolve the issues which lead to EARACs denial of previous participation, and recommendation to deny the award of HOME funds.

EARAC finds the compliance history of HSI unacceptable at this time and recommends denial of access to HOME CHDO funds.

7/23/2015

TDHCA Board Members  
P.O. BOX 13941  
Austin, TX 78711-3941

Via Email: beau.eccles@tdhca.state.tx.us; tom.gouris@tdhca.state.tx.us

**Re: Housing Services Inc. ("HSI") appeal regarding application for Cornerstone Apartments**

Dear Board Members:

This letter is meant as a supplement to HSI's letter of June 23, 2015, and the content to be considered in conjunction with that set forth previously. We at HSI sincerely hope and believe that once TDHCA has a full understanding of all that HSI has done to improve upon its managerial responsibilities, the positive impact that those improvements have had upon HSI's reviews since implementation, and HSI's successful 15 year history as a General Partner on TDHCA properties that TDHCA will reconsider its position and choose to grant HSI's application for HOME funding for the Cornerstone Apartments.

HSI set forth a non-exhaustive list in its letter of June 23<sup>rd</sup> delineating the additional oversight protocols and procedures it had put into place to better meet its material participation goals, and gave examples of positive reviews of HSI properties since their implementation. The additional protocols continue to be a huge success. First, TDHCA performed a physical inspection of the HSI property known as Hickory Manor on or about June 9, 2015. While some deficiencies were found and noted, they included issues with latches on screen doors, inoperable sink stoppers, and GFI issues. All of the noncompliance issues noted had been corrected by HSI by June 16, 2015, as evidenced by the Form 8823 document signed by Ms. Murphy, the Chief of Compliance, on July 14, 2015.

Second, TDHCA completed a limited desk review of the Unit Status Report for the HSI property known as the Asbury Place Apartments and issued a letter regarding the same on July 13, 2015. While the scope of the review was limited, it was intended to test for a number of compliance items, including compliance with the HOME program's rent restrictions, compliance with the HOME program's income restrictions, test for the timeliness of certifications and recertifications for the HOME program, and test for special needs set aside requirements for the HOME program, with no issues identified per the letter from TDHCA.

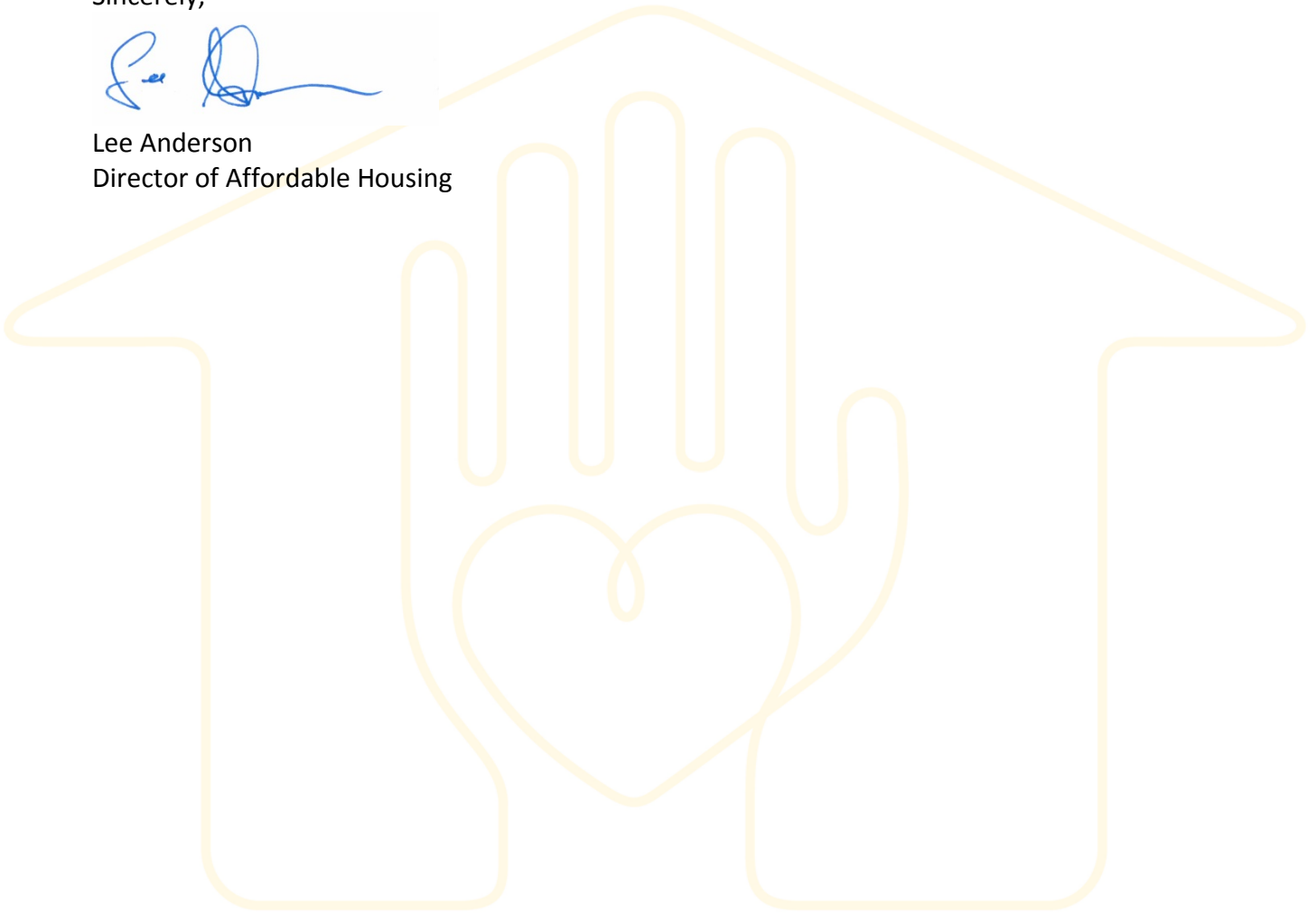
HSI has gone and continues to go above and beyond to prove its dedication to material participation and its desire to remain a reputable General Partner with the Agency. Please find HSI's final update to its asset management procedures behind this letter.

HSI reiterates its request that the Board reverse the previous determination regarding Cornerstone.

Sincerely,



Lee Anderson  
Director of Affordable Housing



**HOUSING SERVICES INCORPORATED**

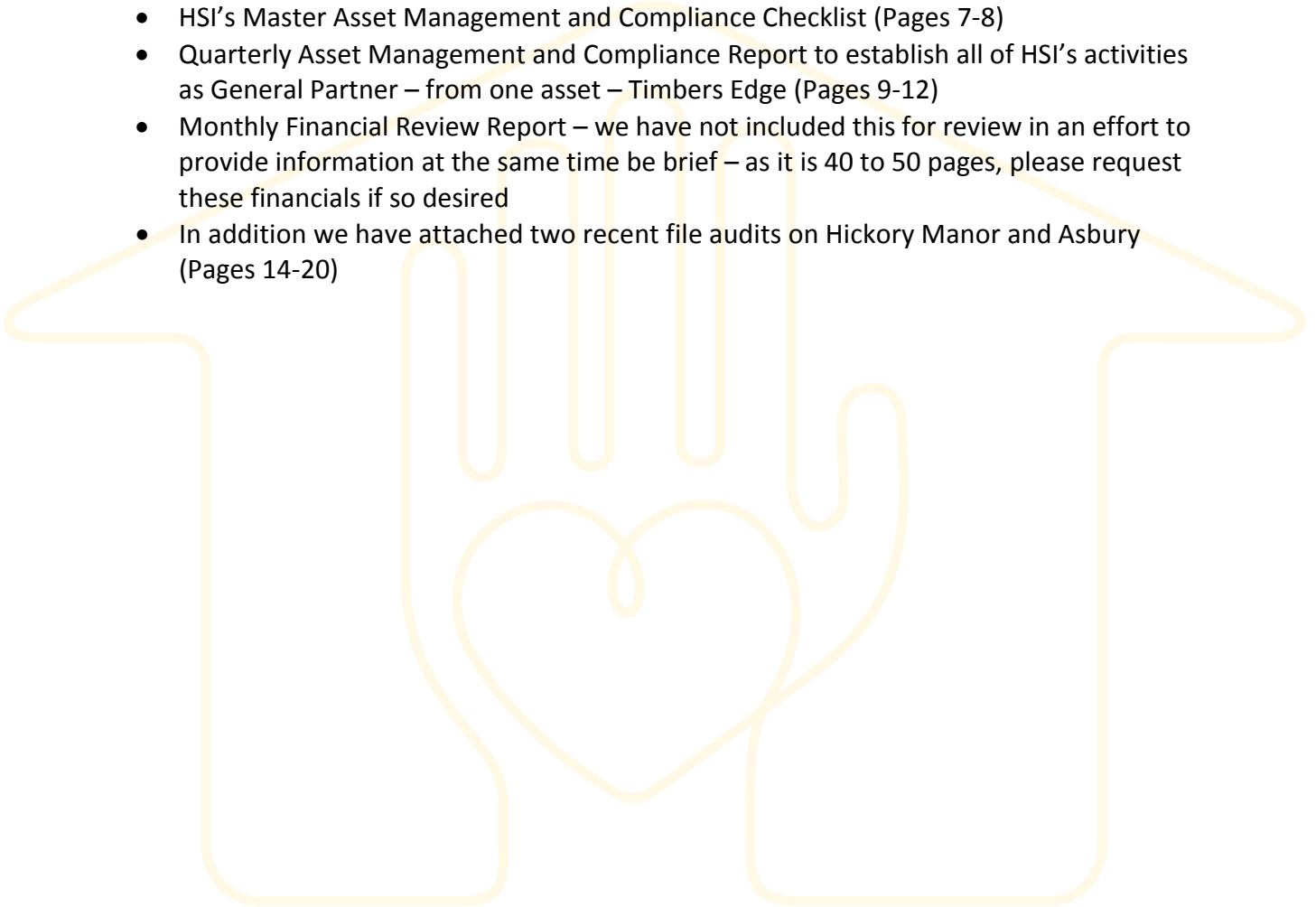
1160 GALICIA  
DALLAS, TX 75217

PHONE: 214.329.4890  
FAX: 214.584.9188

Exhibit A

HSI has formally adopted a new set of Asset Management and Compliance Procedures, we have attached:

- HSI's Formal Policy for Asset Management and Compliance (Pages 4-6)
- HSI's Master Asset Management and Compliance Checklist (Pages 7-8)
- Quarterly Asset Management and Compliance Report to establish all of HSI's activities as General Partner – from one asset – Timbers Edge (Pages 9-12)
- Monthly Financial Review Report – we have not included this for review in an effort to provide information at the same time be brief – as it is 40 to 50 pages, please request these financials if so desired
- In addition we have attached two recent file audits on Hickory Manor and Asbury (Pages 14-20)





# **HSI Policies and Procedures**

## **Asset Management and Oversight**

### **Asset Management – Compliance HSI Staff**

- Sabine Geiser: Director of Oversight and Compliance 100% of duties directed towards asset management and compliance of HSI's entire portfolio. Full time position.
- Judy Rath: Director of Operations 60% of her duties directed towards asset management and compliance of HSI's entire portfolio. Full time position.

### **CMTS**

- Judy Rath has full access as administrator through CMTS
- HSI to remain in the feedback loop at all times for each partnership through CMTS

### **HSI Annual Site Visits**

- HSI will conduct site visits at all partnerships annually
- HSI will conduct additional site visits as the need arises
- Third party vendor to test resident files annually at each partnership
- Third party vendor to test fair housing portfolio wide annually
- Site Visit Report required for all site visits
- Scope of Site visit report priority areas to include comprehensive details in all of the following areas: (1) Management evaluation including all staff and management personnel in connection with partnership, (2) detailed physical inspection and walk through of entire site and up to XYX units, (3) operational notes, and (4) open items that require follow up

### **Asset Management and Compliance – Third Party Engagements**

- Fair Housing Test – Consulting firm engaged 5/20/15: Border CDC
- Annual On-site Low Income Rental File testing – Consultant engaged: John P Lee 7/4/15
- Audit Firm and LIHTC Accountant–Engaged 11/1/14 – FCT Group
- Transaction Attorney Engaged 12/10/14: Robert Voekler
- Ongoing Asset Management and Compliance Consulting and Capacity Building – Consultant engaged: John P Lee 7/4/2015
- Priority Areas for Ongoing Asset Management and Compliance Consulting and Capacity Building: (1) review all monthly financial information aggregated by Sabine Gieser including all relevant asset management and compliance information gathered from the month under review (2) focus on review and capacity building both organizationally but primarily with Sabine Gieser

### **HSI Asset Management and Compliance Procedures and Reporting Requirements**

Financial review will take place monthly. Report detailing all Asset Management and Compliance details and backup documentation will take place quarterly; this quarterly report will establish material participation for reporting to all HSI partners of any kind and to the HSI board of directors.

### **Monthly Financial Review**

- Monthly Financial Review to have internal review component
- Monthly Financial Review to have external review component to review monthly findings with each partner / management company
- Priority areas during monthly review: (1) request documents and information as outlined on *HSI's Master Asset Management and Compliance Checklist* – store electronically (2) keep detailed monthly notes that will be used as a basis to create the *Quarterly Asset Management and Compliance Report* outlined below – this will not be disseminated to outside parties and will be used by HSI's management team only (3) detailed financial review of the following documents: rent rolls, monthly financials, any information received from what is requested in 2 above (4) basic reporting only, see sample report on Timbers Edge that is HSI template

### **Quarterly Asset Management and Compliance Report**

- Quarterly report to have internal review component
- Quarterly report primary purpose – establish material participation for reporting to all HSI partners of any kind and to HSI's board of directors
- Priority Areas for quarterly report: (1) detailed notes at a high level at front of report in two key areas: (i) Management Response times and responses of any nature to and from TDHCA (ii) specific notes on any information received as requested on *HSI's master Asset Management and Compliance Checklist* (2) the report shall include a narrative in bullet point form in the following areas (i) general observations (ii) Occupancy (iii) Revenue (iv) expenses (v) Balance Sheet (vi) compliance (vii) Action Plan (3) all reports and information obtained from partner / management company for the quarter under review (4) Income statement for year (5) balance sheet for year (6) current rent roll (7) budget comparison
- See sample Quarterly Report on Timbers Edge that is a HSI Template for all properties
- As a note: the attached example is not for a quarter, we will be preparing quarterly reports for all properties we will submit to TDHCA by the end of July for review

### **TDHCA Audit – Procedure**

- Include all quarterly reports for inspection in a binder entitled “HSI's Material Participation” onsite for compliance monitoring to review – we will submit this electronically in advance of the audit as well
- Report to include all asset management and oversight activities – this procedures form will serve as a basis to establish what HSI does to remain an engaged general partner with robust material involvement

- Director of Oversight and Compliance to be at all property audits by TDCHA, to the extent schedule allows

PROPERTY GUIDELINE-CHECKLIST

**Weekly**

	<b>Description</b>	<b>Action</b>	<b>Discussion with management</b>
<input type="checkbox"/>	Property occupancy is below 95% for 2 consecutive months	Request leasing traffic reports market, survey, and market plan.	Discuss market, plans to improve, trends, what ads are prospects are responding too? Have weekly calls if unsatisfied with improvements.
<input type="checkbox"/>	Check on "Notices to Vacate"	Request report	When are lease renewals sent out asking residents to renew leases? When is management following up if a renewal notice is not signed by resident? Is management offering concessions to keep paying residents?

**Monthly**

	<b>Report Collection</b>	<b>Date Due</b>	<b>Comments</b>
<input type="checkbox"/>	EOM rent roll, box score and reason for move out report (listing skips, evictions)	First of Every Month	
<input type="checkbox"/>	Executive Summary	All due on 15 <sup>th</sup> of month	Discuss overall property performance, incident reports, skips and evictions, repair issues and capital expenditures updates.
<input type="checkbox"/>	Budget v. actual analysis (explanation of line item exceeding budget by 5%+/-)		
<input type="checkbox"/>	Income Statement - Trailing 12 & totals	15 <sup>th</sup> of the month	
<input type="checkbox"/>	Balance sheet		
<input type="checkbox"/>	Trial balance		
<input type="checkbox"/>	Capital project report		Request for properties with issues
<input type="checkbox"/>	Aged accounts receivable		
<input type="checkbox"/>	Collection report		
<input type="checkbox"/>	Work order report		Request for site visits
<input type="checkbox"/>	Accounts Payable Report		
<input type="checkbox"/>	General Ledger		

**Quarterly**

	Reporting Requirements	Date Due	Comments
<input type="checkbox"/>	Submit to investors, lenders and partners	Typically 45 days after quarter end	Please review each LPA and loan documents. There are due dates for submitting unaudited financials and rent rolls. Management should submit. Please verify if submitted.

**Annual - starting the conversation about budgets in early october**

	Report Collection	Date Due	Comments
<input type="checkbox"/>	Draft Budget	10/1/xx	Review and discuss. Finalize by 12/1/xx. Please check due dates with agency, lenders and investors as due dates will vary.
<input type="checkbox"/>	Final Budget	12/1/xx	Please check due dates for each partnership.
<input type="checkbox"/>	Final Budget- HUD	12/1/xx	If Section 8. HUD requires a final budget be input into their format online. Management submits typically on behalf of ownership.
<input type="checkbox"/>	Property insurance policy	Annually	Insurance policies expire August 5th
<input type="checkbox"/>	General liability insurance policy	Annually	
<input type="checkbox"/>	Draft and Final audit and Tax return	Annually	Set up due date by 3/1/xx to review drafts of the audit and tax return.

For draft/final audit request "AJE" (adjustment Journal entry)

**Compliance**

<input type="checkbox"/>	State compliance reports, response and close out letters
<input type="checkbox"/>	Section 8 Properties, receive the REAC and MOR reports. REAC is performed based on last score and can be up to every three years.
<input type="checkbox"/>	Annual Owner's Compliance Report – due by 4/30 each year Sections A-D
<input type="checkbox"/>	All compliance reports including management responses



**Timbers Edge**  
**Quarterly Asset Management and Compliance Report**  
**2nd Quarter 2015**  
**Report As of**



General Information			
<b>Property Name</b>	Timbers Edge Apartments	<b>Partnership</b>	LP
<b>Address</b>	1075 Pinchback Rd.	<b>General Partner</b>	LLC
<b>City, State, Zip</b>	Beaumont, TX 77707	<b>First Mortgage Lender</b>	Greystone Service Corporation
<b>Units/LIHTC Units</b>	150/150	<b>Original Balance/Per Unit</b>	\$6,640,000 / \$44,267
<b>Construction Type</b>	Rehab	<b>Maturity Date</b>	1/1/2019
<b>Tenant Type</b>	Family	<b>Monthly P&amp;I (Rate)</b>	rate)
<b>Placed in Service Date</b>	2008	<b>Management Company</b>	(effective 10/28/2008)
<b>End of Compliance Period</b>	2002	<b>Last HSI Site Visit</b>	n/a

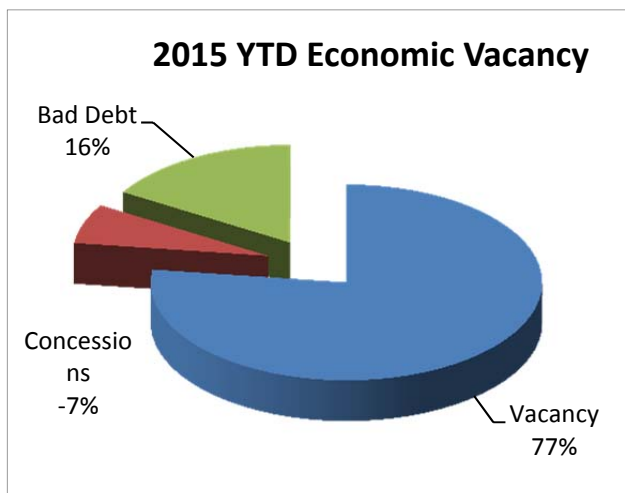
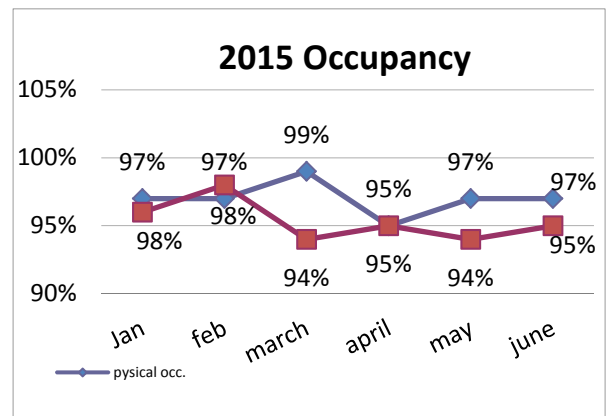
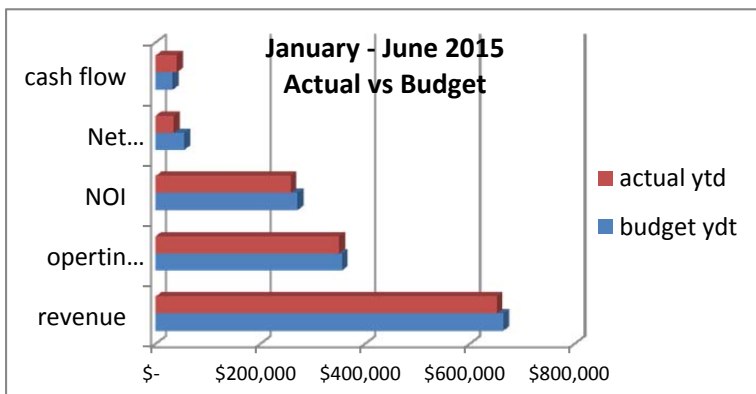
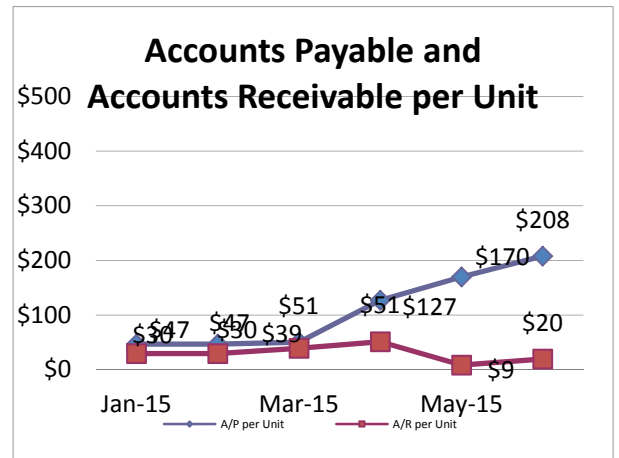
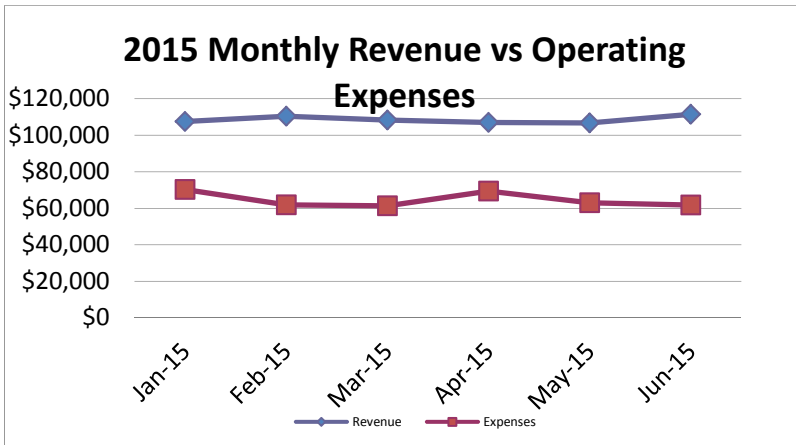
Critical Reports and Compliance/Asset Management Correspondence from previous quarter		
Date	Report Type	Notes
<b>Instructions:</b> This section will include all information gathered of any kind on HSI's Master Asset Management and Compliance Checklist from the previous quarter, in addition to HSI's Low Income Rental File Testing and HSI's Fair Housing Testing from the previous quarter.		
4/23/2013	TDHCA Physical	We included these selections as example of what will be in this quarterly report over time - each quarterly report will only have these kinds of details from the previous quarter. Nothing inspections were completed in this previous quarter
9/25/2013	TDHCA File Audit	
10/21/2014	REAC Inspection	
12/10/2014	Novogradic File Inspection	
8/11/2015	HSI Site Visit	Site Visit Scheduled
9/23/2014	HSI Site Visit	



**HOUSING SERVICES INCORPORATED**

Timbers Edge Operations

January – June 2015



Operations			
Description	Current Month	Description	YTD Annualized
Accounts Payable	\$31,184	Revenue per Unit	\$8,687
A/P Per Unit	\$208	Op Expenses per Unit	\$5,252
Accounts Receivable	\$2,967	Payroll & Maint per Unit	\$2,110
A/R per Unit	\$20	Exp as % EGI	60%
Operating Cash	\$140,907	Mgmt Fees as % EGI	4.0%



timbers edge

6 Number of Months

# of units occupied	146	146	148	142	145	145				145			
Physical Occupancy	97%	97%	99%	95%	97%	97%	#	#	#	97%	97%		
Economic Occupancy	96%	98%	94%	95%	94%	95%	#	#	#	95%	95%	97%	variance
150 # of units	January	February	March	April	May	June	budget	to	en	Total	annualized	Budget	
							0	0	0	0	0	2015	
Revenue													
Rent	111,069	111,595	112,556	111,646	111,646	111,646	#	#	#	670,158	1,340,316	1,339,402	0%
Vacancy	(4,633)	(3,536)	(6,420)	(5,186)	(3,421)	(4,976)	#	#	#	(28,172)	(56,344)	(36,000)	-57%
Concessions	(41)	2,623	0	(64)	(78)	(40)	#	#	#	2,400	4,800	20,000	76%
Bad Debt	(120)	(1,356)	(555)	(364)	(3,180)	(397)	#	#	#	(5,972)	(11,944)	(23,734)	50%
Other	1,283	1,088	2,751	1,003	1,781	5,221	#	#	#	13,127	26,254	28,090	7%
Total Revenue	\$107,558	\$110,414	\$108,332	\$107,035	\$106,748	\$111,454	#	#	#	\$651,541	\$1,303,082	\$1,327,758	2%
Expenses													
Administrative	17,664	2,383	3,758	2,626	7,198	4,725	#	#	#	38,354	76,708	71,961	-7%
Payroll	15,868	19,217	18,268	18,791	14,751	15,405	#	#	#	102,300	204,600	210,980	3%
Maintenance	8,409	7,304	8,468	11,524	9,626	10,585	#	#	#	55,916	111,832	128,619	13%
Management Fee	4,303	4,302	4,416	4,333	4,279	4,269	#	#	#	25,902	51,804	53,110	2%
RE Taxes	8,967	8,967	6,449	6,449	6,449	6,449	#	#	#	43,730	87,460	63,680	-37%
Insurance	5,942	5,942	5,946	5,946	5,946	5,947	#	#	#	35,669	71,338	71,300	0%
Utilities	2,848	3,267	2,326	2,297	2,673	2,686	#	#	#	16,097	32,194	36,274	11%
Water and Sewer	0	4,265	5,473	11,166	5,818	5,494	#	#	#	32,216	64,432	75,347	14%
Total operating expenses	\$64,001	\$55,647	\$55,104	\$63,132	\$56,740	\$55,560	#	#	#	\$350,184	\$700,368	\$711,271	2%
Replacement reserves	6,250	6,250	6,250	6,250	6,250	6,250	#	#	#	43,750	87,500	75,000	
NOI	\$37,307	\$48,517	\$46,978	\$37,653	\$43,758	\$49,644	#	#	#	\$257,607	\$515,214	\$541,487	5%
Debt Service	30,441	30,441	30,441	30,441	30,441	30,441	#	#	#	182,646	365,292	367,540	
MIP	5,383	5,383	5,383	5,383	5,383	5,383	#	#	#				
Total Debt Service	\$35,824	\$35,824	\$35,824	\$35,824	\$35,824	\$35,824	#	#	#	\$182,646	\$365,292	\$367,540	
Net after debt	1,483	12,693	11,154	1,829	7,934	13,820	#	#	#	74,961	149,922	173,947	14%
Capital Expenses	4,903	5,925	28,325	(12,980)	589	7,990	#	#	#	34,752	69,504	108,824	
Total Capex	4,903	5,925	28,325	(12,980)	589	7,990	#	#	#	34,752	69,504	108,824	36%
Cash Flow	(3,420)	6,768	(17,171)	14,809	7,345	5,830	#	#	#	40,209	80,418	65,123	-23%
Operating Expense/Unit	\$468	\$413	\$409	\$463	\$420	\$412	#	#	#	\$2,626	\$5,252	\$5,242	0%
Income per unit	\$717	\$736	\$722	\$714	\$712	\$743	#	#	#	\$4,344	\$8,687	\$8,852	2%
Tenant Receivables	\$4,440	\$4,440	\$5,897	\$7,697	\$1,307	\$2,967	#	#	#				
TR/Unit	\$30	\$30	\$39	\$51	\$9	\$20	#	#	#				
Accounts Payable	\$7,069	\$7,069	\$7,591	\$19,059	\$25,467	\$31,184	#	#	#				
AP/Unit	\$47	\$47	\$51	\$127	\$170	\$208	#	#	#				
Expenses as % EGI	65%	56%	57%	65%	59%	55%	#	#	#	60%	60%	59%	
Payroll & Maint/unit	\$162	\$177	\$178	\$202	\$163	\$173	#	#	#	\$1,055	\$2,110	\$2,264	
Management as % EGI	4.0%	3.9%	4.1%	4.0%	4.0%	3.8%	#	#	#	4.0%	4.0%	4.0%	
DSCR	1.04	1.35	1.31	1.05	1.22	1.39	#	#	#	1.41	1.41	1.47	#DIV/0!





## HOUSING SERVICES INCORPORATED

Timbers Edge Apartments

Operations through June 30<sup>th</sup> 2015

### **General Observations:**

- Timbers Edge Apartments performed at a 1.39x debt coverage ratio in June, above expected budget expectations of 1.47x. This after \$500/per unit required reserve deposit. DSCR has improved from a 1.04x in January to 1.39x in June.

### **Occupancy:**

- Physical occupancy is 97% as of 6/30/2015 – annualized 97%
- Economic occupancy is 95% as of 6/30/2015 – annualized 95%

### **Revenue:**

- June total income is 2% below budget, largely due to higher than budgeted vacancy loss slightly offset by lower than budgeted concessions and bad debt.

### **Expenses**

- Annualized year to date expenses are 2% below budget
- Water and Sewer cost are below budget due to plumbing renovations in 2014 with installation of water saving devices.
- Administrative expenses are still above budget as a result of what appears to be a full year of state agency compliance fees booked in January – the variance is expected to normalize throughout the year.

### **Balance Sheet**

- The replacement reserve balance is \$200,062
- The accounts receivable balance of 3K is reasonable
- The accounts payable balance is 31 K and has steadily increased each month from 7K in January to 31K in June – the majority of payables are current or 0-30 days owed.

### **Compliance:**

- A REAC inspection was conducted on 10/21/2014. The Property received an 86b score listing, three health and safety findings. The issues were resolved.

- Novogradac conducted a 100% lease file audit at the Property on 12/10/2014. The most common errors were 3<sup>rd</sup> party income verifications, not agreeing to TICs and missing Fair Housing Disclosure forms. Management reported that all findings have been addressed.

**Low-Income Housing Credit Agencies**  
**Report of Noncompliance or Building Disposition**

Note: File a separate Form 8823 for each building that is disposed of or goes out of compliance.

OMB No. 1545-1204

Check here if this is an amended return

1 Building name (if any). Check if item 1 differs from Form 8609   
**Hickory Manor Apartments**

Street address  
**1626 Old Hickory Trl**

City or town, state, and ZIP code  
**DeSoto TX 75115**

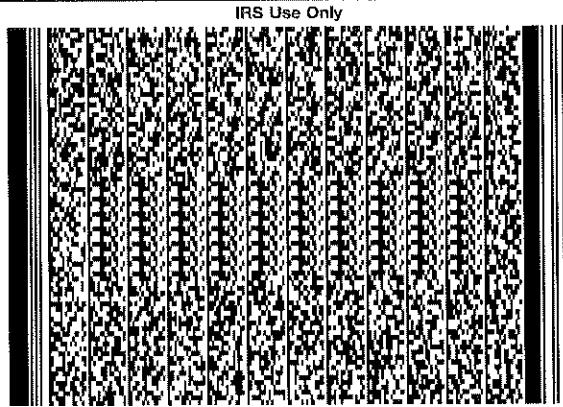
2 Building identification number (BIN) \_\_\_\_\_

3 Owner's name. Check if item 3 differs from Form 8609   
**OHC/De Soto I, Ltd.**

Street address  
**17782 Sky Park Circle**

City or town, state, and ZIP code  
**Irvine CA 92614**

4 Owner's taxpayer identification number  
 EIN  SSN



5 Total credit allocated to this BIN \_\_\_\_\_ \$

6 If this building is part of a multiple building project, enter the number of buildings in the project \_\_\_\_\_

7 a Total number of residential units in this building \_\_\_\_\_

b Total number of low-income units in this building \_\_\_\_\_

c Total number of residential units in this building determined to have noncompliance issues \_\_\_\_\_

d Total number of units reviewed by agency (see instructions) \_\_\_\_\_

8 Date building ceased to comply with the low-income housing credit provisions (see instructions) (MMDDYYYY) **06092015**

9 Date noncompliance corrected (if applicable) (see instructions) (MMDDYYYY) **06162015**

10 Check this box if you are filing only to show correction of a previously reported noncompliance problem

11 Check the box(es) that apply:

	Out of compliance	Noncompliance corrected
a Household income above income limit upon initial occupancy _____	<input type="checkbox"/>	<input type="checkbox"/>
b Owner failed to correctly complete or document tenant's annual income recertification _____	<input type="checkbox"/>	<input type="checkbox"/>
c Violation(s) of the UPCS or local inspection standards (see instructions) (attach explanation) _____	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
d Owner failed to provide annual certifications or provided incomplete or inaccurate certifications _____	<input type="checkbox"/>	<input type="checkbox"/>
e Changes in Eligible Basis or the Applicable Percentage (see instructions) _____	<input type="checkbox"/>	<input type="checkbox"/>
f Project failed to meet minimum set-aside requirement (20/50, 40/60 test) (see instructions) _____	<input type="checkbox"/>	<input type="checkbox"/>
g Gross rent(s) exceed tax credit limits _____	<input type="checkbox"/>	<input type="checkbox"/>
h Project not available to the general public (see instructions) (attach explanation) _____	<input type="checkbox"/>	<input type="checkbox"/>
i Violation(s) of the Available Unit Rule under section 42(g)(2)(D)(ii) _____	<input type="checkbox"/>	<input type="checkbox"/>
j Violation(s) of the Vacant Unit Rule under Reg. 1.42-5(c)(1)(ix) _____	<input type="checkbox"/>	<input type="checkbox"/>
k Owner failed to execute and record extended-use agreement within time prescribed by section 42(h)(6)(J) _____	<input type="checkbox"/>	<input type="checkbox"/>
l Low-income units occupied by nonqualified full-time students _____	<input type="checkbox"/>	<input type="checkbox"/>
m Owner did not properly calculate utility allowance _____	<input type="checkbox"/>	<input type="checkbox"/>
n Owner has failed to respond to agency requests for monitoring reviews _____	<input type="checkbox"/>	<input type="checkbox"/>
o Low-income units used on a transient basis (attach explanation) _____	<input type="checkbox"/>	<input type="checkbox"/>
p Project is no longer in compliance nor participating in the section 42 program (attach explanation) _____	<input type="checkbox"/>	<input type="checkbox"/>
q Other noncompliance issues (attach explanation) _____	<input type="checkbox"/>	<input type="checkbox"/>

12 Additional information for any item above. Attach explanation and check box

13 a Building disposition by  Sale  Foreclosure  Destruction  Other (attach explanation)

b Date of disposition (MMDDYYYY) \_\_\_\_\_

c New Owner's Name \_\_\_\_\_

d New owner's taxpayer identification number  EIN  SSN

Street address \_\_\_\_\_

14 Name of contact person  
**Stephen Jung**

City or town, state, and ZIP code \_\_\_\_\_

15 Telephone number of contact person  
**( 512) 475-3847** Ext. \_\_\_\_\_

Under penalties of perjury, I declare that I have examined this report, including accompanying statements and schedules, and to the best of my knowledge and belief, it is true, correct, and complete.

**Stephen Jung** Digital signed by Stephen Jung  
 DN: c=US, ou=Stephen Jung, email=stephen.jung@ohca.state.tx.us  
 Date: 2015.07.31 09:28:14 -0500 **Patricia Murphy, Chief of Compliance** **07142015**  
 Signature of authorizing official Print name and title Date (MMDDYYYY)

**Low-Income Housing Credit Agencies  
 Report of Noncompliance or Building Disposition**  
 Note: File a separate Form 8823 for each building that is disposed of or goes out of compliance.

OMB No. 1545-1204  
 Check here if this is an amended return

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**DeSoto TX 75115**

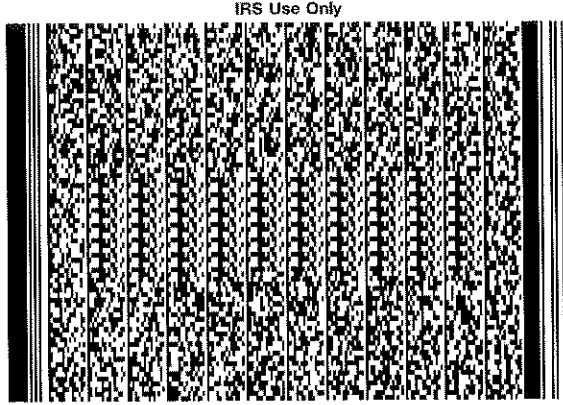
**2** Building identification number (BIN) \_\_\_\_\_

**3** Owner's name. Check if item 3 differs from Form 8609   
**OHC/De Soto I, Ltd.**

Street address  
**17782 Sky Park Circle**

City or town, state, and ZIP code  
**Irvine CA 92614**

**4** Owner's taxpayer identification number \_\_\_\_\_  
 EIN  SSN



**5** Total credit allocated to this BIN \_\_\_\_\_ \$

**6** If this building is part of a multiple building project, enter the number of buildings in the project \_\_\_\_\_

<b>7 a</b> Total number of residential units in this building _____	<b>1</b>
<b>b</b> Total number of low-income units in this building _____	<b>6</b>
<b>c</b> Total number of residential units in this building determined to have noncompliance issues _____	<b>6</b>
<b>d</b> Total number of units reviewed by agency (see instructions) _____	<b>2</b>
	<b>2</b>

**8** Date building ceased to comply with the low-income housing credit provisions (see instructions) (MMDDYYYY) **06092015**

**9** Date noncompliance corrected (if applicable) (see instructions) (MMDDYYYY) **06162015**

**10** Check this box if you are filing only to show correction of a previously reported noncompliance problem

**11** Check the box(es) that apply:

	Out of compliance	Noncompliance corrected
<b>a</b> Household income above income limit upon initial occupancy _____	<input type="checkbox"/>	<input type="checkbox"/>
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**12** Additional information for any item above. Attach explanation and check box

**13 a** Building disposition by  Sale  Foreclosure  Destruction  Other (attach explanation)

**b** Date of disposition (MMDDYYYY) \_\_\_\_\_

**c** New Owner's Name \_\_\_\_\_

**d** New owner's taxpayer identification number \_\_\_\_\_  
 EIN  SSN

Street address \_\_\_\_\_

**14** Name of contact person  
**Stephen Jung**

City or town, state, and ZIP code \_\_\_\_\_

**15** Telephone number of contact person  
**( 512 ) 475-3847** Ext. \_\_\_\_\_

Under penalties of perjury, I declare that I have examined this report, including accompanying statements and schedules, and to the best of my knowledge and belief, it is true, correct, and complete.

**Stephen Jung** Digitally signed by Stephen Jung  
 DN: cn=Stephen Jung, email=stephen.jung@oica.texas.gov, Date: 2015.07.14 09:27:54 -0500 **Patricia Murphy, Chief of Compliance** **07142015**  
 Signature of authorizing official Print name and title Date (MMDDYYYY)

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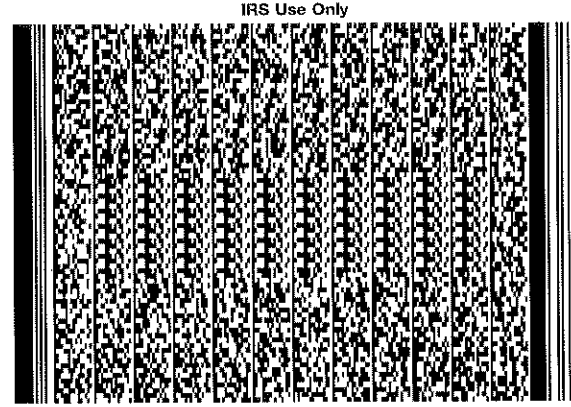
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**17782 Sky Park Circle**

City or town, state, and ZIP code  
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 EIN  SSN



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	2

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Street address \_\_\_\_\_

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**Stephen Jung**

City or town, state, and ZIP code \_\_\_\_\_

**15** Telephone number of contact person  
 ( **512** ) **475-3847** Ext. \_\_\_\_\_

Under penalties of perjury, I declare that I have examined this report, including accompanying statements and schedules, and to the best of my knowledge and belief, it is true, correct, and complete.

**Stephen Jung** Digitally signed by Stephen Jung  
 DN: cn=US, c=US, ou=Stephen Jung, email=stephen.jung@ohca.state.tx.us, 2.5.4.97=14 094848 49367 **Patricia Murphy, Chief of Compliance** **07142015**  
 Signature of authorizing official Print name and title Date (MMDDYYYY)

**Low-Income Housing Credit Agencies**  
**Report of Noncompliance or Building Disposition**  
 Note: File a separate Form 8823 for each building that is disposed of or goes out of compliance.

OMB No. 1545-1204  
 Check here if this is an amended return

1 Building name (if any). Check if item 1 differs from Form 8609   
**Hickory Manor Apartments**

Street address  
**1626 Old Hickory Trl**

City or town, state, and ZIP code  
**DeSoto TX 75115**

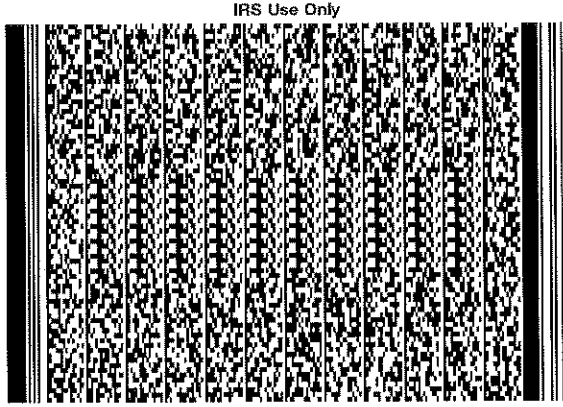
2 Building identification number (BIN)

3 Owner's name. Check if item 3 differs from Form 8609   
**OHC/De Soto I, Ltd.**

Street address  
**17782 Sky Park Circle**

City or town, state, and ZIP code  
**Irvine CA 92614**

4 Owner's taxpayer identification number  
 EIN  SSN



5 Total credit allocated to this BIN \_\_\_\_\_ \$

6 If this building is part of a multiple building project, enter the number of buildings in the project \_\_\_\_\_

7 a Total number of residential units in this building \_\_\_\_\_ **10**

b Total number of low-income units in this building \_\_\_\_\_ **10**

c Total number of residential units in this building determined to have noncompliance issues \_\_\_\_\_ **1**

d Total number of units reviewed by agency (see instructions) \_\_\_\_\_ **2**

8 Date building ceased to comply with the low-income housing credit provisions (see instructions) (MMDDYYYY) \_\_\_\_\_ **06092015**

9 Date noncompliance corrected (if applicable) (see instructions) (MMDDYYYY) \_\_\_\_\_ **06162015**

10 Check this box if you are filing only to show correction of a previously reported noncompliance problem

11 Check the box(es) that apply:

	Out of compliance	Noncompliance corrected
a Household income above income limit upon initial occupancy _____	<input type="checkbox"/>	<input type="checkbox"/>
b Owner failed to correctly complete or document tenant's annual income recertification _____	<input type="checkbox"/>	<input type="checkbox"/>
c Violation(s) of the UPCS or local inspection standards (see instructions) (attach explanation) _____	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
d Owner failed to provide annual certifications or provided incomplete or inaccurate certifications _____	<input type="checkbox"/>	<input type="checkbox"/>
e Changes in Eligible Basis or the Applicable Percentage (see instructions) _____	<input type="checkbox"/>	<input type="checkbox"/>
f Project failed to meet minimum set-aside requirement (20/50, 40/60 test) (see instructions) _____	<input type="checkbox"/>	<input type="checkbox"/>
g Gross rent(s) exceed tax credit limits _____	<input type="checkbox"/>	<input type="checkbox"/>
h Project not available to the general public (see instructions) (attach explanation) _____	<input type="checkbox"/>	<input type="checkbox"/>
i Violation(s) of the Available Unit Rule under section 42(g)(2)(D)(ii) _____	<input type="checkbox"/>	<input type="checkbox"/>
j Violation(s) of the Vacant Unit Rule under Reg. 1.42-5(c)(1)(ix) _____	<input type="checkbox"/>	<input type="checkbox"/>
k Owner failed to execute and record extended-use agreement within time prescribed by section 42(h)(6)(J) _____	<input type="checkbox"/>	<input type="checkbox"/>
l Low-income units occupied by nonqualified full-time students _____	<input type="checkbox"/>	<input type="checkbox"/>
m Owner did not properly calculate utility allowance _____	<input type="checkbox"/>	<input type="checkbox"/>
n Owner has failed to respond to agency requests for monitoring reviews _____	<input type="checkbox"/>	<input type="checkbox"/>
o Low-income units used on a transient basis (attach explanation) _____	<input type="checkbox"/>	<input type="checkbox"/>
p Project is no longer in compliance nor participating in the section 42 program (attach explanation) _____	<input type="checkbox"/>	<input type="checkbox"/>
q Other noncompliance issues (attach explanation) _____	<input type="checkbox"/>	<input type="checkbox"/>

12 Additional information for any item above. Attach explanation and check box

13 a Building disposition by  Sale  Foreclosure  Destruction  Other (attach explanation)

b Date of disposition (MMDDYYYY)

c New Owner's Name

d New owner's taxpayer identification number  EIN  SSN

Street address

14 Name of contact person  
**Stephen Jung**

City or town, state, and ZIP code

15 Telephone number of contact person  
**( 512 ) 475-3847** Ext.

Under penalties of perjury, I declare that I have examined this report, including accompanying statements and schedules, and to the best of my knowledge and belief, it is true, correct, and complete.

**Stephen Jung** Digitally signed by Stephen Jung  
 DN: cn=Stephen Jung, email=stephen.jung@ohca.state.tx.us, Date: 2015.07.14 10:28:46-0500

**Patricia Murphy, Chief of Compliance** **07142015**  
 Signature of authorizing official Print name and title Date (MMDDYYYY)

**Texas Department of Housing and Community Affairs  
List of Deficiencies Found**

Printed On: June 10, 2015

2191

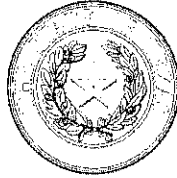
Inspectable Area Inspectable Item	Deficiency	1	2	3	Comments
Hickory Manor Apartments 1626 Old Hickory Trail DeSoto, TX 75115					
Building: Unit:					
Health & Safety	Electrical Hazards - Exposed Wires/Open Panels			L3	cover missing on distribution box, exposed wires-corrected during inspection 6/9/15
Building: Bldg 10 Unit: 10101-vc9dy-alt10104 Electrical	GFI Inoperable			L3	afci will not test 6/16/15
Building: Bldg 11 Unit: 11105 Bathroom Doors	Lavatory Sink - Damaged/Missing Damaged/Missing Screen/Storm/Security Door	L1		L2	sink stopper inop 6/16/15 screen door closure does not close and latch door as designed 6/16/15
Building: Bldg 12 Unit: 12102 Doors	Damaged/Missing Screen/Storm/Security Door			L2	screen door closure does not close and latch door as designed 6/16/15
Unit: 12107 Doors	Damaged/Missing Screen/Storm/Security Door			L2	screen door closure does not close and latch door as designed 6/16/15
Building: Bldg 13 Unit: 13101 Doors	Damaged Hardware/Locks			L3	bathroom door will not lock 6/16/15
Unit: 13105 Bathroom	Lavatory Sink - Damaged/Missing	L1			sink stopper inop 6/16/15
Building: Bldg 14 Unit: 14106 Kitchen	Dishwasher/Garbage Disposal - Inoperable			L2	disposal inop 6/16/15
Building: Bldg 16 Unit: 16103 Electrical	GFI Inoperable			L3	afci will not test 6/16/15
Unit: 16109 Electrical	GFI Inoperable			L3	bathroom gfi will not test 6/16/15
Building: Bldg 17 Unit: 17108 Doors	Damaged Hardware/Locks			L3	bathroom door will not latch 6/16/15
Building: Bldg 19 Unit: 19106 Electrical	GFI Inoperable			L3	afci will not test 6/16/15
Building: Bldg 2 Unit: Building Exterior Roofs	Missing/Damaged Components from Downspout/Gutter			L1	elbow missing 6/10/15
Building: Bldg 24-Maintennace Unit: Building Exterior Roofs	Missing/Damaged Components from Downspout/Gutter			L1	splashblock missing 6/10/15
Building: Bldg 3 Unit: Building Exterior Walls	Cracks/Gaps			L2	crack in rear wall up 11 bricks 6/10/15
Unit: 3102 Health & Safety	Flammable/Combustible Materials - Improperly Stored			L3	multiple gas cans in storage, improperly stored flammables-corrected during inspection 6/9/15
Unit: 3104 Electrical	GFI Inoperable			L3	afci will not test 6/16/15
Building: Bldg 4 Unit: 4103					

**Texas Department of Housing and Community Affairs  
List of Deficiencies Found**

Printed On: June 10, 2015

Inspectable Area Inspectable Item	Deficiency	1	2	3	Comments
Doors	Damaged/Missing Screen/Storm/Security Door			L2	screen door closure does not close and latch door as designed <i>6/16/15</i>
Building: Bldg 5 Unit: 5102 Electrical	GFI Inoperable			L3	afci will not test <i>6/16/15</i>
Building: Bldg 6 Unit: 6103 Electrical	GFI Inoperable			L3	afci will not test <i>6/16/15</i>
Doors	Damaged Hardware/Locks			L3	bathroom door will not latch <i>6/16/15</i>





## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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July 13, 2015

Writer's direct phone # (512) 475-0287  
Email: [justin.merrill@tdhca.state.tx.us](mailto:justin.merrill@tdhca.state.tx.us)

Judy Rath  
Jackson Community Apartments, LP  
San Marcos, TX  
[judy.rath@smrteeducation.org](mailto:judy.rath@smrteeducation.org)

RE: Asbury Place Apartments

CMTS ID: 1922

Dear Ms. Rath:

The Texas Department of Housing and Community Affairs (Department) is the allocating and monitoring agent for the HOME program. The Department has completed a limited desk review of the Unit Status Report (USR) submitted July 10, 2015 under review type Quarterly Vacancy Report for Asbury Place Apartments to satisfy the annual desk review requirement.

**Based on the limited scope of the review, no issues were identified in this annual report.**

Please continue to submit this report each quarter. **The Department will review the annual report due January 10, 2015 reflecting the occupancy as of December 31, 2014 to satisfy the annual desk review requirement.** Please submit these reports under the report type Quarterly Vacancy Report. Guidance for this requirement can be found in [10TAC §607\(e\)](#).

The review did not assess compliance with all requirements applicable to the development. Rather, the review was intended to:

- Test for compliance with the HOME program's rent restrictions.
- Test for compliance with the HOME program's income restrictions.
- Test for the timeliness of certifications and recertifications for the HOME program.
- Test for special needs set aside requirements for the HOME program.

**Please note that the scope of the review was very limited and it did not test for many requirements that your development might have. It is the owner's responsibility to maintain compliance development wide.**

For questions or technical assistance, please contact Justin Merrill toll-free in Texas at (800) 643-8204, directly at (512) 475-0287, or by email at [justin.merrill@tdhca.state.tx.us](mailto:justin.merrill@tdhca.state.tx.us).

Sincerely,

Justin L. Merrill  
2015.07.13 16:53:49  
-05'00'

Justin Merrill  
Senior Compliance Monitor





## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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J.B. Goodwin

June 18, 2015

*Writer's direct phone # 512.475.3296*  
*Email: [tim.irvine@tdhca.state.tx.us](mailto:tim.irvine@tdhca.state.tx.us)*

Lee Anderson  
Director of Affordable Housing  
Housing Services Inc.  
1160 Galicia  
Dallas, Texas 75217

Via Email: [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

**RE: APPEAL OF PREVIOUS PARTICIPATION IN CONNECTION WITH CORNERSTONE APARTMENTS**

Dear Mr. Anderson:

I have reviewed your letter of appeal with regard to the recommendation by the Executive Award Review Advisory Committee ("EARAC") for the Texas Department Housing and Community Affairs ("TDHCA") which called into question the previous participation record for Housing Services Inc. ("HSI"). As a result of the concerns regarding HSI's previous participation record, EARAC has not recommended funding the HOME application for Cornerstone CHDO in which HSI is acting as a General Partner. While your appeal letter is addressed to my Deputy, and its content speaks to my Board, it is customary for me, as Executive Director, to consider appeals of staff decisions before they go to the TDHCA Board. The purpose of this letter is to consider your appeal and provide my Executive Director level response.

In your appeal letter, you indicate that you were not made aware of the numerous compliance issues identified at several properties in which your organization was the General Partner and/or was required to have material participation in the operation of the property. Several of the compliance findings about which EARAC had concerns had to do specifically with the issue of your non-profit organization's ability to control or influence performance at developments in which your organization was the General Partner and/or was required to have material participation. This has been, among other items of noncompliance, a significant ongoing issue of concern regarding your organization as evidenced in correspondence to you from the Department. Please refer to the attached correspondence regarding Asbury Place dating back to May 14, 2012. The Department's Compliance Division finding in the letter states that there is "no evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469(h)(1)." Your response, which was received after



the corrective action period ended, included a plan to have oversight of the property management and have the ability to engage, and presumably terminate use of, such entity. Your current appeal letter restates your belief that "since the non-profit has no in house management capability, the simple act of hiring a nationally recognized manager to oversee operations and compliance is fully compliant with [IRS] rules." The Department disagrees with that conclusion, particularly where the non-profit exerts no control or oversight over the manager and appears to have no ability to terminate a poor performing manager.

You indicated in your appeal letter that despite repeated attempts to get information about the non-compliance issues you were "kept in the dark" by Dominion, the property manager and developer for the Asbury Place property and several of the other properties in your portfolio. Staff has reiterated your responsibility to be aware of and address the noncompliance issues that were sent to you and to the entities you have "hired" as your agent to represent and oversee your interests. During our meeting in November, with Dominion in the room, you indicated that you were not able to get information from them nor were you able to remove their related property management company because you would no longer be able to do business with them if you attempted to do so.

You have indicated that since the November meeting you have taken 100% responsibility, fully addressed the issues, and expended significant funds for enhanced oversight including the engagement of a full time, third party, professional asset management company. While these sound like and are the right things to say and do, your appeal also disavows responsibility for the non-compliance that has occurred prior to our meeting because you were kept in the dark by your agent. Yet you have not, to our knowledge, removed this management agent nor have you indicated that your new asset oversight agent suggested doing so. You have indicated that that "HSI has tried for 6 months to be in the compliance notification loop for this portfolio." However, you have not contacted the Department to attempt to change the account administrator or change the address of correspondence from the Department, nor have you required the current designated administrator at Dominion to add you as a recipient of correspondence to the Department.

You have indicated that the Department has previously accepted identical HSI activities for material participation of HSI for Humble Memorial Garden only to have the Compliance Director issue a finding of non-compliance in 2014. While your actions and capabilities may have been the same, your inability to be made aware of and take action to address non-compliance at Humble Memorial Gardens became more evident in 2014. Moreover your conclusion that HSI has been "operating the same exact way the past three years..." and has been "...materially involved in these transactions" appears to undercut the statements of renewed responsibility and change.

Finally your request is that the Department not sanction HSI for the next three years, even though no such sanction has yet been considered. The Department's rules do allow EARAC to consider the record of an organization's noncompliance when not corrected within the corrective action period for up to three years after the noncompliance has been corrected. EARAC can also consider the plan to prevent future noncompliance in those circumstances and the results of those efforts can also be taken into consideration by EARAC. Where progress is not made, the Department has a debarment rule that would address longer-term sanctions where the result of reform is not evident. The Department debarment rules can be found at Title 10 Texas Administrative Code §2.401. It is my hope that the evidence of change will become evident in the upcoming compliance reviews for properties in your portfolio. Staff will provide advance notice to you or your designated agent of such future monitoring visits as well as

APPEAL OF PREVIOUS PARTICIPATION IN CONNECTION WITH CORNERSTONE APARTMENTS

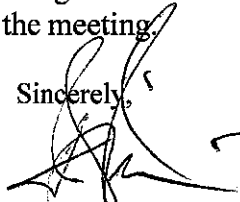
June 18, 2015

Page 3

the results of such monitoring visits. It is my hope that you will be able to rebuild a record of compliance and responsiveness with the portfolio under your control.

Although I do not have authority to overturn EARAC's recommendation I do have the ability to make a different recommendation. However, after review of these materials I cannot support a different conclusion. Therefore your appeal is denied. Per your request, your appeal will be added to the June 30, 2015, Board meeting agenda for consideration along with the documentation you have provided and my response unless you indicate otherwise prior to the meeting.

Sincerely,

A handwritten signature in black ink, appearing to read 'Timothy K. Irvine', written over a horizontal line.

Timothy K. Irvine  
Executive Director

Attachments:

TKI/LRT



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Juan S. Muñoz, PhD  
J. Mark McWatters

May 14, 2012

512.475.2330  
[Stephanie.naquin@tdhca.state.tx.us](mailto:Stephanie.naquin@tdhca.state.tx.us)

Lee Anderson  
Jackson Community Apartments, LP  
1160 Galacia  
Dallas, Texas 75217

RE: Asbury Place Apartments  
1350 Wonder World Dr  
San Marcos, Texas 78666

HTC File: 98067  
HOME File : 539119  
CMTS ID: 1922

Dear Mr. Anderson:

The Texas Department of Housing and Community Affairs has completed a review of Asbury Place Apartments. The review was performed to determine if the property is in compliance with the requirements of the Housing Tax Credit and HOME programs.

The attached Monitoring Report and Findings Report have been prepared to explain the Department's findings of noncompliance and to detail the required corrective action. Please supply all requested documentation no later than **August 12, 2012**. The Department will then determine whether or not the submitted materials sufficiently correct the noncompliance.

**Failure to respond to the corrective action deadline will result in a referral to the Department's Administrative Penalties Committee with a recommended minimum penalty amount of, at minimum, \$35,000 plus \$10 per day. Please see 10TAC §60.309 for a listing of specific penalty amounts.**

A Uniform Physical Condition Standards inspection will be conducted by the Department's contractor in conjunction with this monitoring review. A report of the inspection will be supplied to, and reviewed by, the Department. The development owner will then receive a letter describing any findings generated and a copy of the inspection reports.

Asbury Place Apartments has a current noncompliance score of five (5) for the Housing Tax Credit program and eight (8) for the HOME program. *Please be advised that this does not include any noncompliance found during this review.* Housing Tax Credit Properties with a noncompliance score of 30 or more are considered to be in material noncompliance with the Texas Department of Housing and Community Affairs. Non-Housing Tax Credit Properties with 51-200 low income units with a noncompliance score of 50 or more are considered to be in material noncompliance

Re: Asbury Place Apartments  
May 14, 2012  
Page 2

Please extend our thanks to your onsite staff for their hospitality and cooperation extended during our monitoring visit. If you have any questions about this monitoring report, please contact Stephanie Naquin toll free in Texas at (800) 643-8204, directly at (512) 475-2330, or email: [stephanie.naquin@tdhca.state.tx.us](mailto:stephanie.naquin@tdhca.state.tx.us).

Sincerely,

A handwritten signature in black ink, appearing to be 'S. Naquin', written over a digital signature line.

**Digitally signed by  
Stephanie Naquin  
Date: 2012.05.14  
12:56:37 -05'00'**

Stephanie Naquin  
Program Administrator in Compliance

**Monitoring Report**  
Asbury Place Apartments  
HTC File: 98067  
HOME File: 539119  
ID: 1922

The Texas Department of Housing and Community Affairs completed an on-site monitoring review of Asbury Place Apartments on May 11, 2012. Stephanie Naquin represented the Department. Baba Blackstock represented the property.

**The review resulted in 5 findings of noncompliance:**

1. **Household income above income limit upon initial occupancy:** affecting units 703 and 1206
2. **Failure to provide annual HQS HOME inspection**
3. **No evidence of provision of supportive services**
4. **Not meeting the prescribed special needs set-aside restriction**
5. **No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469(h)(1)**

**During the exit interview, the following Technical Assistance was provided:**

- The Department is concerned about the efficacy of the application format. Applicants must be properly screened to determine household eligibility regarding income, assets and student status. A unit is considered out of compliance if the owner fails to screen and/or verify these items. To ensure eligibility, all questions on the application must be properly completed, leaving no blanks, and must be signed and dated by the applicants. The Department encourages the owner to restructure the application to better screen the household for not only the type of income, but the source of income and assets, as well. A sample application is available on the Department's website. To access, visit [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us) and select the "Support & Services" tab, then select the "Compliance and Asset Oversight" tab. A side menu will appear, select "Forms".
- On line 8b of Form 8609, the owner has elected to treat each building as part of a multiple building project. The instructions to completing Form 8609 require, that when this election is made, the owner must submit a statement identifying 1) the name and address of the project and each building in the project, 2) the BIN of each building in the project, 3) the aggregate credit dollar amount for the project, and 4) the credit allocated to each building in the project. The attachment was requested at the time of the onsite review and, to date, has not been submitted. Without the statement, the election is not complete and each building will be monitored as a separate project.

**To determine if the property is in compliance the following steps were completed:**

- A review of the Land Use Restriction Agreement,
- Analysis of the Unit Status Report (USR) dated May 1, 2012,
- A review of the entrance interview and other documents submitted,
- An exit interview,
- An in depth review of 13 resident files listed below:

**Files reviewed:**

102	201	202	206	301
304	403	502	703	805
907	1101	1206		

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
COMPLIANCE REVIEW  
DETAIL FINDINGS AND CORRECTIVE ACTION  
By program**

Printed Date 05/14/12  
Page 1 of 4

Property ID # 1922  
Property Asbury Place Apartments  
Address 1350 Wonder World Dr, San Marcos, TX-78666

Last Desk Review Date: 04/11/12  
Last Onsite Review Date: 05/11/12  
Program(s): HOME File # 539119  
LIHTC File # 98067  
Occupancy as of 05/01/12

PROGRAM: ALL FILE#

**UNIT FINDINGS**

<b>Unit # 1206</b>	<b>Bldg. # 12</b>	<b>BIN # TX9800832</b>
<b>Finding</b>	Household income above income limit upon initial occupancy	
<b>Noncompliance Date</b>	03/07/2012	<b>Current Status</b> Uncorrected
<b>Reason</b>	To verify employment income of the Co-Head with Century Link, 6 paycheck were obtained. The check for period 2/5/2012 to 2/18/2012, which is the check closest to the move in date, indicates "sales compensation" that was not listed as a source of pay on any of the other checks or in the year to date for 2011. The introduction of the "sales compensation" suggests that the employee may have received a change in employment status and is now receiving an additional source of income not evident on previous checks. As a result, averaging the 6 check may not be an accurate reflection of the anticipated employment income for the 12 month certification period, as it would not be based on the most current circumstances.	
<b>Corrective Action</b>	When the unit becomes available, occupy the unit with an eligible household and provide copies of the: application, necessary verifications, Income Certification and first page and signatory page of the lease.	
<b>Supplemental Corrective Action</b>	Clarify the nature of the "sales compensation" and obtain additional checks to determine if the source continued. Submit to the Department for review. If the household is not eligible, follow the above listed corrective action. If the household's status has changed since move in, in accordance with Chapter 4 of the IRS 8823 Audit Guide, the owner has the option to certify the household using current income and asset sources and current income limits to correct the finding.	
<b>Potential Administrative Penalty</b>	\$1000 per violation	

PROGRAM: HOME FILE# 539119

**PROPERTY FINDINGS**

<b>Finding</b>	Failure to provide annual HQS HOME inspection	
<b>Noncompliance Date</b>	05/11/2012	<b>Current Status</b> Uncorrected - Not Reportable to IRS
<b>Reason</b>	Under the HOME Final Rule and 10TAC§60.118(g), all HOME rental Development Owners must annually complete an Housing Quality Standards (HQS) inspection of all HOME assisted Units and any deficiencies noted must be repaired. This inspection is not currently being conducted.	
<b>Corrective Action</b>	Conduct the required HQS inspection and submit certification that finding is corrected.	



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**COMPLIANCE REVIEW**  
**DETAIL FINDINGS AND CORRECTIVE ACTION**  
*By program*

Printed Date 05/14/12  
Page 2 of 4

**PROGRAM: HOME FILE# 539119** **Continued**

**PROPERTY FINDINGS**

**Supplemental Corrective Action**

The recommended HQS form, published by HUD, can be found at <http://www.hud.gov/offices/adm/hudclips/forms/files/52580.pdf>. Conduct an inspection for all HOME units and repair any deficiencies identified. Once completed, submit a certification that all units have been inspected and that any deficiencies have been repaired.

**Potential Administrative Penalty** \$500 per violation

**UNIT FINDINGS**

**Unit # 703**

**Bldg. # 7**

**BIN # TX9800827**

**Finding**

Household income above income limit upon initial occupancy

**Noncompliance Date**

10/31/2011

**Current Status** Uncorrected - Not Reportable to IRS

**Correction Date**

**Reason**

The household received Section 8 assistance. The application disclosed employment income and child support, which was verified through with a statement from the Housing Authority declaring that the total household income is less than the applicable limit. This practice is acceptable for the Housing Tax Credit program but not for the HOME program. For the HOME program, each type of income and assets disclosed by the household must be source documented. Note, the child support was properly verified with a court order.

**Corrective Action**

When the unit becomes available, occupy the unit with an eligible household and provide copies of the: application, necessary verifications, Income Certification and first page and signatory page of the lease. Obtain paycheck or payroll records from the employer verifying the employment income at the time of initial certification.

**Supplemental Corrective Action**

**Potential Administrative Penalty**

\$1000 per violation

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**COMPLIANCE REVIEW**  
**DETAIL FINDINGS AND CORRECTIVE ACTION**  
*By program*

**PROGRAM: LIHTC FILE# 98067**

**PROPERTY FINDINGS**

**Finding** No evidence of provision of supportive services  
**Noncompliance Date** 05/11/2012 **Current Status** Uncorrected - Not Reportable to IRS **Correction Date**  
**Reason** The LURA requires that a Local Tax Exempt Organization provide the services outlined. Although the Department was able to identify that onsite staff has organized the services required, the services are not being provided by a Local Tax Exempt Organization.  
**Corrective Action** Implement a supportive services agreement with qualified service provider and provide documentation of program implementation and a copy of the agreement.  
**Supplemental Corrective Action** Contract with a Local Tax Exempt Organization to provide the specific services listed in the LURA and submit a copy of the agreement to the Department for review.

**Potential Administrative Penalty** \$5 per day per violation

**Finding** Not meeting the prescribed special needs set-aside restriction  
**Noncompliance Date** 05/11/2012 **Current Status** Uncorrected - Not Reportable to IRS **Correction Date**  
**Reason** The Land Use Restrictive Agreement (LURA) requires that 16%+ (11 units) be set-aside for persons with disabilities. Currently, no households are designated as having Special Needs on the Unit Status Report (USR). To comply with the requirement, the development must maintain a waitlist of qualified tenants with disabilities and affirmatively market to persons with disabilities. At the time of the review, there was not a waitlist of qualified tenants with disabilities.  
**Corrective Action** Respond as directed by the department or department representative. Provide all required documentation.  
**Supplemental Corrective Action** Create a waitlist to track qualified tenants with disabilities. Submit documentation to the Department for review. As households move in that meet the qualifications for this set-aside, designate the household as having special needs on the USR.

**Potential Administrative Penalty** \$1000 per violation

**Finding** No Evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRC 469 (h)(1)  
**Noncompliance Date** 05/11/2012 **Current Status** Uncorrected **Correction Date**  
**Reason** The LURA required Material Participation by a Qualified Nonprofit Organization. The Department has confirmed that the current nonprofit, Housing Service Incorporated (HSI) in the General Partner to the owner; however, a narrative describing how HSI materially participates has not been submitted.

**Corrective Action Supplemental** Submit a narrative describing how HSI materially participates. At which time, the Department will review to ensure

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
COMPLIANCE REVIEW  
DETAIL FINDINGS AND CORRECTIVE ACTION  
*By program*

Printed Date 05/14/12  
Page 4 of 4

PROGRAM: LIHTC FILE# 98067

Continued

**PROPERTY FINDINGS**

<b>Corrective Action</b>	compliance.
<b>Potential Administrative Penalty</b>	\$5 per day per violation



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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September 7, 2012

(512) 475-4603

[Patricia.Hensley@tdhca.state.tx.us](mailto:Patricia.Hensley@tdhca.state.tx.us)

Lee Anderson  
Jackson Community Apartments, LP  
1110 Broadway  
Marble Falls, TX 78654

RE: Asbury Place Apartments  
1350 Wonder World Dr  
San Marcos, TX 78666

HTC / HOME: 98067 / 539119  
CMTS: 1922

Dear Lee Anderson:

The Texas Department of Housing and Community Affairs (Department) has received documentation addressing the noncompliance identified during the monitoring review conducted at Asbury Place Apartments on May 11, 2012.

**The following findings remain uncorrected:**

- Failure to provide HQS HOME inspections;
- No evidence of provision of supportive service;
- Not meeting the special needs set aside restriction
- No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469 (h)(1)

**The following finding has been dropped:**

- Household income above income limit upon initial occupancy (Units 703 & 1206)

Enclosed, please find a copy of form 8823 that have been mailed to the Internal Revenue Service reporting the noncompliance violation: No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469 (h)(1).

The property has been referred to the Department's Administrative Penalties Committee. The maximum penalty for these issues is \$2,690.00. Note that the possible administrative penalty for No evidence of provision of supportive service and No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469 (h)(1) is \$5.00 per day. Please see 10 TAC §60.307 for a listing of specific penalty amounts. A representative of our legal department will be contacting you for an informal conference in the near future to resolve this issue.

Asbury Place Apartments has a current noncompliance score of fifteen (15) for the HOME Investment Partnership (HOME) program and a noncompliance score of thirty-five (35) for the Housing Tax Credit (HTC) program. The Material Noncompliance threshold for a HTC and Exchange Development is thirty (30) points. The Material Noncompliance threshold for non-HTC developments with fifty-one (51) to two hundred (200)

Asbury Place Apartments

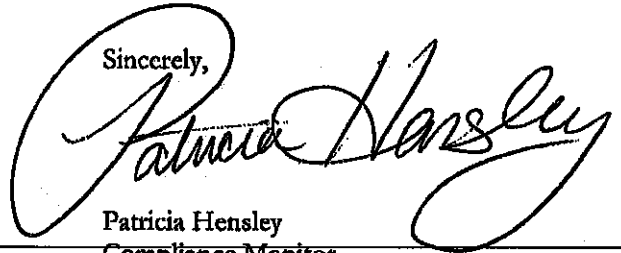
September 7, 2012

Page 2

Low Income Units is fifty (50) points. **Asbury Place Apartments is currently in Material Noncompliance with the Housing Tax Credit (HTC) program.** Owners of properties in material noncompliance are not eligible for additional funding and may be subject to additional fees and sanctions. 10 TAC §60.102 and §60.123 explain this scoring system.

If you have any questions about this monitoring report, please contact Patricia Hensley toll free in Texas at (800) 643-8204, directly at (512) 475-4603, or email: [Patricia.Hensley@tdhca.state.tx.us](mailto:Patricia.Hensley@tdhca.state.tx.us)

Sincerely,

A handwritten signature in cursive script that reads "Patricia Hensley". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

---

Patricia Hensley  
Compliance Monitor



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Lowell A. Keig  
Juan S. Muñoz, PhD

October 22, 2012

(512) 475-4603  
[Patricia.Hensley@tdhca.state.tx.us](mailto:Patricia.Hensley@tdhca.state.tx.us)

Lee Anderson  
Jackson Community Apartments, LP  
1110 Broadway  
Marble Falls, TX 78654

RE: Asbury Place Apartments  
1350 Wonder World Dr  
San Marcos, TX 78666

HTC / HOME: 98067 / 539119  
CMTS: 1922

Dear Lee Anderson:

The Texas Department of Housing and Community Affairs (Department) has received documentation addressing the noncompliance identified during the monitoring review conducted at Asbury Place Apartments on May 11, 2012.

**The following findings are corrected:**

- **Failure to provide HQS HOME inspections** – Documentation submitted evidences that the property is now conducting the HQS HOME inspections.
- **No evidence of provision of supportive service** – Documentation submitted evidences that the supportive services are now being provided by the Local tax exempt organization Housing Services of Texas.
- **Not meeting the special needs set aside restriction** – The Development has created a waitlist to track qualified tenants with disabilities.
- **No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469 (h)(1)** – The documentation submitted evidences that HIS materially participates in the day to day operations of the Development.

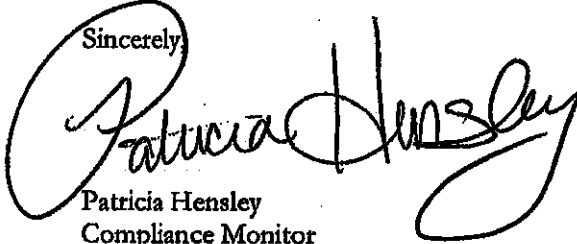
Enclosed, please find a copy of the corrected form 8823 that has been mailed to the Internal Revenue Service reporting the noncompliance violation: **No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469 (h)(1) as corrected.**

The Department's Administrative Penalty Committee will be notified that the outstanding noncompliance assessed has been corrected.

Asbury Place Apartments has a current noncompliance score of eight (8) for the HOME Investment Partnership (HOME) program and a noncompliance score of fourteen (14) for the Housing Tax Credit (HTC) program. The Material Noncompliance threshold for a HTC and Exchange Development is thirty (30) points. The Material Noncompliance threshold for non-HTC developments with fifty-one (51) to two hundred (200) Low Income Units is fifty (50) points. Owners of properties in material noncompliance are not eligible for additional funding and may be subject to additional fees and sanctions. 10 TAC §60.102 and §60.123 explain this scoring system.

Asbury Place Apartments  
October 22, 2012  
Page 2

If you have any questions about this monitoring report, please contact Patricia Hensley toll free in Texas at (800) 643-8204, directly at (512) 475-4603, or email: [Patricia.Hensley@tdhca.state.tx.us](mailto:Patricia.Hensley@tdhca.state.tx.us)

Sincerely  
  
Patricia Hensley  
Compliance Monitor

June 6<sup>th</sup>, 2015

Tom Gouris  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, TX 78711-3941

Via Email ~ tom.gouris@tdhca.state.tx.us

Dear Mr. Gouris,

Please accept this letter as the basis for Housing Services Incorporated appeal of sanctions taken against it in our previous participation review in connection with the Cornerstone CHDO Home Funds Application.

In May of 2014, HSI's reputation and standing (previous participation) as a non-profit tax credit developer and sponsor in the state of Texas was fully compliant. We received \$6 million of HOME contracts that year. HSI has participated in over 50 tax credit developments as a project sponsor and General Partner and service provider in the past 15 years with a stellar reputation. Not one time in HSI's existence has HSI have any material issues during previous participation review. So we come to you today as a long term, fully acceptable, project sponsor with a passion for affordable housing and services to our residents.

At some point between May and June of 2014 there began to be chatter by staff, in particular Stephanie Naquin, to third parties that HSI may not be admitted into a certain housing tax credit development as a substitute GP. That specific transaction was Park Manor – a broken tax credit deal where we are participating at the request of the investor and new developer to save a problem tax credit property in Sherman. I immediately contacted all my development partners, including Dominion, Pinnacle and State Street Housing, where we serve as GP asking for any non-compliance issues. I was assured by all no problems of any material nature existed.

By August, staff was openly encouraging Bond Council, WNC, and Winthrop to bring in another non-profit General Partner, and that Park Manor could not move forward with HSI. See Exhibit A for a timeline the past year. As this came to my attention again in August of 2014, I





immediately reached out to all partners to inquire again about non-compliance. Staff had not sent Housing Services a single e-mail or notice of compliance problems as of this date.

Of course at this point I reached out to Staff directly including the deputy director by e-mail asking about possible compliance issues. See e-mail attached, Exhibit B. I was rebuffed and not told of any material non-compliance issues brewing or occurring with the Dominion rescue portfolio. So in addition to the developer and property manager keeping the GP, HSI, in the dark; now staff was not informing HSI of any open issues.

Without any notice of compliance issues by the Property Manager and Developer, Dominion, or TDHCA, even though I specifically asked about this issue, HSI was precluded from intervening timely as General Partner between May and November. In November of 2014 we were called to an EARAC committee meeting when the material non-compliance was disclosed to HSI by the Department. In the e-mail to the Deputy Director in August of 2104 I wrote, "how can I stop non-compliance if I do not know about non-compliance." Staff violated its own procedures and rules when HSI, as General Partner, reached out and asked for this compliance information. At the November EARAC meeting, not one of the 55 items flagged for non-compliance was caused by the GP. Brendt Rusten, with Dominion, the main Dominion spokesmen at the EARAC committee meeting, unequivocally stated to the Department that HSI had no idea of the non-compliance record and failures by Dominion Management Services to timely and accurately respond to TDCHA. Dominion accepted full responsibility for the situation and 55 items of compliance failures. In addition, they made it clear that they had systematically kept Housing Services in the dark. I believe they told EARAC that senior management in the company was also unaware of the magnitude of the Texas compliance problems and the failure to timely respond to the department. Dominion is one of the largest and best known developers and property managers at the time they were engaged.

After the EARAC meeting HSI is 100% responsible for what transpired. The issues were fully addressed and the compliance concerns fixed with proper documentation. We spent a lot of our available funds for enhanced oversight of the Dominion managed properties including the engagement of a full time, third party, professional asset management company, TMC, to handle the entire HSI portfolio. We engage a legal team to address concerns raised with Dominion by the department. We obtained enhancements of our legal rights for any future failures by the developer and property manager. Please remember Housing Services did not sponsor any of these transactions. We participated with the lender and the investor and the

**HOUSING SERVICES INCORPORATED**

1160 GALICIA  
DALLAS, TX 75217

PHONE: 214.329.4890  
FAX: 214.584.9188



department with Dominion as the new developer to rescue troubled affordable housing in jeopardy of being lost.

So we come to the board today with a long term, solid compliance track record over more than 15 years. We come to the board today responsible for the corrections of non-compliance immediately after we were notified of problems by staff at the EARAC meeting. Staff pledged to the board and the development community in Texas that past performance and responses to compliance challenges would all be considered before any penalties are assessed to the sponsor. Given these facts and circumstances we believe the sanction being imposed exceed our responsibility and fail to consider our long term track record. We would not be asking for relief if anyone at the Department or Dominion had simply notified Housing Services of the situation. I suggest we would not be here today dealing with any of these issues had our non-profit been involved timely in these issues.

We have shown our concern about compliance for 15 years and we have shown our concern about compliance in how we responded when notified of issues. It would be unfair and inconsistent with the rules to sanction Housing Services for things they did not know about so they could be addressed timely.

HSI responds to TDHCA in a transparent way and asks for help and guidance; please see Exhibit C and backup documents. Two “findings” in the 55 items noted above were for previous participation: in 2012 HSI established a baseline with staff, and staff approved what HSI was doing to be materially involved. TDHCA compliance department staff approved HSI for previous participation in the Humble transaction in 2013, only to have the Compliance Director issue a finding of non-compliance for previous participation in Humble during 2014, where HSI’s activities were the exact same. Please see Exhibit D.

In short, HSI has been transparent and operating the same exact way the past 3 year’s and spends \$150,000 a year being materially involved in these transactions. Housing Services provides on-site supportive services in most every case. Please see Exhibit E for our recent activities. We are on these assets regularly insuring they are properly maintained and properly staffed. Under the IRS guidebook, since the non-profit has no in-house management capability, the simple act of hiring a nationally recognized manager to oversee operations and compliance is fully compliant with these rules. We further show our participation by how we did respond to these issues when finally notified. So you know, HSI has tried for 6 months to be in the compliance notification loop for this portfolio. I can assure this board had we been noticed timely this would never have happened. I can assure the board that with notice this will never

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happen again. Remember we are the ones responsible for the corrective actions taken by the property manager and developer, Dominion.

No one is right all the time. We know staff tries hard to be right. But even staff makes mistakes. Failure to notify us timely when we asked is a mistake. No one is perfect and staff is not always right. We are not claiming to be perfect either, just serially compliant for the last 15 years.

In closing, HSI is not serially non-compliant. If in fact HSI is sanctioned the next three years, it is tantamount to a death sentence, costing us our funding and our reputation. Like everybody in the tax credit business, HSI needs to keep doing transactions to survive and pay its expenses.

What we are being told by staff at this time is that there is nothing we can do to satisfy staff on these issues at this time. Housing Services has spent hundreds of thousands of dollars, are engaged in full asset management related activities far beyond what the guidebook calls for, our oversight regime costs \$150,000 a year, and that apparently that is not enough.

So we ask the board for relief from these sanctions for things we did not know about and things we should have been told when asked. Please do not sanction HSI indefinitely as a serially non-compliant developer and housing sponsor, as that will destroy us and put us out of business, and our record clearly reflects that is not the case. A careful review of these facts will fully support this conclusion. All we ask is for a fair accounting of our role and responsibility in light of our long term track record and response to the issues when they were made known to us. From fully compliant in early 2014 to death row in early 2015 seems to be unwarranted and unjustified under the rules.

Please clear our track record so we can proceed with our mission of the last 15 years. Your consideration is appreciated.

Sincerely,



Lee Anderson  
Director of Affordable Housing

**HOUSING SERVICES INCORPORATED**

1160 GALICIA  
DALLAS, TX 75217

PHONE: 214.329.4890  
FAX: 214.584.9188



## COMPLIANCE TIMELINE FOR HOUSING SERVICES INC. (HS) - 501 C 3 CHDO NON PROFIT

### TIMELINE

Housing Services has participated in over 50 TDHCA affordable housing developments since 1999

Jun-14	HS closes on its second CHDO HOME financed development--Fully compliant at this benchmark
Jun-14	HS has participated in 8 affordable housing rescue transactions with Dominion (one the nations largest affordable developers)
Jun-14	HS and Dominion have rescued all 8 transactions investing millions to rehabilitate the developments
Jun-14	HS is active in each Dominion development providing the family supportive services at little or no cost.
Jun-14	HS hears from Dominion and Chris Barnes of possible non compliance that could affect the HS participation in their non profit transaction
Jul-14	HS contacts all its partners including Dominion about any possible issues of non compliance--All including Dominion represent none exist
Aug-14	HS contacts Ms. Naquin and subsequently Mr. Gouris due to these persistent rumors of non compliance (e-mails attached)
Aug-14	Mr Gouris does not tell him of ongoing compliance issues but defers the issue to a future review
Aug-14	In the 2nd and 3rd quarter of 2014, HS has never been noticed of any finding of non compliance nor received notices of any failures to respond timely to issues
Oct-14	HS applied for a CHDO HOME funds allocation for an affordable development in Cameron County near the international border
Nov-14	HS is called to an EARAC meeting with Dominion; Dominion advises TDHCA they have kept HS in the dark on compliance on the properties and accept 100% responsibility for the situation.
Nov-14	HS is first advised of material non compliance by TDHCA at the EARAC meeting and is completely unprepared given the request to TDHCA about compliance from the summer
Nov-14	HS is told by staff that they are not an eligible CHDO in Cameron County due to new certification rules
Nov-14	HS application for CHDO HOME is terminated 3 times over the next 4 months
Feb-15	TDHCA admits they are wrong about CHDO Certification in Cameron County and the app is reinstated
Feb-15	HS has spent hundreds of thousands dollars to address the Dominion Non Compliance and CHDO mistake by TDHCA
Mar-15	EARAC declines the CHDO HOME award due to HS compliance history (previous participation) 99% related to Dominion compliance problems
Apr-15	Informal appeal to the EARAC committee leads no where
May-15	Notice of appeal to the ED and Board where allowed

Issues which are undisputed:

1. HS has a long term solid compliance record with TDHCA (never in 15+ years have they ever been classified as ineligible)
2. HS was denied the opportunity to remain in good standing due to lack of notice from Dominion and TDHCA
3. HS is responsible for the corrective actions taken to fix the Dominion compliance issues
4. HS spent most of its available resources to address these problems and the problems with the TDHCA mistake on the
5. HS, under the IRS guidebook, satisfied its participation responsibilities by hiring Dominion a nationally recognized leader in the industry
6. Dominion and TDHCA systematically kept HS in the dark during the 2nd and 3rd quarter of 2014 on compliance issues, cutting off their chance to fix problems timely
7. HS took just the kind of steps the board has mandated by policy as a responsible sponsor to insure compliance, whenever possible
8. Taking into account the long compliance track record for HS and the complete lack of timely notice of compliance issues HS is not to be held as a non compliant sponsor by EARAC or Compliance

## Lee Anderson

---

**From:** Tom Gouris <tom.gouris@tdhca.state.tx.us>  
**Sent:** Monday, August 25, 2014 7:17 PM  
**To:** Lee Anderson; stephanie.naquin@tdhca.state.tx.us; Patricia Murphy; Cari Garcia  
**Cc:** Raquel Morales; cbarnes@Dominiuminc.com; JShackelford@shackelfordlaw.net; Sabine Geiser  
**Subject:** RE: Non-Compliance - Housing Services Incorporated

Thanks Lee, I am forwarding this to our compliance and asset management teams for them to consider when they are processing the previous participation reviews for the ownership transfer requests. As you are probably aware timing of these things is very important as compliance evaluations are regularly in process and being completed. I'm sure staff will be contacting you if and when needed when processing the transfers.

Best regards,

Tom Gouris  
Sent from my cell please excuse spelling imperfections.

----- Original message -----

From: Lee Anderson <lee@hsidevelopment.org>  
Date:08/25/2014 4:28 PM (GMT-06:00)  
To: "Tom Gouris (tom.gouris@tdhca.state.tx.us)" <tom.gouris@tdhca.state.tx.us>, "Stephanie Naquin (stephanie.naquin@tdhca.state.tx.us)" <stephanie.naquin@tdhca.state.tx.us>  
Cc: Raquel Morales <raquel.morales@tdhca.state.tx.us>, cbarnes@Dominiuminc.com, JShackelford@shackelfordlaw.net, Sabine Geiser <sabine@hsidevelopment.org>  
Subject: FW: Non-Compliance - Housing Services Incorporated

Hi Tom,

As we have heard a lot from counsel about non-compliance the past two weeks, I have reached out and checked everywhere I know to check. Please see the e-mail below, there are a few things that are simple and have been corrected. Beyond this there is no other non-compliance I am aware of, please let me know immediately if there is something else that needs to be on my radar, as our team is concerned about submitting the transfer package for Park Manor this week.

Also, we realize the Park Manor transfer application will certainly receive more scrutiny than normal, which is to be expected, during which time our involvement in that transaction will and should be thoroughly reviewed by staff. I apologize about having to ask you to look into this in advance, it's just that there have been several conversations between council, WNC, our development team, and department staffers where staffers have suggested HSI can't come into these transactions because of non-compliance. It is impossible for me to resolve non-compliance if I do not know about it, and while I honestly assume there is nothing more, perhaps there is.

I also realize the Department will need to review the transfer package thoroughly as it relates our involvement in that transaction in 2012, however, please confirm that once the issues are dealt with below HSI has no other compliance related issues that would hold up the Park Manor transfer package.

Thanks.

**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

**From:** Jeannie Shipley [mailto:Jshipley@pinnaclefamily.com]  
**Sent:** Monday, August 25, 2014 12:15 PM  
**To:** Lee Anderson; Chris Barnes (cbarnes@Dominiuminc.com)  
**Subject:** RE: Non-Compliance - Housing Services Incorporated

Lee,

Here is what I found out:

Below is the list of properties with pending compliance issues. All are related to the Fair Housing Notice Disclosure form.

<b>Type of Review</b>	<b>Audit Date</b>	<b>Property</b>	<b>Reason</b>
File	03/20/13	Rosemont of Highland Gardens	FHND
File	03/21/13	Rosemont of El Dorado	FHND
File	11/22/13	Rosemont at Oak Hollow	FHND
File	01/15/14	Potter's House at Primrose	FHND

The explanation I received regarding FHND from our Compliance Team was the following:

TDHCA opportunity for correction allows it to be executed no more than 120 days and no less than 30 days prior to the date the household is legally obligated to provide written notice of their intention to terminate or renew their current lease. The timeframe is limited to execution during that time only. If household moves out without executing the form during renewal time the finding remains uncorrected. Not IRS noncompliance, but will stay as state noncompliance until TDHCA revises correction opportunity. They recently implemented the timeframe in November 2013, which was past the audit correction period for Highland Gardens, El Dorado, and Oak Hollow. Potter's House response was submitted last week.

Please let me know if you have further questions or concerns that I can assist with resolution.

Thanks,  
Jeannie

**From:** Lee Anderson [<mailto:lee@hsidevelopment.org>]  
**Sent:** Monday, August 25, 2014 9:36 AM  
**To:** Jeannie Shipley; Chris Barnes ([cbarnes@Dominiuminc.com](mailto:cbarnes@Dominiuminc.com))  
**Subject:** RE: Non-Compliance - Housing Services Incorporated

Jeanie,

Thanks – let me know what you find out. Sorry to press you on this, you know how it goes. Hope all is well in your world this morning!!

**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

**From:** Jeannie Shipley [<mailto:Jshipley@pinnaclefamily.com>]  
**Sent:** Monday, August 25, 2014 9:07 AM  
**To:** Lee Anderson; Chris Barnes ([cbarnes@Dominiuminc.com](mailto:cbarnes@Dominiuminc.com))  
**Subject:** RE: Non-Compliance - Housing Services Incorporated

Good morning Lee,

I was hoping to get a response back from our Compliance team by last Friday; however I heard back via email this morning that there were several deadline submittal dates due last week hence, they were not able to confirm.

I will call them by 12:noon if I haven't heard back; and get you an answer today.

Jeannie

**From:** Lee Anderson [<mailto:lee@hsidevelopment.org>]  
**Sent:** Friday, August 22, 2014 4:10 PM  
**To:** Jeannie Shipley; Chris Barnes ([cbarnes@Dominiuminc.com](mailto:cbarnes@Dominiuminc.com))  
**Subject:** RE: Non-Compliance - Housing Services Incorporated  
**Importance:** High

Jeannie,

Sorry to bug. I'm starting to get heat on this, please let me know Monday where we are on these and if there is anything we need to resolve. Thanks, just a friendly warning, I'll likely have to start pushing this a bit by Tuesday!!

**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

**From:** Lee Anderson  
**Sent:** Thursday, August 21, 2014 10:23 AM  
**To:** [jshipley@pinnaclefamily.com](mailto:jshipley@pinnaclefamily.com); Chris Barnes ([cbarnes@Dominiuminc.com](mailto:cbarnes@Dominiuminc.com))  
**Subject:** FW: Non-Compliance - Housing Services Incorporated  
**Importance:** High

Jeanie,



There does seem to be something there, please check on this as its holding us up. Thanks.

**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

**From:** Lee Anderson

**Sent:** Thursday, August 21, 2014 10:22 AM

**To:** 'Tom Gouris'; Stephanie Naquin

**Cc:** Raquel Morales; [cbarnes@Dominiuminc.com](mailto:cbarnes@Dominiuminc.com); [JShackelford@shackelfordlaw.net](mailto:JShackelford@shackelfordlaw.net); Sabine Geiser

**Subject:** RE: Non-Compliance - Housing Services Incorporated

**Importance:** High

Hi Tom,

We have conferred and are going to submit the transfer package and cover any questions pertaining to our involvement in Park Manor as GP when and if questions do comes up. Given the history of the “Richard Shaw” portfolio we understand the Departments concern.

Also on an unrelated note, there have been some indications that HSI has some compliance issues, at least this what we have heard through counsel. While I know there are no compliance issues in our portfolio from our recent work that I am aware of, there are 7 FHLB grants HSI was involved with prior to my tenure, deals for which we get no income and have no involvement or responsibilities within the Partnership Agreements. Regardless, since they are on our experience cert I will make sure to follow up on this and determine what if anything is out there. I have reached out to Jeanie Shipley with Pinnacle to look into this and am waiting a reply. She is copied on this e-mail as well. However, if there are any compliance issues on any deals, can you or somebody please let me know what they are so that I can address them immediately?

Thanks.

**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

**From:** Tom Gouris [<mailto:tom.gouris@tdhca.state.tx.us>]

**Sent:** Wednesday, August 13, 2014 6:03 PM

**To:** Lee Anderson; Stephanie Naquin

**Cc:** Tom Gouris; Raquel Morales; [cbarnes@Dominiuminc.com](mailto:cbarnes@Dominiuminc.com); [JShackelford@shackelfordlaw.net](mailto:JShackelford@shackelfordlaw.net); Sabine Geiser

**Subject:** RE: Non-Compliance - Housing Services Incorporated

Hi Lee,

We, of course, are glad to have a call if that would be helpful, however one of the points Stephanie was trying to make in her e-mail below is that from a global review perspective we do not really know off hand all the properties or issues that may ultimately be involved/considered in a review until we have the ownership transfer material and previous participation review in process. Thus a call at this point might be premature as we would not have a complete picture of the potential issues of non-compliance until or unless we receive and complete a previous participation review request.

It might be a more fruitful use of everyone's time to review your past compliance records to determine what if any non-compliance was corrected outside of the corrective action period and formulate explanations as to why that might have occurred. Or submit the complete ownership transfer package which would include the previous participation review materials and have us work through at process. Quite frankly the best solution is almost always going to be the first option of self identification as that will provide you with a timeline of your own making rather than the regulatory timeframes that are triggered when we do the previous participation review. We are quite willing to move forward in any of these directions but I wanted you to be aware of what could and could not be accomplished in a meeting at this point. Feel free to let us know how you wish to proceed.

**Tom Gouris**

Deputy Executive Director for Asset Analysis and Management

Texas Department of Housing and Community Affairs

221 E. 11th Street | Austin, TX 78701

Office: 512.475.1470

Fax: 512.469.9606

*Any person receiving guidance from TDHCA staff should be mindful that, as set forth in [10 TAC Section 11.1\(b\)](#) there are important limitations and caveats (Also see [10 TAC §10.2\(b\)](#)).*

## **About TDHCA**

The Texas Department of Housing and Community Affairs administers a number of state and federal programs through for-profit, nonprofit, and local government partnerships to strengthen communities through affordable housing development, home ownership opportunities, weatherization, and community-based services for Texans in need. For more information, including current funding opportunities and information on local providers, please visit [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us).

**From:** Lee Anderson [<mailto:lee@hsidevelopment.org>]  
**Sent:** Wednesday, August 13, 2014 2:58 PM  
**To:** Stephanie Naquin  
**Cc:** Tom Gouris; Raquel Morales; Chris Barnes ([cbarnes@Dominiuminc.com](mailto:cbarnes@Dominiuminc.com)); John Shackelford ([JShackelford@shackelfordlaw.net](mailto:JShackelford@shackelfordlaw.net)); Sabine Geiser  
**Subject:** RE: Non-Compliance - Housing Services Incorporated  
**Importance:** High

Stephanie,

Understood, this makes complete sense given the history of non-compliance on this community. We will cover this in the transfer request. In the meantime, if you would like we can schedule a conference call to discuss the history of our development teams involvement, not just recently but in the past, and our plan moving forward. In point of fact, given the dubious history of non-compliance on this project, we would prefer a call for at least a few minutes with the appropriate people on your end.

I have copied Chris Barnes on this email, as he is running point on this for our development team, as well as our transaction lawyer John Shackelford. They will participate on the call. A call would really be helpful for us so that we can submit a transfer package that addresses the typical stuff required in the transfer request, but given the realities of this deal also addresses any additional concerns by the Department.

Thanks in advance for your time and attention to this matter.

**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

**From:** Stephanie Naquin [<mailto:stephanie.naquin@tdhca.state.tx.us>]

**Sent:** Wednesday, August 13, 2014 1:35 PM

**To:** Lee Anderson

**Cc:** Tom Gouris; Raquel Morales

**Subject:** RE: Non-Compliance - Housing Services Incorporated

Hi Lee,

Park Manor has outstanding noncompliance for which the corrective action period has passed and numerous issues that, although corrected, were not corrected in the corrective action period. HSI was involved with the property as the GP for a period of time and issues that occurred during that time that are uncorrected or corrected but not corrected in the corrective action period would be considered in a previous participation review. These issues would likely come up during the ownership transfer request, but the full scope is unknown until such review is conducted.

Let me know if you have any other questions, thanks!

**Stephanie Naquin**

Director of Multifamily Compliance

Texas Department of Housing and Community Affairs

221 E. 11th Street | Austin, TX 78701

Office: 512.475.2330

Fax: 512.475.3359

## About TDHCA

The Texas Department of Housing and Community Affairs is committed to expanding fair housing choice and opportunities for Texans through the administration and funding of affordable housing and homeownership opportunities, weatherization, and community-based services with the help of for-profits, nonprofits, and local governments. For more information about fair housing, funding opportunities, or services in your area, please visit [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us) or the [Learn about Fair Housing in Texas](#) page.

**From:** Lee Anderson [<mailto:lee@hsidevelopment.org>]  
**Sent:** Tuesday, August 12, 2014 5:25 PM  
**To:** Stephanie Naquin ([stephanie.naquin@tdhca.state.tx.us](mailto:stephanie.naquin@tdhca.state.tx.us))  
**Subject:** Non-Compliance - Housing Services Incorporated  
**Importance:** High

Stephanie,

I tried you a minute ago and wanted to zip off an e-mail instead of leaving a message so we could avoid phone tag. The reason for my call and e-mail is that I just received a phone call and it was brought to my attention that there is a finding of non-compliance on a transaction that would inhibit HSI's ability to be brought in as GP on a takeover transaction on Park Manor. At least this is what was brought to my attention, and since I have not been aware of any finding of non-compliance on any deal that we haven't dealt with, I wanted to reach out to determine what it is you were referring to.

Thanks and please let me know quickly so I can get it dealt with.

**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

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Exhibit C – HSI transparency – no help from TDHCA

While we understand TDHCA isn't required to respond in many instances, there is not one time the past five years that we have received any feedback from any letter as we have articulated our operations clearly and plainly.

March 7, 2012

Ms. Renee Norred  
Compliance Monitor  
Texas Department of Housing and Community Affairs  
221 E. 11th Street | Austin, TX 78701

Re: Humble Memorial Garden

Dear Ms. Norred,

Pursuant to the e-mail earlier this week, this letter addresses the two issues raised: the event held for Senior Citizen Counseling, and the request for reporting on site visits and monthly financial review. I am puzzled by the Department's position on the event we held last year that does not qualify for Senior Citizen Counseling:

- The LURA requires Senior Citizen Counseling (one event per year-although not stipulated in the LURA, this is how the Department and us interpreted this in 2010). We held an event in 2010 similar to the 2011 event and 2010 event was accepted by the Department last year as qualifying for Senior Citizen Counseling. Please explain the basis for the Department's material change in its position.
- This community is very active. The services and community involvement exceeds what is required under the LURA,
- Our Houston Area Coordinator, Muszetta Forman, who is certified by the Senior Citizen Council for Aging, coordinated this event in 2011,
- The event was a health fair to discuss Medicare and Medicaid, and it included counseling for our senior citizen residents. In my opinion, the counseling we provided is perhaps the most important kind of counseling these seniors need in connection with their health care options,
- We previously provided all sign in sheets and information from this event, but we have re-attached them for your review, and
- If the Department's definition of "Senior Citizen Counseling" has changed, we will immediately modify what we do but please understand we need in writing from the Department objective guidance specifically stating what you think "Senior Citizen Counseling" is to assist us in providing what you require.

We appreciate your review of our procedure manual, as you asked for information that HSI has put in place to document our oversight of Dominion Management. This procedure manual was fully implemented in January of 2012. In the past, my review of financials occurred throughout the year with various people at Dominion, primarily Chris Barnes and Owen Metz. As I looked into these questions in the second and third quarter last year, it became apparent we need simple and objective procedures in place so that we can give the Department details on exactly what we do as it relates to oversight – otherwise an ecumenical debate could ensue. In addition, something else good that came out of this process with the Department is stricter procedures on our end about site visits. While there is no requirement by the Department, IRC





469, or in The Guide for Completing the 8823, we thought quarterly site visits were optimal. Please review the recent site visit from Humble for details.

Since there are no objective guidelines in place by the Department to document our oversight of management, we are happy to modify, change, and/or add to any of the reporting procedures in this regard. However, I would respectfully request the Department put this writing to provide guidance if your position is different than ours. We have answered every question in a transparent and comprehensive way; so much so that the Department can now make recommendations if necessary because of the road map we have provided. We absolutely welcome any recommendations and/or guidance. If there are any suggestions you have, we will endeavor to incorporate those into our procedures so that we can avoid these kinds of questions and interruptions on future transactions. We cannot and do not want to have an ongoing problem because of the time and cost involved to our entire development team when deals get put on hold as a result of these issues. This isn't, however, to suggest we have an issue with any of the questions raised by the Department. We understand the history of some non-profits "renting out" their status to for-profit developers in Texas, and appreciate the Department's pursuit to end this abuse.

Thanks for your consideration, please let me know if you have any further questions.

Sincerely,



Lee Anderson  
Director of Affordable Housing

**HOUSING SERVICES INCORPORATED**

1160 GALICIA  
DALLAS, TX 75217

PHONE: 214.329.4890  
FAX: 214.584.9188



December 4, 2014

Ms. Patricia Murphy  
Chief of Compliance  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, TX 78701

Mr. Tom Gouris  
Deputy Executive Director of Housing Programs  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, TX 78701

Dear Ms. Murphy and Mr. Gouris,

We have prepared this letter for review by the TDHCA, and would like to apologize for failing to properly respond at the meeting Tuesday October 21<sup>st</sup>. As outlined below, we are committed to modifying how we operate and have immediately put procedures in place to ensure compliance issues do not occur.

Plan of Action:

- We have engaged Frost Cummings Tidwell Group, LLC (“FCT Group”) to be our accounting firm. FCT Group is a national accounting firm that is a CPA centric group that we feel is a much better fit for HSI. They are in the process of conducting a thorough review of all legal documents, including:
  - Review of 2 years of Owners’ Certificates, tax returns, and audits for all partnerships
  - Review all relevant partnership documents
- HSI is taking all actions allowed by Partnership Agreements and Management Agreements with respect to compliance issues raised by TDHCA and are aggressively pursuing by legal means with a qualified team of lawyers and accountants. While this process is fluid, HSI is (1) replacing DMS at Asbury and Humble and (2) require FCT Group to conduct all property audits and prepare all tax returns for all HSI assets moving forward.
- Steve Gilles with Gardere Wynne Sewell LLP will be involved in all HSI development activities.
- We have engaged Bob Voelker of Munsch, Hardt, Kopf, & Harr PC.
- We have engaged TCAM Asset Management (“TCAM”) to provide us with Asset Management and Owner representation services for our portfolio. TCAM is a nationally known and respected firm that specializes in providing Asset Management services to over 130,000 LIHTC apartment units across the country.



- TCAM will review and develop a new oversight regime, provide ongoing asset management services, compliance and asset management training for HSI Staff, establish a business plan for each community, review all correspondence with TDHCA by all HSI partners, review all financials and audits, develop annual reports to demonstrate HSI's material participation for each project, develop operating instructions for HSI's site visits, reporting to partners, reporting to HSI board of directors, and reporting to TDHCA.
- Sabine Geiser, HSI's Director of Oversight and Compliance, participated in the November 11<sup>th</sup> training in San Antonio with TDHCA, will attend TDCHA training in January of 2015, and will attend any future compliance and asset management training by TDHCA. Sabine Geiser will also participate in training TCAM suggests.
- Transaction Team. As we began examining our development group and transaction team, it quickly became apparent we needed to have a new set of eyes on our transaction work, eyes that are "non-profit" centric. As a result, we have hired three firms to be part of this new team:
  - Steve Gilles is a non-profit tax attorney and will be involved in every business decision we make, and will be the point person for all future transactional work. Mr. Gilles will not work directly on transactions, but will review all pertinent agreements for each transaction.
  - FCT Group will be our main audit firm, will conduct property audits and prepare all tax returns on all transactions for which HSI is GP, will conduct HSI's audit and our tax work, and will work with us to develop systems and oversight to properly report to our board of directors, institutional actors, and partners.
  - Bob Voekler of Munsch, Hardt, Kopf, & Harr PC will provide transactional work for all future developments.

#### HSI Operations – Shift in Operations as a result of TDHCA feedback the past 45 days

- Sabine Geiser will be solely responsible for all Compliance, LURA testing, and Site Visits. She will be the single point of contact for all interaction with the Department as transactions enter the compliance period.
- TCAM to develop an oversight regime for Sabine Geiser's oversight and compliance role. TCAM to work with HSI to develop all forms, reports, site visit forms, and testing procedures for HSI's oversight.
- Judy Rath, hired October 1<sup>st</sup> 2014 as HSI's Director of Operations, will manage the oversight regime and process with FCT Group that includes the management of all reporting to and from the board, all interaction between FCT Group and HSI, and managing all other operational items for HSI as assets enter the compliance period. She will be solely responsible for reporting HSI's activities in each partnership to establish material participation to all partners, investors, and state allocating agencies.

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- Lee Anderson, Director of Affordable Housing, will primarily be responsible for developing new transactions.
- Moving forward HSI will:
  - Negotiate more authority in relation Partnership Agreements and Management Agreements than it has in the past.
  - Require a .5% management fee for HSI's oversight.
  - Require more authority and involvement over the day to day operations of management companies.
  - Require Oversight Agreements (we started using oversight agreements in May of 2014 – we will amend and update).

HSI's goal is to aggressively and proactively address the concerns raised by TDHCA. Thanks in advance for your attention to this matter.

Sincerely,



Lee Anderson  
Director of  
Affordable Housing



Sabine Geiser  
Director of  
Compliance and Oversight

Judy Rath  
Director of  
Operations

CC: FCT Group  
Steve Gilles  
Bob Voelker  
TCAM  
HSI Board  
Dominium

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Sincerely,



Lee Anderson  
Director of  
Affordable Housing

Sabine Geiser  
Director of  
Compliance and Oversight

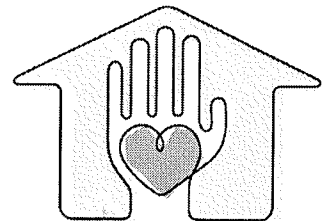


Judy Rath  
Director of  
Operations

CC: FCT Group  
Steve Gilles  
Bob Voelker  
TCAM  
HSI Board  
Dominium

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December 4, 2014

Ms. Patricia Murphy  
Texas Department of Housing and Community Affairs  
211 E. 11th Street  
Austin, TX 78701

RE: Material Participation Asbury

Dear Ms. Murphy,

I am writing in response to the Department's recent finding that HSI was "not materially involved" in the management of Asbury, which follows on recent denials of transfers (to/from HSI) on similar grounds. The question of HSI's participation has been an issue with the Department in the past and we have worked hard to address these concerns (see attached Chronology).

We are disappointed to see it arise again and want to use this opportunity to describe the many ways in which we actively participate in the management of the properties in which we are involved.

Specific Action taken at Asbury to establish material participation:

- Hire a property management company
- Lee Anderson reviews and conducts the following oversight activities:
  - Reviews Rent Rolls monthly
  - Reviews Financials monthly
  - Review Annual Audits
  - Review and respond to Lenders Questions or Default Notices if they occur
  - Work, talk, and E-mail with Dominion Management Services ("DMS") and Dominion Development ("DDA") on personnel problems, compliance issues, social services, expenses, revenues, and budgets
  - Work, Talk, and E-mail with DMS Vice President of DMS Texas regarding management staff problems and all operations
  - Work, Talk, and E-mail with DMS Regionals as necessary regarding operations



- Attend phone meetings with DMS and DDA as necessary for any and all issues
  - Sabine Geiser, HSI's Director of Compliance and Oversight, engages in the following oversight and compliance duties:
    - Provide training and support for social service requirements under the land use restrictions agreement, recommends services depending on resident needs, and work to create programs to meet those needs. In addition to site visits, Sabine interacts via phone and e-mail with all onsite managers on a consistent basis.
    - Work, talk and E-mail with DMS regional managers on supplemental services, LURA Service Training at each community, personnel problems, compliance issues, social services
    - Work with DMS On-Site managers and regional managers on Asbury management
    - Conducted site visits on the following dates:
      - 8/12/14
      - 3/26/14
      - 12/12/13
      - 8/15/13
      - 6/17/13
      - 1/22/13
      - 6/27/12
      - 12/4/12
      - 10/23/12
- [All site visit reports attached]
- 2012, in response to the questions regarding material participation, HSI started conducting site visits (please review attached chronology).

While we believe our organization has been materially involved, we acknowledge that given the compliance concerns raised by TDHCA HSI needs to do a better job overseeing DMS, as well as other management companies involved in our portfolio. The record does reflect we have been receptive to TDHCA direction over the past three years, have modified what we do each time we have received feedback from the Department, and have taken very deliberate action. Admittedly we have been learning and some of our operations in the oversight department could have, and

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frankly should have been better. HSI has very much taken the Department's input into account, as evidenced by substantial changes to our "transaction team," replacing out transaction lawyer, engaging Steve Gilles to work with us on all development activities, and engaging Frost Cummings Tidwell, and have created more of a 501 (c) 3 centric "transaction team."

In closing, we want to be clear about our commitment to ensuring the quality of the housing and services provided to residents. HSI is bringing new resources to the portfolio and its oversight of property management companies that include: changing all actors in our transaction team as outlined above, changing and enhancing our "development team," and engaging TCAM. Please review our Plan of Action for operational changes we feel are requisite to improve our oversight of management companies and our portfolio.

We welcome the opportunity to discuss these measures and understand better any and all of the Department's concerns.

Sincerely,



Lee Anderson  
Director of Affordable Housing



Sabine Geiser  
Director of Oversight and Compliance

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April 14, 2015

Patricia Murphy  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, TX 78711-3941

Via Email ~ [patricia.murphy@tdhca.state.tx.us](mailto:patricia.murphy@tdhca.state.tx.us)

Dear Ms. Murphy,

This letter provides HSI's response to the TDHCA Previous Participation Review received by e-mail on April 8, 2015. The Review was conducted in connection with Housing Services Incorporated's ("HSI") application for HOME funds for 14501, Cornerstone Apartments. Specific responses to each of TDHCA's findings are detailed in an attached exhibit. Also please find responses drafted by Dominion, the management agent on behalf of HSI.

After the EARAC Committee meeting on October 21<sup>st</sup> 2015, the severity and scope of compliance problems within the HSI/Dominium portfolio was shocking, an explanation of when and how HSI learned of these issues is attached. Recognizing the need for improvements, HSI took decisive and immediate action and has been working diligently over the past six months to systematize our oversight and increase our ability to respond quickly to concerns of TDHCA and other stakeholders. We have hired an independent asset management firm, TCAM, to help us strengthen our monitoring of property operations and management performance. We have also greatly increased and improved our level of communication with the property management agent at our properties. These efforts have increased our responsiveness and will prevent the recurrence of events such as those cited in your review. HSI took the follow actions immediately after the EARAC Committee meeting:

- HSI put Dominion on notice that the compliance record was unacceptable and that HSI expected immediate improvements, and that there will be zero tolerance moving forward, these conversations are fluid and ongoing.
- We have asked for notices of all non-compliance from TDCHA
- Engaged new audit and accounting firm in Frost Cumming Tidwell
- Hired new transaction counsel
- As mentioned above engaged TCAM
- Began an immediate overhaul of HSI's oversight of management companies

Given what occurred, it was clear HSI needed to shore up its oversight regime. While we have implemented processes and continue to develop our oversight regime, the primary detail that would have given HSI warning of these issues is to be in the loop and receive all notices from TDHCA. The following process is critical:



- Receive all department notices directly
- Run a parallel system that doesn't rely solely on the management company to inform HSI of non-compliance and audit responses
- Compile our own reports from notices directly from Department with management to insure all items are being responded to timely

HSI and Dominion have been a catalyst of saving troubled multi-family properties in the state of Texas and preserving the affordability, in totality HSI and Dominion have saved 8 troubled assets over the past 4 years, with approval from TDHCA. HSI has already suffered greatly because of this; the financial impact has been dramatic, in addition everything else the organization has been working on has suffered greatly the past six months. Please do not take any further punitive action.

In closing, the state has a desperate need for housing in the Rio Grande River Valley ("RGV"), one of the poorest in the Country. And the need of housing here far outweighs and benefit of sanctions on HSI. Given the shear gravity of HSI's CHDO related activities in RGV, meeting over 1000 stakeholders, starting another non-profit, Strong Minds Rise Together ("SMRT"), to meet the educational needs of the RVG, having initiatives with 4 different communities, interacting with over 10 school districts, among many other activities in south Texas, it is in the best interest of the State and the residents of the RGV that HSI be given the benefit of our efforts on these past issues and for TDHCA to allow Cornerstone Vermillion to proceed. The impact HSI is having on Texas as a CHDO is dramatic; its activities are highly impactful for the residents of Texas.

HSI is committed to the mission of quality affordable housing. We are doing our best to ensure the quality of the housing and to expand housing opportunities for low-income residents of Texas. We welcome feedback from TDHCA about how we might further improve our capabilities.

Sincerely,



Lee Anderson  
Director of Affordable Housing

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Exhibit - Responses to Deficiency Items

**The Department's records indicate that there are issues that are currently uncorrected and the corrective action period has ended.**

Property or Program: Arbor Cove

Issue(s) that our records indicate is(are) currently uncorrected: Failure to provide Fair Housing Disclosure

HSI RESPONSE: **Please see management company response under separate cover**

Property or Program: Asbury Place

Issue(s) that our records indicate is(are) currently uncorrected: No evidence of or failure to certify to material participation of a nonprofit

HSI RESPONSE: HSI provided a written response to TDHCA on 10/22/2014 with a follow up response submitted on 12/4/2014 and is awaiting a final response.

Property or Program: Humble Memorial Gardens

Issue(s) that our records indicate is(are) currently uncorrected: Failure to provide Fair Housing Disclosure notice

HSI RESPONSE: **Please see management company response under separate cover**

Property or Program: Seville Row

Issue(s) that our records indicate is(are) currently uncorrected: Household income above income limit upon initial occupancy

HSI RESPONSE: **Please see management company response under separate cover**

**The Department's records indicate that there are issues that are now corrected but were not corrected during the allowed corrective action period.**

HSI RESPONSE: **Please see management company response under separate cover**

Property or Program: Arbor Cove

Issue(s): No evidence of or failure to certify to material participation of a HUB, household income above income limit upon initial occupancy, project failed to meet minimum set aside, Gross rents exceed highest allowed under LURA, noncompliance with utility allowance regulations.

Property or Program: Asbury Place

Issue(s): UPCS violations (in 2013 and 2014), Noncompliance with social service requirements, Failure to provide special needs housing, noncompliance with utility allowance requirements, household income increased above 80% and owner failed to properly determine rent, noncompliance with lease requirements, failure to provide HQS inspections,

Property or Program: Timbers Edge

Issue(s): Violations of the Uniform Physical Condition Standards

Property or Program: Village of Kaufman

Issue(s): Violations of the Uniform Physical Condition Standards

Property or Program: Fox Run

Issue(s): Failure to correct construction inspection deficiencies

Property or Program: Hickory Manor

Issue(s): Noncompliance with social service requirements

Property or Program: Madison Pointe

Issue(s): Noncompliance with social service requirements

Property or Program: HOME contract 1001829

Issue(s): Ensure the Labor standards officer is not affiliated with monitored construction company, reconcile the employee interview to certified payroll

Property or Program: HOME contract 1001834

Issue(s): Failure to respond to requests for monitoring reviews

**Applicant failed to provide ANY response during the corrective action period.**

Applicant should address the issue of why Applicant failed to respond to Department notices and communications during the corrective action period for each issue of noncompliance. If no response is provided (and if this item is checked) or if the response is unsatisfactory, EARAC may make a recommendation to deny any new award.

On May 23, 2014 a notice of noncompliance was sent regarding a file review conducted at Asbury Place Apartments. The response was due no later than August 21, 2014. No response was received until August 29, 2014.

**HSI RESPONSE: Please see management company response under separate cover**

The Department attempted to complete a desk review for HOME contract 1001834 and the requested documents were not submitted.

HSI RESPONSE: HSI acknowledges that the response was not provided timely, but HSI has since provided all items during an onsite audit dated March 16, 2015. On March 23, 2015 HSI received a letter requesting additional details regarding Sabine Geiser's activities. A response is required by April 23<sup>rd</sup> 2015.

**The Department's records indicate that the Audit Certification Form for Housing Services Inc. is past due.**

HSI RESPONSE: HSI acknowledges that the response was not provided timely, and has submitted the form as of today. A copy of that form is attached.

**The Department's records indicate that the following financial services issues exist:**

Home 1001829 - Champion Homes at Tahoe Lake - needs submission of Proof of Builder's Risk Ins and tax receipts for tax year 2014 or exemption status

HSI RESPONSE: This information has been submitted to TDHCA and are included as an attachment.

**The Department's records indicate that the following asset management concerns exist based on information provided by the owner or owner's representative in the annual report to the Department and summarized on the attached exhibit which will be presented to EARAC.** The applicant is encouraged but not required to provide any clarification, explanation or plan for improvement for consideration in evaluating past performance of these properties:

HSI RESPONSE: **Please see management company response under separate cover as well as a table of 2014 Debt Coverage Ratios**

Exhibit – Timeline outlining when HSI learned of severity of compliance issues

On October 21, 2014 the EARAC Committee held a meeting regarding a pattern of non-compliance and late audit responses within the Dominion/HSI Portfolio, at which time Dominion and Housing Services Incorporated (“HSI”) gave a presentation about corrective action. The first time HSI became aware of concerns by TDHCA of non-compliance within the Dominion/HSI Portfolio was in August of 2014, at which time HSI immediately reached out to Stephanie Naquin, and sent subsequent e-mails on August 21<sup>st</sup> to Tom Gouris. At no time before August of 2014 did HSI receive notice, emails, or phone calls by Department staff about ongoing problems relating to the Dominion/HSI Portfolio. There were 55 compliance items brought to our attention, 48 of the 55 questions pertained to the Dominion Portfolio, the other 7 questions pertained to debt coverage ratios on FHLB transactions not related to Dominion. Two of the 55 items of non-compliance related to HSI’s material participation at Asbury and Humble. HSI provided a written response to TDHCA on 10/22/2014 with a follow up response submitted on 12/4/2014 and is awaiting a final response.

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA)

## AUDIT CERTIFICATION FORM (ACF)


<b>Entity:</b>	Housing Services Incorporated	<b>FYE:</b>	12/31/2014	<b>Contract Number:</b>	1001834
<i>mm/dd/yy</i>					

Check appropriate box:	
	We <b>have exceeded</b> the \$500,000 federal/state expenditure threshold for the fiscal year referenced above. We will have our Single Audit or Program Specific Audit completed and will submit the audit report within nine (9) months after the end of the audited fiscal year.
x	We <b>did not exceed</b> the \$500,000 federal/state expenditure threshold for the fiscal year referenced above. A Single Audit or a Program Specific Audit is not required for this fiscal year. <i>(Fill out Federal and State Funds Schedules below)</i>

*(Must be filled out if Single Audit or Program Audit is **NOT** required)*

Federal Funds Schedule				
Federal Grantor	Pass-through Grantor	Program Name & CFDA Number	Contract Number	Expenditures
				\$
				\$
				\$
<b>Total Federal Expenditures for the Fiscal Year</b>				<b>\$</b>

State Funds Schedule				
State Grantor	Pass-through Grantor (if any)	Program Name	Contract Number	Expenditures
TDHCA		HOME	1001834	27,392.00
<b>Total State Expenditures for the Fiscal Year</b>				<b>\$</b>

	Lee Anderson	D. of A. U.
<i>(authorized signature)</i> <i>(Executive Director, Mayor, County Judge)</i>	<i>(printed name)</i>	<i>(title)</i>
<i>(mailing address)</i>	Dallas, TX	75208
lee@hsidevelopment.org	<i>(city, state)</i>	<i>(zip code)</i>
<i>(email address)</i>	214-763-5209	n/a
	<i>(telephone number)</i>	<i>(fax number)</i>

**In accordance with the Texas Administrative Code, Title 10, Part 1, Chapter 1, Subchapter A, Rule §1.3 (b), an Entity "...is not eligible for funds or any other assistance from the department unless any past due audit has been submitted to the department in a satisfactory format on or before the application deadline for the funds or other assistance."**

**WARNING: The U. S. Code, Title 18, Part 1, Chapter 47, §1001 (a)(1)-(3) indicates that an Entity is guilty of falsification and fraud for knowingly and willingly making false or fraudulent statements to any department of the United States Government.**

Unless directed otherwise during the application process, submit this form within 60 days after the end of the fiscal year to:  
 Compliance and Asset Oversight Division  
 P. O. Box 13941, Austin, TX 78711-3941  
 Fax # (512) 475-3359



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
10/1/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> <b>Insgroup, Inc.</b> 1455 W. Loop South, 9th Floor  Houston TX 77027	<b>CONTACT NAME:</b> Fred Chang <b>PHONE (A/C No. Ext):</b> (713)541-7272 <b>E-MAIL ADDRESS:</b> fchang@insgroup.net		<b>FAX (A/C, No):</b> (713)772-5224
	<b>INSURER(S) AFFORDING COVERAGE</b>		<b>NAIC #</b>
<b>INSURED</b> <b>Chicory Court Midland, LP</b> <b>Odyssey Residential Construction, LP</b> 5420 LBJ Freeway #1355 Dallas TX 75240	<b>INSURER A:</b> Scottsdale		
	<b>INSURER B:</b> Hallmark Specialty Ins. Co.		
	<b>INSURER C:</b> Navigators Insurance Co.		
	<b>INSURER D:</b> Texas Mutual Ins. Co.		
	<b>INSURER E:</b> <b>INSURER F:</b>		

**COVERAGES** **CERTIFICATE NUMBER:** 14/15 Lake Tahoe **REVISION NUMBER:**


THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<b>GENERAL LIABILITY</b>			BCS0031368	1/16/2014	1/16/2015	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person) \$ NA
	<input checked="" type="checkbox"/> BI/PD/P&AI Ded: \$5000						PERSONAL & ADV INJURY \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE \$ 2,000,000
	<input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC						PRODUCTS - COMP/OP AGG \$ 2,000,000
B	<b>AUTOMOBILE LIABILITY</b>			TXH601334-04	1/16/2014	1/16/2015	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS					BODILY INJURY (Per accident) \$
	<input checked="" type="checkbox"/> HIRED AUTOS	<input checked="" type="checkbox"/> NON-OWNED AUTOS					PROPERTY DAMAGE (Per accident) \$
							\$
C	<b>UMBRELLA LIAB</b>			HO14EXC803011IC	1/16/2014	1/16/2015	EACH OCCURRENCE \$ 5,000,000
	<input checked="" type="checkbox"/> EXCESS LIAB	<input type="checkbox"/> OCCUR					AGGREGATE \$ 5,000,000
	<input checked="" type="checkbox"/> DED	<input type="checkbox"/> CLAIMS-MADE					\$
	RETENTION \$ 0						\$
D	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b>			SBP-0001189918	4/11/2014	4/11/2015	<input checked="" type="checkbox"/> WC STATUTORY LIMITS
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y/N	N/A				E.L. EACH ACCIDENT \$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
							E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
**RE: Champion Homes at Tahoe Lakes Construction Project - Midland, TX**  
The policy includes a blanket automatic additional insured endorsement that will provide additional insured status to the certificate holder only when there is a written contract between the named insured and the certificate holder as shown in the written contract that requires such status.

### CERTIFICATE HOLDER

### CANCELLATION

carolyn.kelly@tdhca.state.  Texas Department of Housing and Community Affairs Carolyn Kelly 221 East 11th Street Austin, TX 78701	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE  Henry Hochman/FC01 
--	---





# EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)  
9/5/2013

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME, CONTACT PERSON AND ADDRESS Insgroup, Inc. 1455 West Loop South 9th Floor Houston TX 77027		PHONE (A/C, No, Ext): (713)541-7272	COMPANY NAME AND ADDRESS Darwin National Assurance Company 1690 New Britain Ave Farmington CT 06032	NAIC NO: 16624
FAX (A/C, No): (713)772-5224	E-MAIL ADDRESS: jschmidt@businessinsurancegroup.c		IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH	
CODE:	SUB CODE:		POLICY TYPE Installation/Builder Risk	
AGENCY CUSTOMER ID #: 00033546		NAMED INSURED AND ADDRESS Odyssey Residential Holdings, LP (CONSTRUCTION) 5420 LBJ Freeway #1355 Dallas TX 75240		
ADDITIONAL NAMED INSURED(S) Chicory Court Midland, LP		LOAN NUMBER	POLICY NUMBER 0308-6907	
		EFFECTIVE DATE 11/01/2013	EXPIRATION DATE 11/01/2014	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
THIS REPLACES PRIOR EVIDENCE DATED:				

PROPERTY INFORMATION (Use REMARKS on page 2, if more space is required)  BUILDING OR  BUSINESS PERSONAL PROPERTY

LOCATION/DESCRIPTION  
Location #1: 1905 South Lamesa Road, Midland, TX 79701

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION		PERILS INSURED	BASIC	BROAD	<input checked="" type="checkbox"/> SPECIAL
COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$		14,861,888 DED: 10,000			
	YES	NO	N/A		
<input type="checkbox"/> BUSINESS INCOME <input checked="" type="checkbox"/> RENTAL VALUE	<input checked="" type="checkbox"/>			If YES, LIMIT: 1,954,960	Actual Loss Sustained; # of months:
BLANKET COVERAGE		<input checked="" type="checkbox"/>		If YES, indicate value(s) reported on property identified above: \$	
TERRORISM COVERAGE		<input checked="" type="checkbox"/>		Attach Disclosure Notice / DEC	
IS THERE A TERRORISM-SPECIFIC EXCLUSION?					
IS DOMESTIC TERRORISM EXCLUDED?					
LIMITED FUNGUS COVERAGE	<input checked="" type="checkbox"/>			If YES, LIMIT: 15,000	DED: 7 Day Wait
FUNGUS EXCLUSION (If "YES", specify organization's form used)		<input checked="" type="checkbox"/>			
REPLACEMENT COST	<input checked="" type="checkbox"/>				
AGREED VALUE	<input checked="" type="checkbox"/>				
COINSURANCE	<input checked="" type="checkbox"/>			If YES, 100%	
EQUIPMENT BREAKDOWN (If Applicable)	<input checked="" type="checkbox"/>			If YES, LIMIT: 10,872,048	DED: 10,000
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg	<input checked="" type="checkbox"/>				
- Demolition Costs	<input checked="" type="checkbox"/>			If YES, LIMIT: 50,000	DED:
- Incr. Cost of Construction	<input checked="" type="checkbox"/>			If YES, LIMIT: 50,000	DED:
EARTH MOVEMENT (If Applicable)	<input checked="" type="checkbox"/>			If YES, LIMIT: 1,000,000	DED: 25,000
FLOOD (If Applicable)	<input checked="" type="checkbox"/>			If YES, LIMIT: 1,000,000	DED:
WIND / HAIL (If Subject to Different Provisions)	<input checked="" type="checkbox"/>			If YES, LIMIT: INCL IN LIMIT	DED: SEE ATTCH
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS					

### CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

### ADDITIONAL INTEREST

MORTGAGEE	CONTRACT OF SALE	LENDER SERVICING AGENT NAME AND ADDRESS
LENDERS LOSS PAYABLE <input checked="" type="checkbox"/>	Mortgagee & Loss Payee	
NAME AND ADDRESS Texas Department of Housing and Communit Affairs 221 East 11th Street Austin, TX 78701		AUTHORIZED REPRESENTATIVE Brian Kapiloff/CAR01

**BUILDERS RISK COVERAGE:**

Soft Cost: \$2,034,880

Loss of Rents: \$1,954,960

**DELAY IN COMPLETION:**

Deductible: 7 day waiting period

**Windsorm and Hail:**

a) with respects to locations within Tier 1 wind zones the deductible shall be 0% of the total values at the time of loss or damage at each location involved in the loss or damage;

b) with respects to all other locations, all loss, damage, and/or expense arising out of any one occurrence shall be adjusted as one loss, the deductible shall be 0% of the total values at the time of loss at each location involved in the loss, subject to a minimum of \$10,000 for any one occurrence

## Additional Named Insureds

### Other Named Insureds

Chicory Court Stream GP, LLC	Additional Named Insured
Odyssey Residential Construction II, LLC	Additional Named Insured
Odyssey Residential Construction, GP	Additional Named Insured
Odyssey Residential Construction, GP, Inc.	Additional Named Insured
Odyssey Residential Holdings, LP	Additional Named Insured
Odyssey Residential Management, LLC	Additional Named Insured



[Home](#) [Return to Search](#) [Print](#)

[Property Year 2014](#) **Tax Summary**

Information Updated 4/13/2015

Property ID: R000210945 Geo ID: 00081990.001.0010

**Property Tax Bills**

View Property Taxes Detail by Entity

Year	Taxing Detail	Base Tax	Paid Tax	Tax Due	*Additional Fees	Late Fees	Amount Due
2014	165 - MIDLAND COUNTY	\$136.52	\$136.52	\$0.00	\$0.00	\$0.00	\$0.00
2014	CTM - CITY OF MIDLAND	\$425.01	\$425.01	\$0.00	\$0.00	\$0.00	\$0.00
2014	HOS - MIDLAND HOSPITAL	\$127.65	\$127.65	\$0.00	\$0.00	\$0.00	\$0.00
2014	RDC - MIDLAND COLLEGE	\$134.22	\$134.22	\$0.00	\$0.00	\$0.00	\$0.00
2014	SCM - MIDLAND ISD	\$1,230.11	\$1,230.11	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Amount Due:</b>				\$0.00	\$0.00	\$0.00	<b>\$0.00</b>

\* Additional Fees include any applicable penalties and interest, attorney and/or late fees.

4/13/2015

**RECALCULATE PAYMENT**

(with different proposed payment date)

Southwest Data Solutions provides this information "as is" without warranty of any kind.  
Southwest Data Solutions is not responsible for any errors or omissions.

## Lee Anderson

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**From:** Lee Anderson  
**Sent:** Sunday, March 15, 2015 9:57 AM  
**To:** 'Patricia Murphy'  
**Cc:** Tim Irvine; Sabine Geiser; Judy .  
**Subject:** RE: HSI-Dominium  
**Attachments:** Schedule of Real Estate - AH Activities - Dominium .pdf

Hello Patricia,

Please find schedule of real estate, the projects with red lines through them are not Dominium Partnerships. I initially intended a more high level call, as you will be digging into each file, I will ask Sabine and Judy to prepare so that we can discuss each partnership specifically if necessary. Let's push this call to the following week, perhaps the 25<sup>th</sup> or 26<sup>th</sup>?

Let us know if you need anything else in advance of the call.

**Lee Anderson** | Housing Services Incorporated  
Director of Affordable Housing

Direct 214.329.4890 | Fax 888.835.9319 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

---

**From:** Patricia Murphy [<mailto:patricia.murphy@tdhca.state.tx.us>]  
**Sent:** Saturday, March 14, 2015 9:10 AM  
**To:** Lee Anderson  
**Cc:** Tim Irvine  
**Subject:** FW: HSI-Dominium

Hi Lee, Can you tell me which properties HSI is affiliated with? I think I have a list of Dominium/HSI properties, but I don't think HSI is affiliated with all of Dominium portfolio. Plus, I know that HSI is involved with some properties that Dominium is not involved with.

I need that list and some time to look through the files before a call.

---

**From:** Lee Anderson [<mailto:lee@hsidevelopment.org>]  
**Sent:** Wednesday, March 11, 2015 4:14 PM  
**To:** [tim.irvine@tdhca.state.tx.us](mailto:tim.irvine@tdhca.state.tx.us)  
**Cc:** Voelker, Robert ([rvoelker@munsch.com](mailto:rvoelker@munsch.com)); Judy .; Sabine Geiser  
**Subject:** HSI-Dominium

Mr. Irvine,

We would like to schedule a phone call with you for the middle of next week for a quick chat about Dominium and where our team is with this, perhaps Wednesday or Thursday if you have time.

**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.270.1402 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

## **Exhibit D – Material participation**

1. Baseline for HSI's Activities set in 2012 – March 8th
  - Rene Norred reviews our procedures
  - Rene Norred reviews our site visit report example
  - We clearly ask for help and guidance in the letter
  - No follow up by the Ms. Norred
  - Assumption, she is happy with everything
  
- .2 It is also important to note that HSI was cleared of all questions for material participation in 2012 and 2013.
  
3. We have supplied the response to both Humble and Asbury we prepared for Ms. Murphy – we heard nothing back at all on either response

## Lee Anderson

---

**From:** Lee Anderson  
**Sent:** Thursday, March 08, 2012 9:04 AM  
**To:** renee.norred@tdhca.state.tx.us  
**Cc:** John Shackelford (jshack@shacklaw.net); Chris Barnes (cbarnes@Dominiuminc.com)  
**Subject:** Humble Memoria Gardens  
**Attachments:** Response on Services and Reporting - Humble 3-7-12.pdf; Quarterly Site Visit Report - Humble - 1st Quarter 2012 Site Visit.pdf; Monthly Financial Review - 2012 Dominium Portfolio.pdf

Ms. Norred,

Please find our response to the e-mail on the 5<sup>th</sup> of March. As indicated in the letter, I'm sending in all of the materials for the event we held last year, however, as the e-files we have for all of those materials is over 20 meg, and I wanted to make sure you had everything we had on file in your hand on this event, I am overnighting it all for early morning delivery. While you have seen the sign in sheets and a few other details in the past, there is substantially more materials for you to review, and hopefully you will come to the same conclusion we did before we held the event, in that it is senior citizen counseling.

We appreciate your attention to this matter, please let me know if you have any questions.

**Lee Anderson** | Housing Services Incorporated  
Executive Director – Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)



March 7, 2012

Ms. Renee Norred  
Compliance Monitor  
Texas Department of Housing and Community Affairs  
221 E. 11th Street | Austin, TX 78701

Re: Humble Memorial Garden

Dear Ms. Norred,

Pursuant to the e-mail earlier this week, this letter addresses the two issues raised: the event held for Senior Citizen Counseling, and the request for reporting on site visits and monthly financial review. I am puzzled by the Department's position on the event we held last year that does not qualify for Senior Citizen Counseling:

- The LURA requires Senior Citizen Counseling (one event per year-although not stipulated in the LURA, this is how the Department and us interpreted this in 2010). We held an event in 2010 similar to the 2011 event and 2010 event was accepted by the Department last year as qualifying for Senior Citizen Counseling. Please explain the basis for the Department's material change in its position.
- This community is very active. The services and community involvement exceeds what is required under the LURA,
- Our Houston Area Coordinator, Muszetta Forman, who is certified by the Senior Citizen Council for Aging, coordinated this event in 2011,
- The event was a health fair to discuss Medicare and Medicaid, and it included counseling for our senior citizen residents. In my opinion, the counseling we provided is perhaps the most important kind of counseling these seniors need in connection with their health care options,
- We previously provided all sign in sheets and information from this event, but we have re-attached them for your review, and
- If the Department's definition of "Senior Citizen Counseling" has changed, we will immediately modify what we do but please understand we need in writing from the Department objective guidance specifically stating what you think "Senior Citizen Counseling" is to assist us in providing what you require.

We appreciate your review of our procedure manual, as you asked for information that HSI has put in place to document our oversight of Dominion Management. This procedure manual was fully implemented in January of 2012. In the past, my review of financials occurred throughout the year with various people at Dominion, primarily Chris Barnes and Owen Metz. As I looked into these questions in the second and third quarter last year, it became apparent we need simple and objective procedures in place so that we can give the Department details on exactly what we do as it relates to oversight – otherwise an ecumenical debate could ensue. In addition, something else good that came out of this process with the Department is stricter procedures on our end about site visits. While there is no requirement by the Department, IRC



469, or in The Guide for Completing the 8823, we thought quarterly site visits were optimal. Please review the recent site visit from Humble for details.

Since there are no objective guidelines in place by the Department to document our oversight of management, we are happy to modify, change, and/or add to any of the reporting procedures in this regard. However, I would respectfully request the Department put this writing to provide guidance if your position is different than ours. We have answered every question in a transparent and comprehensive way; so much so that the Department can now make recommendations if necessary because of the road map we have provided. We absolutely welcome any recommendations and/or guidance. If there are any suggestions you have, we will endeavor to incorporate those into our procedures so that we can avoid these kinds of questions and interruptions on future transactions. We cannot and do not want to have an ongoing problem because of the time and cost involved to our entire development team when deals get put on hold as a result of these issues. This isn't, however, to suggest we have an issue with any of the questions raised by the Department. We understand the history of some non-profits "renting out" their status to for-profit developers in Texas, and appreciate the Department's pursuit to end this abuse.

Thanks for your consideration, please let me know if you have any further questions.

Sincerely,



Lee Anderson  
Director of Affordable Housing

**HOUSING SERVICES INCORPORATED**

1160 GALICIA  
DALLAS, TX 75217

PHONE: 214.329.4890  
FAX: 214.584.9188



## 2012 Oversight of Monthly Financials to Dominion Portfolio

Month (2012)	Seville Row - Beaumont - TDHCA # TX08417	
	Dt Financials Reviewed	Notes
January	1/20/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)	Timbers Edge - Beaumont - TDHCA # TX08416	
	Dt Financials Reviewed	Notes
January	1/20/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)	Humble Memorial Garden - Humble - TDHCA # TX02120	
	Dt Financials Reviewed	Notes
January	1/20/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

## 2012 Oversight of Monthly Financials to Dominion Portfolio

Month (2012)	Hickory Manor - Desoto - TDHCA # TX	
	Dt Financials Reviewed	Notes
January	1/20/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)	Lakeside Manor - Little Elm - TDHCA # TX04463	
	Date Financials reviewed	Notes
January	1/22/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)	Hillcrest Manor - Lubbock - TDHCA # TX-06-040215	
	Dt Financials Reviewed	Notes
January	1/22/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

## 2012 Oversight of Monthly Financials to Dominion Portfolio

Month (2012)	Asbury Place - San Marcos - TCHCA # TX98067	
	Dt Financials Reviewed	Notes
January	1/22/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)	Madison Point - Cotulla - TDHCA # TX05099	
	Dt Financials Reviewed	Notes
January	1/25/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)		
	Dt Financials Reviewed	Notes
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

**Project Name:** Humble Memoria Garden  
**TDHCA #:** TX02120  
**Address:** 9850 J M Hester Street  
Humble, TX 77038

**Date Site Visit Conducted:** 2/22/2012

**HSI Personell Present:** Sabine Geiser  
Lee Anderson

**Management Staff Present:** Robbie Irvan

**Financial Review:**

Finacially, this project is sound, it is trending in the right direction as expected.

**Physical Condition Review:**

Physical Condition is good, project is clean, nothing noted of a concern after we walked the property.

**Services Review:**

Services at Humble are robust, onsite management continuing to facilitate an active community, Muszetta was pleased we have active seniors here. In January, we approved 3 more events in addition to the one event for Senior Citizen Counciling under the LURA. Additoinally, Muszetta will be at the site up to six times times in 2012. In speaking with Muszetta and Sabine, we all agree with such an active community, we should be able to add and enhance what they do substantially over the next 24 months.

**Notes and Recommendations:**

While the project is clean and in good condition, Muszetta, Sabine, and the existing management all feel we need to punch up the community building area. The existing paint while in great shape could be changed to a more nuetral and inviting color, its a light ugly green currently. Additionally, every one involved thought we needed some new furniture and decorations to spruce the place up. Muszetta also thought we should do more with the community room to enhance services already going on, specifically those services that occur on a daily basis. As the project is cash flowing and looking good, we will work with Dennis and Baba in the second quarter to begin contemplating these kinds of improvements as the budget permits.

December 4, 2014

Ms. Patricia Murphy  
Texas Department of Housing and Community Affairs  
211 E. 11th Street  
Austin, TX 78701

RE: Material Participation Asbury

Dear Ms. Murphy,

I am writing in response to the Department's recent finding that HSI was "not materially involved" in the management of Asbury, which follows on recent denials of transfers (to/from HSI) on similar grounds. The question of HSI's participation has been an issue with the Department in the past and we have worked hard to address these concerns (see attached Chronology).

We are disappointed to see it arise again and want to use this opportunity to describe the many ways in which we actively participate in the management of the properties in which we are involved.

Specific Action taken at Asbury to establish material participation:

- Hire a property management company
- Lee Anderson reviews and conducts the following oversight activities:
  - Reviews Rent Rolls monthly
  - Reviews Financials monthly
  - Review Annual Audits
  - Review and respond to Lenders Questions or Default Notices if they occur
  - Work, talk, and E-mail with Dominion Management Services ("DMS") and Dominion Development ("DDA") on personnel problems, compliance issues, social services, expenses, revenues, and budgets
  - Work, Talk, and E-mail with DMS Vice President of DMS Texas regarding management staff problems and all operations
  - Work, Talk, and E-mail with DMS Regionals as necessary regarding operations



- Attend phone meetings with DMS and DDA as necessary for any and all issues
  - Sabine Geiser, HSI's Director of Compliance and Oversight, engages in the following oversight and compliance duties:
    - Provide training and support for social service requirements under the land use restrictions agreement, recommends services depending on resident needs, and work to create programs to meet those needs. In addition to site visits, Sabine interacts via phone and e-mail with all onsite managers on a consistent basis.
    - Work, talk and E-mail with DMS regional managers on supplemental services, LURA Service Training at each community, personnel problems, compliance issues, social services
    - Work with DMS On-Site managers and regional managers on Asbury management
    - Conducted site visits on the following dates:
      - 8/12/14
      - 3/26/14
      - 12/12/13
      - 8/15/13
      - 6/17/13
      - 1/22/13
      - 6/27/12
      - 12/4/12
      - 10/23/12
- [All site visit reports attached]
- 2012, in response to the questions regarding material participation, HSI started conducting site visits (please review attached chronology).

While we believe our organization has been materially involved, we acknowledge that given the compliance concerns raised by TDHCA HSI needs to do a better job overseeing DMS, as well as other management companies involved in our portfolio. The record does reflect we have been receptive to TDHCA direction over the past three years, have modified what we do each time we have received feedback from the Department, and have taken very deliberate action. Admittedly we have been learning and some of our operations in the oversight department could have, and

**HOUSING SERVICES INCORPORATED**

1160 GALICIA  
DALLAS, TX 75217

PHONE: 214.329.4890  
FAX: 214.584.9188





frankly should have been better. HSI has very much taken the Department's input into account, as evidenced by substantial changes to our "transaction team," replacing out transaction lawyer, engaging Steve Gilles to work with us on all development activities, and engaging Frost Cummings Tidwell, and have created more of a 501 (c) 3 centric "transaction team."

In closing, we want to be clear about our commitment to ensuring the quality of the housing and services provided to residents. HSI is bringing new resources to the portfolio and its oversight of property management companies that include: changing all actors in our transaction team as outlined above, changing and enhancing our "development team," and engaging TCAM. Please review our Plan of Action for operational changes we feel are requisite to improve our oversight of management companies and our portfolio.

We welcome the opportunity to discuss these measures and understand better any and all of the Department's concerns.

Sincerely,



Lee Anderson  
Director of Affordable Housing



Sabine Geiser  
Director of Oversight and Compliance

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# Chronology of Interaction with Department from 2011 to Present

## History of interaction of Material Participation

- 3<sup>rd</sup> and 4<sup>th</sup> quarter 2011 Humble and Asbury – both flagged for material participation concerns
- 2012 Baseline of HSI's Operations to Establish Material Participation
  - February 2012 E-mail and documentation to Tim Irvine on Asbury –
    - Finding cleared for material participation
    - HSI requested full review and guidance if Department
  - March 2012 E-mail and documentation to Rene Norred
    - A copy of first Humble site visit report was also reviewed by Ms. Norred
    - Finding cleared for material participation
- Baseline of material participation as outlined to Mr. Irvine and Ms. Norred
  - Quarterly Site Visits – Form acceptable on Humble in March 2012
  - Review of Financial records
  - HSI Management to interface and be active with DMS

## History of Site Visits – A focus on LURA Service Requirements

- Focus for Site Visits: In 2012 and early 2013 we began receiving notices of non-compliance for supportive services. After reviewing the services video on the TDCHA website and realizing 25% of non-compliance was due to supportive services, we developed LURA Service Procedures that were put in place March of 2013, see attached procedures.
- As a result, during site visits Ms. Giesier's primary roll has been to conduct training and support for DMS Management regarding proper documentation required for services required under the LURA. This process has been time consuming and demanding as our portfolio has undergone so many changes, over the past 2 years, there are thousands of phone calls and e-mail training management the

past 18 months, conducting oversight into service records, and to provide ongoing training pursuant to the LURA. Ms. Gieser does 45 to 60 site visits a year on average now.

- After we installed the LURA Procedures and trained all managers, there have been no findings of non-compliance for supportive services. [As a note: there were two findings of non-compliance for Asbury and Humble recently – our management team just didn't upload the service records.]
- Now that those issues are addressed, HSI is continuing to augment other aspects of the oversight it conducts to the property management companies.
- We are working with TCAM and Frost Cummings Tidwell to modify and enhance our oversight regime.

**Project Name:** Asbury Place  
**TDHCA #:** TX-98067  
**Address:** 1350 Wonder World Drive  
San Marcos, TX 78666

**Date Site Visit Conducted:**  
12/4/2012

**HSI Personell Present:** Sabine Geiser

**Management Staff Present:** Sofia Torres-Fernandez and Veronica Torres Fer

**Financial Review:** done by Lee Anderson

### **Physical Condition Review:**

property seems to be in good physical condition. The Carpet in the community center is scheduled to be replaced

### **Services Review:**

no services as of yet. Coordinator was hired 12/3/2012

### **Notes and Recommendations:**

I met with the Manager, Sofia Torres-Fernandez and our new coordinator Veronica Torres. We discussed setting up services and outlined a service plan for the upcoming year.

- Veronica will spend about 10 hours per week working on services.
- Time sheet needs to be submitted on the 3<sup>rd</sup> of each month for payment cycle on the 7<sup>th</sup> of each month
- A petty cash account will be set up by next week and all expenses will be tracked on a spreadsheet and receipts will be attached
- Veronica will work on getting the information on the demographics of this site – it will help us tailor the services and give us a better idea how to better serve the residents
- The computer is at the site, but not set up yet. There is a desk set up in the front office that should be moved into the spare office to be set up for the coordinator. This would allow for the community room to still be used for presentations and to be rented out to the residents and the office to be locked. Veronica and Sofia will be able to move the desk and set up the computer.

Baba and Gina – There will be an empty space where the desk was. The manager suggested to put a table and 2 chairs there...

- We spent some time discussing all the forms and the setup of the service

- we spent some time discussing all the forms and the setup of the service binder. Once the computer is set up she will have access to a sugarsync folder containing all the forms and this is also where all information regarding the services on this site will be saved – allowing all of us access to the information. The binder will contain all service information and will be available to the Manager at all times
  
- Lura tracking sheet and additional services tracking sheet – before the monthly tabs
- Monthly dividers
- Monthly newsletter and calendar
- Flyers
- Sign in sheets for EVERY event
- Contact information for presenters and copies of all information presenter give out to residents
- Tracking of referrals and any meeting with residents (resident counseling)
- Any other information applicable for the month (in kind donations, Volunteer hours etc.)
  
- We are planning a mandatory resident meeting for January 22<sup>nd</sup>. This will give Veronica an opportunity to introduce herself and get to know the residents. I am working on a survey to be distributed to all residents. This will give us a better idea on what their needs are and how we can help them. Veronica is also working on planning a presentation for February (Financial planning and budgeting – how to use your tax refund wisely) we can use the January meeting to promote the February event.
- We discuss identifying residents on site interested in volunteering for events, being the designated leader for a small part of the property, helping distribute newsletters and flyers etc. The Manager has a pretty good idea who those people are and will give a list to Veronica.
  - One of the residents is a basketball coach and Veronica will contact him to see if he is interested in working with the kids on the property.
- Volunteer recruitment: Veronica has contact for a Social Work Program that requires students to have at least 16 hours of community service. We discussed using this resource for Life skills programs for Adult and children/After school programs/ Tutoring etc.
  - High school students are another resource for volunteers – depending on the school, they are required to complete a certain amount of community service hours per year.
  - We also discussed setting up an area advisory board in the future. I asked Veronica to keep an eye out for individuals that really show an interest in being involved in the community and wanting to help.
- Resource book for Residents:
  - The coordinator will keep records of all resources available to our residents and keep them updated at all times

Services planned for Asbury:

- ❖ 2 mandatory Resident meetings per year
- ❖ At least one Presentation (Resident meeting) per quarter (Nutrition/Health, Education, Life skills, Parenting)
- ❖ After school program and tutoring

- ❖ After school program and tutoring
- ❖ Seasonal programs for kids (Summer lunch program, Easter, Halloween etc.)
- ❖ Youth programs (Sports, Life skills etc.)

**Project Name:** Asbury Place  
**TDHCA #:** TX-98067  
**Address:** 1350 Wonder World Drive  
San Marcos, TX 78666

**Date Site Visit Conducted:** 6/27/2012

**HSI Personell Present:** Sabine Geiser

**Management Staff Present:** Sofia Torres-Fernandez

**Financial Review:** done by Lee Anderson

#### **Physical Condition Review:**

The property is clean and looks well kept. There is a fairly sizable hole in the back field, where the playground and basketball area is. Sofia thought it was some kind of drainage, it looks like a sinkhole and I am concerned it could cause an injury by somebody stepping into it.

#### **Services Review:**

There are no services done at this time. The binder is set up but no activities have been scheduled. The manager is not from the area and does not have any connection in San Marcos. She said services are hard to find, the focus of organizations is either Austin or San Antonio. Even though Sofia lives on site I did not feel that she was very connected with the residents

#### **Notes and Recommendations:**

We went over all the LURA requirements for the property and I gave her some ideas of where to look for services. We talked about churches, community organizations, businesses and hospitals in the area and connection the residents might have.

A Part time coordinator is scheduled to be hired for this site during the last quarter of this year. I asked Sofia to keep her eyes open for a qualified person for this job.

Since the LURA requires youth activities, the open field in the back and the basketball court offer great opportunities to bring on a volunteer coach to work with the kids during the summer or after school. We discussed "mutually beneficial" situations, like offering the field for practice to a team and have the resident children included.

The Manager is the only staff on site and needs the help of a part time coordinator to make those services happen.

**Project Na** Asbury Place

**Date Site Visit Conducted:**

1/22/13

**TDHCA #:**

**Address:** 1350 Wonderworld Drive  
San Marcos Texas 78666

**HSI Personell Present:** Sabine Geiser

**Management Staff Present:** Sofia Torres - Manager  
Veronica Torres - Service Coordinator

**Financial Review:** done by Lee Anderons

**Physical Condition Review:**

**Services Review:**

Binder for 2013 is set up and in order  
Financial literacy event scheduled for February

Resident meeting 1/22/13

**Notes and Recommendations:**

youth programs (after school, summer lunch, sport)  
quarterly resident event (Health and Nutrition/Finances/Personal  
Safety/First Aid and Emergency  
Resource collection to be handed out to all residents

collaborations with churches and schools  
recruiting volunteers for youth programs and tutoring



# Quarterly Site Visit - LURA Services Report

**Project Name:** Asbury  
**Regional:** Linda Guajardo  
**TDHCA #:** TX-98067  
**Address:** 1350 Wonderworld Drive  
 San Marcos Texas 78666

**Date Site Visit Conducted:** 6/17/2013

**HSI Personnel Present:** Sabine Geiser

**Management Staff Present:** Sofia Torres

## LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass  Fail   
 Service Binder: Pass  Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Date Corrective Action to be completed by:

## Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass  Fail

**Note:**  
 This property already passed the Audit and has done all LURA Services for this year. The service binder is not exactly how I would like it - I went over the procedures and Binder set up with the Manager in great detail. The Manager did not seem very interested in any of this - the audit was done and that was all she seemed to care about.

# Quarterly Site Visit - LURA Services Report

## Services Review:

### Note 1:

the service requirements for this year have been met

### Note 2:

Planning for the upcoming year we discussed setting up 4 events:

- 1 - youth Activity event
- 2 - Resource and Referral
- 3- Resident Meeting first half of 2014
- 4 - Resident Meeting second half of 2014

### Note 3:

### Note 4:

## Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

# Quarterly Site Visit - LURA Services Report

# Quarterly Site Visit - LURA Services Report

**Project Name:** Asbury  
**Regional:** Linda Guajardo  
**TDHCA #:** TX-98067  
**Address:** 1350 Wonderworld Drive  
San Marcos Texas 78666

**Date Site Visit Conducted:**

12/12/2013

**HSI Personnel Present:**

Sabine Geiser

**Management Staff Present:**

Sofia Torres Fernandes

## LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass  Fail

Service Binder: Pass  Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Date Corrective Action to be completed by:

## Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass  Fail

### Note:

Sofia had done some more events in the 4th quarter but had not submitted any paperwork, "too much of a hassle". We were discussing the service plan for next year and all the paperwork that has to be submitted for each event. We also talked about that all sign in sheets and info is scanned in and e-mailed to me after each event so I have a virtual copy of the service binder.

# Quarterly Site Visit - LURA Services Report

## Services Review:

### Note 1:

Sofia will hold quarterly resident meetings

### Note 2:

I will look into resources for a youth program event and the referral event

### Note 3:

### Note 4:

## Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

# Quarterly Site Visit

**Project Name:**  
**Date Site Visit Conducted:**

**Regional:**

**TDHCA #:** TX-98067

**Address:** 1350 Wonder World Drive  
 San Marcos Texas 78666

**HSI Personnel Present:**

**Management Staff Present:**

## LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass  Fail   
 Service Binder: Pass  Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>
Set up binder with Tabs for Lura event categories	Sofia torres	next site visit

Date Corrective Action to be completed by:

## Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass  Fail

**Note:**

The property is fully leased and the Manager seems to be on top of the required services. She has Volunteer (resident) assisting with coordinating and implementing events

# Quarterly Site Visit

## Services Review:

### Note 1:

The first Resident meeting was held in March and all forms were submitted. Sofia did not have all the forms in the binder. I sent her all the required forms and asked her to print and file them in the service binder

### Note 2:

A referral event and youth program is scheduled for April

### Note 3:

### Note 4:

## Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

**Project Name:** Asbury Place  
**TDHCA #:** TX-98067  
**Address:** 1350 Wonder World Drive  
San Marcos, TX 78666

**Date Site Visit Conducted:** 10/23/2012

**HSI Personell Present:** Sabine Geiser

**Management Staff Present:** Sofia Torres-Fernandez  
Veronica Torres - Service coordinator to be hired

**Financial Review:** done by Lee Anderson

**Physical Condition Review:**

**Services Review:**

Met with the Manager – Sofia Torres-Fernandez and the Community Service Coordinator to be hired, Veronica Torres  
I spent most of my time talking with Veronica about the service implementation for the upcoming year. She is ready to get started within the next few weeks, as soon as we get all the hiring paperwork completed. We discussed the LURA and all the requirements, discussed options for presentations meeting the requirements.  
Veronica has done this before and I feel very confident that she will do a good job.

**Notes and Recommendations:**

**Youth Activity Programs:** Boys and girls club, Girl Scouts – possibly some sports activities utilizing the field  
Finding some possible resources for tutoring on site, maybe once a week

**Resident Group Meetings:** We discussed setting up a resident meeting once a month. Some can be social but at least every other month this should be  
Combined with a presentation of interest to the residents. Options  
discusses include Financial Literacy, Nutrition, continuing  
Education etc.

**Service Referrals:** Creating and updating a resource book of all services and resources available for the residents in the area.  
Scheduling some service providers for presentations  
Keeping Records of all Residents referred to Community resources

**Record Keeping:** A binder will be set up with monthly tabs. It will contain a copy of the LUR and an index of services provided with the date and  
Service provider  
Each month will contain the monthly newsletter, copies of all flyers  
distributed to the residents sign in sheets for each event



distributed to the residents, sign in sheets for each event,

Copies of written information given out by presenters to residents and their  
contact information for the Presenter,

Referral forms and any other pertinent information regarding services for  
this particular month.

# Quarterly Site Visit

Project Name:  Date Site Visit Conducted:   
Regional:   
TDHCA #: TX-98067  
Address: 1350 Wonder World Drive  
San Marcos Texas 78666

HSI Personnel Present:

Management Staff Present:

## LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass  Fail   
Service Binder: Pass  Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Date Corrective Action to be completed by:

## Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass  Fail

**Note:**  
the property has been without a manager for a while. Robbie is filling in until a permanent Manager can be placed at the site.  
The binder does still not have tabs and is missing some forms. Sofia had scheduled a youth program but I never received any sign in sheets.  
I will recreate the binder with the information I have and Robbie will schedule a youth program, back to school type of event, and some more resident meetings.

# Quarterly Site Visit

## Services Review:

### Note 1:

The first Resident meeting was held in March and all forms were submitted. Sofia did not have all the forms in the binder. I sent her all the required forms and asked her to print and file them in the service binder

### Note 2:

A referral event and youth program is scheduled for April

### Note 3:

### Note 4:

## Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

# HSI LURA Service Procedures

The policies and procedures outlined below must be followed by all parties providing LURA Services for which HSI is responsible. All LURA Service Events must be approved by Sabine Geiser, Director of Programs. **Without** a LURA Service Event Approval Form signed by Sabine Geiser, no event will qualify.

## LURA Service Event Procedures – On-site Management Restrictions

On-Site Managers who are not HSI Employees must follow *Management Restrictions – LURA Service Events* Procedures that follow.

## LURA Approved Provider List

HSI publishes an *Approved Third Party Social Server Provider List*, which is updated monthly. If a third party provider is on the list, we do not require approval of that third party service provider again for that year, provided:

- i. The third party service provider must be the same as approved on the provider list, if it is a different branch with completely different contact information, an approval for each branch will be required,
- ii. Approval of third party service provider is for 12 months from the date of approval, each provider will be required to be approved to hold LURA Service Events every 12 months.

## To request and hold a LURA Service Event all parties must:

- i. E-Mail *LURA Service Event Request Form* to Sabine Geiser at [sabine@hsidevelopment.org](mailto:sabine@hsidevelopment.org), example follows,
- ii. If a third party service provider is being used, Sabine Geiser will contact them and approve the event, (Please Note: we also require that the third party be made aware of Sabine's call and interaction so we do not catch them by surprise),
- iii. Sabine will e-mail the *LURA Service Event Approval Form* within 72 hours of request to the person who made request,
- iv. LURA Event can be scheduled only after it has been approved,
- v. Hold LURA Service Event,
- vi. E-mail Event Records to Sabine within 24 hours of event:
  - a) Marketing Flyer,
  - b) *LURA Service Event Approval Form*, with third party signature if a third party held the LURA service event,
  - c) Event Marketing Materials, if applicable
  - d) Event Questionnaires, if applicable
  - e) Sign in Sheet
- i. Follow Procedures outlined in *Community Service Records Binder Procedures* that follow

**If all of the procedures above are not followed, the LURA Service Event will not qualify, also holding the event without proper records will precipitate a denial of the service event.**

# Community Service Records Binder Procedures

The community services binder holds all of the social service records for each community and is what the TDHCA reviews to ensure all of the required services in the regulatory agreements were offered. This document outlines what is required for our community service binders. There are three sections in each community service binder. The first section is LURA service records, the second section is the Supplemental Service Records Tracking Form (only), and the third section will have monthly tabs where all supplemental service records are kept throughout the year.

## Section 1 – LURA Services

This section will only have the LURA service records. There are **NO** monthly tabs in this section, and all service records will be placed directly behind the LURA Tracking Form in chronological order.

- i. Community Specific *LURA Tracking Form* for year
- ii. LURA service records in chronological order
- iii. For each Event the following documents are required:
  - a) *LURA Event Request Form*
  - b) *LURA Event Approval Form*
  - c) Event Flyer marketing the event
  - d) Event Sign in Sheet
  - e) Event Materials, if applicable
  - f) Event Questionnaire, if applicable

## Section 2 – Supplemental Services Tracking Form

This section will only have one tracking form in it, the *Supplemental Services Tracking Form*, example follows.

## Section 3 – Supplemental Service Records

Unlike the LURA service records which have all records directly behind the *LURA Tracking Form*, this third section will have monthly tabs, each supplemental service should be filed in the month in which the event was held, and be in chronological order for that month. For each Supplemental Service Event the following documents are required:

- i. Event Flyer
- ii. Event Materials
- iii. Event Sign in Sheet

## Management Restrictions – LURA Service Events Procedures

HSI has a strict policy regarding LURA Service Events, specifically who can hold the event, who can set them up, and who can organize them. Onsite management can only have a limited role in helping with LURA Services. Management can:

- Distribute Flyers,
- Meet third party social service provider at site and make sure they have what they need for the presentation,
- Collect appropriate service records,
- Once the Sabine Geiser has approved the LURA Service Event, management can interface with the third party service provider to coordinate the event,
- If management has a third party service provider they are interested in using, they must forward that information to Sabine Geiser for approval utilizing the *Third Party Service Provider Approval Form* and HSI Staff will interface with third party Vendors.

# LURA Service Event Request Form

All LURA Service Events must be approved prior to being scheduled and held. No third party social service provider can hold an event for LURA services without approval by Sabine Geiser. This form must be filled out and e-mailed to Sabine Geiser, [sabine@hsidevelopment.org](mailto:sabine@hsidevelopment.org).

Date

Community

HSI Service Staff/Manager

\_\_\_\_\_  
\_\_\_\_\_

LURA Event

Qualifying Service

\_\_\_\_\_  
\_\_\_\_\_

Event Presenter

Third Party Service Provider, if applicable

\_\_\_\_\_  
\_\_\_\_\_

Is there a third party service provider that will host the LURA Event? Yes  No

\_\_\_\_\_

Has third party service provider been approved in the last 12 months? Yes  No

\_\_\_\_\_

If the third party provider has not been approved in the last 12 months please fill in the information below, if the third party service provider has been approved the last 12 months and is on the approved provider list DO NOT fill in the information below.

Organization:

\_\_\_\_\_

Event Coordinator:

\_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_

Phone:

\_\_\_\_\_

E-mail:

\_\_\_\_\_

**Sabine will issue an approval of the event within 72 hours of receipt of LURA Service Event Request Form – the event cannot be scheduled prior to the approval of the event.**

# LURA Service Event Approval Form

No LURA service event can be held at any community by any party without approval by Sabine Geiser.

*HSI Services Staff* can plan and interact with third party social service providers for communities for which they coordinate services; however, this form must be completed and signed by Sabine Geiser before any LURA service event can be held.

*Onsite management* cannot approve, plan, or be the primary point of contact for third party service providers. Once the services are setup and organized onsite management can interact with the third party social service provider on scheduling those services.

**Without this form signed by Sabine Geiser NO LURA Service Event will qualify and the event will have to be held again.**

Date	Community	HSI Service Staff /On-site Manager
------	-----------	------------------------------------

Click here to enter text.	Click here to enter text.	Click here to enter text.
---------------------------	---------------------------	---------------------------

LURA Event	Qualifying Service
------------	--------------------

test	test
------	------

Third Party Provider Approved	Event Coordinator
-------------------------------	-------------------

Click here to enter text.	Click here to enter text.
---------------------------	---------------------------

**Date Event Approved**

Click here to enter text.

## **Third Party Social Service Provider Acknowledgement – If applicable**

By signing below, the agent listed as the Third Party Event Coordinator is acknowledging they are holding the approved event listed above on the date listed above.

---

Event Coordinator



Sabine Geiser



## 2013 LURA Event Tracking Form – Hickory Manor

Date Event Approved	Date Event Held	Required Service from LURA	Qualifying Social Service Event
3/4/13	3/8/13	Gardening	Gardening Demonstration
		Arts and Crafts Demonstration OR Cooking Demonstration	
3/4/13	3/8/13	Computer Literacy	Computer Literacy Event
		Outside Speakers on Relevant Topics (1 <sup>st</sup> Quarter)	Health Screenings and Relevant Health Topics
		Outside Speakers on Relevant Topics (2 <sup>nd</sup> Quarter)	
		Outside Speakers on Relevant Topics (3 <sup>rd</sup> Quarter)	
		Outside Speakers on Relevant Topics (4 <sup>th</sup> Quarter)	

Example Form





December 4, 2014

Ms. Patricia Murphy  
Texas Department of Housing and Community Affairs  
211 E. 11th Street  
Austin, TX 78701

RE: Material Participation Humble

Dear Ms. Murphy,

I am writing in response to the Department's recent finding that HSI was "not materially involved" in the management of Asbury, which follows on recent denials of transfers (to/from HSI) on similar grounds. The question of HSI's participation has been an issue with the Department in the past and we have worked hard to address these concerns (see attached Chronology).

We are disappointed to see it arise again and want to use this opportunity to describe the many ways in which we actively participate in the management of the properties in which we are involved.

Specific Action taken at Asbury to establish material participation:

- Hire a property management company
- Lee Anderson reviews and conducts the following oversight activities:
  - Reviews Rent Rolls monthly
  - Reviews Financials monthly
  - Review Annual Audits
  - Review and respond to Lenders Questions or Default Notices if they occur
  - Work, talk, and E-mail with Dominion Management Services ("DMS") and Dominion Development ("DDA") on personnel problems, compliance issues, social services, expenses, revenues, and budgets
  - Work, Talk, and E-mail with DMS Vice President of DMS Texas regarding management staff problems and all operations
  - Work, Talk, and E-mail with DMS Regionals as necessary regarding operations



- Attend phone meetings with DMS and DDA as necessary for any and all issues
  - Sabine Geiser, HSI's Director of Compliance and Oversight, engages in the following oversight and compliance duties:
    - Provide training and support for social service requirements under the land use restrictions agreement, recommends services depending on resident needs, and work to create programs to meet those needs. In addition to site visits, Sabine interacts via phone and e-mail with all onsite managers on a consistent basis.
    - Work, talk and E-mail with DMS regional managers on supplemental services, LURA Service Training at each community, personnel problems, compliance issues, social services
    - Work with DMS On-Site managers and regional managers on Asbury management
    - Conducted site visits on the following dates:
      - 9/24/14
      - No site visit this quarter –change in management
      - No site visit this quarter – manager changing from Humble to Asbury
      - 8/20/13
      - 6/5/13
      - 3/26/13
      - 12/15/12
      - 9/16/12
      - 4/18/12
- [All site visit reports attached]
- 2012, in response to the questions regarding material participation, HSI started conducting site visits (please review attached chronology).

While we believe our organization has been materially involved, we acknowledge that given the compliance concerns raised by TDHCA HSI needs to do a better job overseeing DMS, as well as other management companies involved in our portfolio. The record does reflect we have been receptive to TDHCA direction over the past three years, have modified what we do each time we have received feedback from the Department, and have taken very deliberate action. Admittedly we have been learning and some of our operations in the oversight department could have, and

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FAX: 214.584.9188



frankly should have been better. HSI has very much taken the Department's input into account, as evidenced by substantial changes to our "transaction team," replacing out transaction lawyer, engaging Steve Gilles to work with us on all development activities, and engaging Frost Cummings Tidwell, and have created more of a 501 (c) 3 centric "transaction team."

In closing, we want to be clear about our commitment to ensuring the quality of the housing and services provided to residents. HSI is bringing new resources to the portfolio and its oversight of property management companies that include: changing all actors in our transaction team as outlined above, changing and enhancing our "development team," and engaging TCAM. Please review our Plan of Action for operational changes we feel are requisite to improve our oversight of management companies and our portfolio.

We welcome the opportunity to discuss these measures and understand better any and all of the Department's concerns.

Sincerely,



Lee Anderson  
Director of Affordable Housing



Sabine Geiser  
Director of Oversight and Compliance

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# Chronology of Interaction with Department from 2011 to Present

## History of interaction of Material Participation

- 3<sup>rd</sup> and 4<sup>th</sup> quarter 2011 Humble and Asbury – both flagged for material participation concerns
- 2012 Baseline of HSI's Operations to Establish Material Participation
  - February 2012 E-mail and documentation to Tim Irvine on Asbury –
    - Finding cleared for material participation
    - HSI requested full review and guidance if Department
  - March 2012 E-mail and documentation to Rene Norred
    - A copy of first Humble site visit report was also reviewed by Ms. Norred
    - Finding cleared for material participation
- Baseline of material participation as outlined to Mr. Irvine and Ms. Norred
  - Quarterly Site Visits – Form acceptable on Humble in March 2012
  - Review of Financial records
  - HSI Management to interface and be active with DMS

## History of Site Visits – A focus on LURA Service Requirements

- Focus for Site Visits: In 2012 and early 2013 we began receiving notices of non-compliance for supportive services. After reviewing the services video on the TDCHA website and realizing 25% of non-compliance was due to supportive services, we developed LURA Service Procedures that were put in place March of 2013, see attached procedures.
- As a result, during site visits Ms. Giesier's primary roll has been to conduct training and support for DMS Management regarding proper documentation required for services required under the LURA. This process has been time consuming and demanding as our portfolio has undergone so many changes, over the past 2 years, there are thousands of phone calls and e-mail training management the

past 18 months, conducting oversight into service records, and to provide ongoing training pursuant to the LURA. Ms. Gieser does 45 to 60 site visits a year on average now.

- After we installed the LURA Procedures and trained all managers, there have been no findings of non-compliance for supportive services. [As a note: there were two findings of non-compliance for Asbury and Humble recently – our management team just didn't upload the service records.]
- Now that those issues are addressed, HSI is continuing to augment other aspects of the oversight it conducts to the property management companies.
- We are working with TCAM and Frost Cummings Tidwell to modify and enhance our oversight regime.



# Quarterly Site Visit - LURA Services Report

**Project Name:** Humble Memoria Garden      **Date Site Visit Conducted:** 6/5/2013  
**Regional:** Baba Blackstock  
**TDHCA #:** TX02120  
**Address:** 9850 J M Hester Street  
 Humble, TX 77038

**HSI Personnel Present:** Cora Clay-Fowowe

**Management Staff Present:** Robbie Irvan

## LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services:    Pass  Fail   
 Service Binder:    Pass  Fail

If either test failed above, fill in action plan to cure below:

Task	Party	Due Date
Insert binder tabs and add materials	Robbie Irvan	6/12/2013
Will send Robbie generic flyers for ongoing events like Bingo	Cora	6/7/2013

Date Corrective Action to be completed by: 6/12/2013

## Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test:            Pass  Fail

**Note:**  
 Robbie is feeling frustrated, isolated, over worked, and not supported. Cora has been able to establish a good relationship with her. Robbie has indicated while she understands that other stuff in Houston is priority, she feels left to her own devices. She needs help and while she indicates there is a search, doesn't feel its a priority. She told Cora she is now looking for other work and has put in some applications at some temp agencies. This is not a reflection on Linda, rather a reflection of our managemnt team having their hands full, however, Linda must do a better job interfacing with Robbie and making her feel supported. At this point I do not feel as though management has been negligent, however, managment also needs to be mindful of protecting functioning assets and their staffs. See e-mail from Cora dated 6/6/13. Aslo as a note, to the extent this test failed and Robbie has concerns, all onsite managmers are under siege, and it is part of their jobs, however, our regional needs to do a bit of handholding and listen to her so that she feels supported.

# Quarterly Site Visit - LURA Services Report

## Services Review:

### Note 1:

**Service Binder** - Robbie has the binder set up containing sign in sheets and flyers with handout materials going back to January. We talked about getting the binder in order according to P&P set out by Lee. Since most events are ongoing, this will not be a difficult task. The service request forms and the approval forms need to be included as well. **i am working on Robbie to complete this task.**

### Note 2:

**Senior Citizen Counseling - Caring Consultants- volunteer nurses** continue to come out with food bags and they help with, nutrition, meds, teeth, hearing, blood pressure checks, for residents; there are a number of diabetic residents who use this service. **food pantry** - a location for the food pantry has been set up and is ready to go. The closet may need an additional shelf. **Houston Food Bank** will be coming out this month with food for residents and to assist with SNAP applications. **medication** - Robbie is working on this. **Houston Food Bank** is also trying to align help for residents needing assistance with medications. **food bank** - still comes 2x each month. **Medicare** - Shady Creek - Jodi Sheppsrud still working on this **Looks good in terms of LURA requirements being met**

### Note 3:

**Community Building Events** - activities currently held include: bingo, movies - Robbie held the first June 5th. she served popcorn. **Total Health** purchased a DVD for the event. **Games** - board games, potluck 2x/mo., and birthday cake celebrations - cakes are donated by vendors - Robbie has no help at this time - **Calendar looks good in terms of LURA requirements being met**

### Note 4:

**Failed Service Binder Test** - this has more to do with HSI's management team not training and focusing on this with Robbie, Humble is a great partnership with a great manager, and with Cora starting and being trained, this just fell through the cracks. While we did fail this test during this site visit, it will be corrected.

## Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>
Linda to do a site visit and lunch with Robbie, solicit how she feels	Linda G	7/1/2013
Cora to follow up with Robbie and she how she is doing	Cora	Weekly until next site visit

# Quarterly Site Visit - LURA Services Report

# Quarterly Site Visit - LURA Services Report

**Project Name:** Humble Memoria Garden      **Date Site Visit Conducted:** 03\26\2013  
**Regional:** Baba Blackstock  
**TDHCA #:** TX02120  
**Address:** 9850 J M Hester Street  
                  Humble, TX 77038

**HSI Personnel Present:** Cora Clay-Fowowe

**Management Staff Present:** Robbie

### Pass Fail Report, only if there are LURA required tenant services

Lura Services:      Pass  Fail   
 Service Binder:    Pass  Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Date Corrective Action to be completed by:

### Services Review:

**Note 1:**

**Senior Citizen Counseling** - Panera Bread -to come by with food for seniors but this was left unresolved by Tanzy Hamm -; **Caring Consultants- volunteer nurses who** come with food bags and they help with, nutrition, meds, teeth, hearing, blood pressure checks, for residents; Robbie looking to get someone in for foot care screening - there are a number of diabetic residents; **food vs medication** - a choice some must make so they are going w/o food;- Robbie made copy of residents in this position for me; **food bank** - comes 2x each month, but more is needed; **Medicare** - Shady Creek - Jodi Sheppsr working on this and looking to combine efforts for both to share resources; need 2 events - one for October or Nov - **looks good in terms of LURA requirements being met**

**Note 2:**

**Community Building Events** - activities already in place- bingo, movies - Robbie is getting this in place using her 2 volunteers, board games, potluck 2x/mo, and bible study (not at this timje) - Robbie has 2 ladies that volunteer to help all the time - Mary and Wanda - **Calendar looks good in terms of LURA requirements being met**

**Note 3:**

# Quarterly Site Visit - LURA Services Report

**Concerns** - r4esidents who are going hungry - no food - need help from community - Robbie has 3rd party event holders aqre told they must bring food - She also needs help- Robbie does everything from getting events scheduled to set up. She has only the 2 residents who try to help her out

## Services Review Continuation:

### Note 4:

community binder - went over this in detail with Robbie; tabs and what goes behind each was discussed; I will return to review 4/18/13 - my only concern was the 1st sheet under tab 1. I was very impressed with Robbie's attention to detail - facility was very clean and orderly.

## Notes and Recommendations:

Review 2012 LURA Service Records with Robbie	Cora Clay	4/1/2013
on next site visit, review binder for new order and 2012 records	Cora Clay	next visit

--	--	--

# Quarterly Site Visit

Project Name:  Date Site Visit Conducted:   
Regional:   
TDHCA #: TX02120  
Address: 9850 J M Hester Street  
Humble Texas 77338

HSI Personnel Present:

Management Staff Present:

## LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass  Fail   
Service Binder: Pass  Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Date Corrective Action to be completed by:

## Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass  Fail

**Note:**  
the service binder is a bit of a mess - they did just have a TDHCA Audit a few weeks ago and passed...  
the events have sign in sheets but no other documentation. I went over all the procedures with Courtney and she has a good understanding now of how it is supposed to be.  
I put the Service tracking form in the binder and set up the tabs.  
Courtney will scan in all the sign in sheets and available information so I can update the information on my side.  
We also talked about how to find resources for presentations and the seniors.  
She will contact the Area Agency on Aging, AARP, local home health agencies (also ask them for sponsoring Bingo and other events)  
I gave her Marci Alford's Number at Seville Row in Beaumont for some networking and support

# Quarterly Site Visit

## Services Review:

Note 1:

Note 2:

Note 3:

Note 4:

## Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

**Project Name:** Humble Memoria Garden  
**TDHCA #:** TX02120  
**Address:** 9850 J M Hester Street  
Humble, TX 77038

**Date Site Visit Conducted:** 4/18/2012

**HSI Personell Present:** Muszett Foreman  
Lee Anderson

**Management Staff Present:** Robbie Irvan

#### **Financial Review:**

Finacially, this project is sound, it is trending in the right direction as expected.

#### **Physical Condition Review:**

This project is clean and in reasonably good shape, there is some signs of wear around exterior that will likely need to addressed over the next year or two. After speaking with Robbie many of those plans are being contemplated. There is a definatue gap in the interior finish out and furniture at Humble, including a light green paint on the interior that everybody unversily dislikes, as the budget permits HSI will recommened to Dominion Managment we consider these cosmetic changes if the budget permits.

#### **Services Review:**

More services are abeing done here than requires, we reviewed the community services book, everything is working well. As we discussed what we could do together to enhance services at Humble for the seniors there are several things that we considered - Robbie indicated there were 10 to 12 residents that had trouble feeding themselves, Muszetta and Robbye discssed having a community resource book, we also addressed that we need to have emergency plans incase of a hurricane, the need for a bit more transportation help. We are going to move towards a one page simple form for services and long term and short term goals. Robbie and Muszetta both thought this was a good way for us all to stay on the same page and work together, as we are all in different locations. I indicated we would create that form and impliment it after we do the next site visit, but would ciruclate a copy of the form to Robbie and Muszetta to review, change, and make any suggestions. The form will be very basic, list a service we want to work on, list a time frame for completion-this way onsite management and HSI services staff can stay on same page and work towards commmon goals. Finally, Robbie is very busy and doesn't have as much time as she would like to interface with residents, I asked if a part time coordinator would help, Robbie indicated it was for certain. A part time coordinator at Humble should be contemplated over the next months as budgeting permits.

#### **Notes and Recommendations:**



This project is performing very well. One of the things we discussed is a one page form 8.5x11 that is a community long term services goal sheet, so that we can all stay on the same page. I have asked. There were a lot of positive ideas that came out of the interaction between Muszetta and Robbie, many that will be impactful, and that are not a huge cost to make happen. The other reason it is important to keep that kind of one page services form, is that we are all in different locations. With a short form like that and target dates for completion - we can all stay on same page better. WE will also likely hold monthly service calls at every project.

**Project Name:** Humble Memoria Garden  
**TDHCA #:** TX02120  
**Address:** 9850 J M Hester Street  
Humble, TX 77038

**Date Site Visit Conducted:** 2/22/2012

**HSI Personell Present:** Sabine Geiser  
Lee Anderson

**Management Staff Present:** Robbie Irvan

**Financial Review:**

Finacially, this project is sound, it is trending in the right direction as expected.

**Physical Condition Review:**

Physical Condition is good, project is clean, nothing noted of a concern after we walked the property.

**Services Review:**

Services at Humble are robust, onsite management continuing to facilitate an active community, Muszetta was pleased we have active seniors here. In January, we approved 3 more events in addition to the one event for Senior Citizen Counciling under the LURA. Additoinally, Muszetta will be at the site up to six times times in 2012. In speaking with Muszetta and Sabine, we all agree with such an active community, we should be able to add and enhance what they do substantially over the next 24 months.

**Notes and Recommendations:**

While the project is clean and in good condition, Muszetta, Sabine, and the existing management all feel we need to punch up the community building area. The existing paint while in great shape could be changed to a more nuetral and inviting color, its a light ugly green currently. Additionally, every one involved thought we needed some new furniture and decorations to spruce the place up. Muszetta also thought we should do more with the community room to enhance services already going on, specifically those services that occur on a daily basis. As the project is cash flowing and looking good, we will work with Dennis and Baba in the second quarter to begin contemplating these kinds of improvements as the budget permits.

# HSI LURA Service Procedures

The policies and procedures outlined below must be followed by all parties providing LURA Services for which HSI is responsible. All LURA Service Events must be approved by Sabine Geiser, Director of Programs. **Without** a LURA Service Event Approval Form signed by Sabine Geiser, no event will qualify.

## LURA Service Event Procedures – On-site Management Restrictions

On-Site Managers who are not HSI Employees must follow *Management Restrictions – LURA Service Events* Procedures that follow.

## LURA Approved Provider List

HSI publishes an *Approved Third Party Social Server Provider List*, which is updated monthly. If a third party provider is on the list, we do not require approval of that third party service provider again for that year, provided:

- i. The third party service provider must be the same as approved on the provider list, if it is a different branch with completely different contact information, an approval for each branch will be required,
- ii. Approval of third party service provider is for 12 months from the date of approval, each provider will be required to be approved to hold LURA Service Events every 12 months.

## To request and hold a LURA Service Event all parties must:

- i. E-Mail *LURA Service Event Request Form* to Sabine Geiser at [sabine@hsidevelopment.org](mailto:sabine@hsidevelopment.org), example follows,
- ii. If a third party service provider is being used, Sabine Geiser will contact them and approve the event, (Please Note: we also require that the third party be made aware of Sabine's call and interaction so we do not catch them by surprise),
- iii. Sabine will e-mail the *LURA Service Event Approval Form* within 72 hours of request to the person who made request,
- iv. LURA Event can be scheduled only after it has been approved,
- v. Hold LURA Service Event,
- vi. E-mail Event Records to Sabine within 24 hours of event:
  - a) Marketing Flyer,
  - b) *LURA Service Event Approval Form*, with third party signature if a third party held the LURA service event,
  - c) Event Marketing Materials, if applicable
  - d) Event Questionnaires, if applicable
  - e) Sign in Sheet
- i. Follow Procedures outlined in *Community Service Records Binder Procedures* that follow

**If all of the procedures above are not followed, the LURA Service Event will not qualify, also holding the event without proper records will precipitate a denial of the service event.**

# Community Service Records Binder Procedures

The community services binder holds all of the social service records for each community and is what the TDHCA reviews to ensure all of the required services in the regulatory agreements were offered. This document outlines what is required for our community service binders. There are three sections in each community service binder. The first section is LURA service records, the second section is the Supplemental Service Records Tracking Form (only), and the third section will have monthly tabs where all supplemental service records are kept throughout the year.

## Section 1 – LURA Services

This section will only have the LURA service records. There are **NO** monthly tabs in this section, and all service records will be placed directly behind the LURA Tracking Form in chronological order.

- i. Community Specific *LURA Tracking Form* for year
- ii. LURA service records in chronological order
- iii. For each Event the following documents are required:
  - a) *LURA Event Request Form*
  - b) *LURA Event Approval Form*
  - c) Event Flyer marketing the event
  - d) Event Sign in Sheet
  - e) Event Materials, if applicable
  - f) Event Questionnaire, if applicable

## Section 2 – Supplemental Services Tracking Form

This section will only have one tracking form in it, the *Supplemental Services Tracking Form*, example follows.

## Section 3 – Supplemental Service Records

Unlike the LURA service records which have all records directly behind the *LURA Tracking Form*, this third section will have monthly tabs, each supplemental service should be filed in the month in which the event was held, and be in chronological order for that month. For each Supplemental Service Event the following documents are required:

- i. Event Flyer
- ii. Event Materials
- iii. Event Sign in Sheet

## Management Restrictions – LURA Service Events Procedures

HSI has a strict policy regarding LURA Service Events, specifically who can hold the event, who can set them up, and who can organize them. Onsite management can only have a limited role in helping with LURA Services. Management can:

- Distribute Flyers,
- Meet third party social service provider at site and make sure they have what they need for the presentation,
- Collect appropriate service records,
- Once the Sabine Geiser has approved the LURA Service Event, management can interface with the third party service provider to coordinate the event,
- If management has a third party service provider they are interested in using, they must forward that information to Sabine Geiser for approval utilizing the *Third Party Service Provider Approval Form* and HSI Staff will interface with third party Vendors.

# LURA Service Event Request Form

All LURA Service Events must be approved prior to being scheduled and held. No third party social service provider can hold an event for LURA services without approval by Sabine Geiser. This form must be filled out and e-mailed to Sabine Geiser, [sabine@hsidevelopment.org](mailto:sabine@hsidevelopment.org).

Date

Community

HSI Service Staff/Manager

\_\_\_\_\_  
\_\_\_\_\_

LURA Event

Qualifying Service

\_\_\_\_\_  
\_\_\_\_\_

Event Presenter

Third Party Service Provider, if applicable

\_\_\_\_\_  
\_\_\_\_\_

Is there a third party service provider that will host the LURA Event? Yes  No

\_\_\_\_\_

Has third party service provider been approved in the last 12 months? Yes  No

\_\_\_\_\_

If the third party provider has not been approved in the last 12 months please fill in the information below, if the third party service provider has been approved the last 12 months and is on the approved provider list DO NOT fill in the information below.

Organization:

\_\_\_\_\_

Event Coordinator:

\_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_

Phone:

\_\_\_\_\_

E-mail:

\_\_\_\_\_

**Sabine will issue an approval of the event within 72 hours of receipt of LURA Service Event Request Form – the event cannot be scheduled prior to the approval of the event.**

# LURA Service Event Approval Form

No LURA service event can be held at any community by any party without approval by Sabine Geiser.

**HSI Services Staff** can plan and interact with third party social service providers for communities for which they coordinate services; however, this form must be completed and signed by Sabine Geiser before any LURA service event can be held.

**Onsite management** cannot approve, plan, or be the primary point of contact for third party service providers. Once the services are setup and organized onsite management can interact with the third party social service provider on scheduling those services.

**Without this form signed by Sabine Geiser NO LURA Service Event will qualify and the event will have to be held again.**

Date	Community	HSI Service Staff /On-site Manager
------	-----------	------------------------------------

Click here to enter text.	Click here to enter text.	Click here to enter text.
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<b>LURA Event</b>	<b>Qualifying Service</b>
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test	test
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<b>Third Party Provider Approved</b>	<b>Event Coordinator</b>
--------------------------------------	--------------------------

Click here to enter text.	Click here to enter text.
---------------------------	---------------------------

**Date Event Approved**

Click here to enter text.

**Third Party Social Service Provider Acknowledgement – If applicable**

By signing below, the agent listed as the Third Party Event Coordinator is acknowledging they are holding the approved event listed above on the date listed above.

---

Event Coordinator

---



Sabine Geiser

## 2013 LURA Event Tracking Form – Hickory Manor

Date Event Approved	Date Event Held	Required Service from LURA	Qualifying Social Service Event
3/4/13	3/8/13	Gardening	Gardening Demonstration
		Arts and Crafts Demonstration OR Cooking Demonstration	
3/4/13	3/8/13	Computer Literacy	Computer Literacy Event
		Outside Speakers on Relevant Topics (1 <sup>st</sup> Quarter)	Health Screenings and Relevant Health Topics
		Outside Speakers on Relevant Topics (2 <sup>nd</sup> Quarter)	
		Outside Speakers on Relevant Topics (3 <sup>rd</sup> Quarter)	
		Outside Speakers on Relevant Topics (4 <sup>th</sup> Quarter)	

Example Form







## Exhibit E

We have prepared this exhibit to outline many of the new asset management related activities HSI is not involved with, but is not a comprehensive list.

- Outline from Judy Rath pertaining to her activities
- Please find a brief summary prepared by Sabine Geiser for many of her new activities
- We will have a fully codified asset management and compliance management procedures in place for review by month end
- Site Visit Template – attached as Excel Sheet
- HSI now does an audit review – please see the first one completely by Ms. Gieser
- Example of HSI’s new monthly financial review process
  - Arbor Cove Financials
  - Arbor Cove Financial Review – attached as excel file
- Continuing Education – Sabine Geiser – Training with TCAM in Boston
-

## **Housing Services Inc. – Activities related to Judy Rath – Prepared by Judy Rath**

### Fair Housing Training for HSI staff

- ❖ Border Community Development Consultants, Inc. has been engaged by Housing Services Incorporated to provide fair housing training for all HSI staff. Training to include:
  - Web based fair housing compliance training
  - Corporate policy, practice and protocol evaluation
  - Corporate policy development
  - Internal compliance fair housing testing program
  - On-going consulting services as needed

### Vendors for tenant file reviews

- ❖ HSI is in the process of acquiring bids from various vendors to perform annual on-site tenant file reviews, we anticipate that testing of low income rental files to commence in the fourth quarter of 2015.

### Electronic file organization

- ❖ Over the course of the last 7 months, HSI has gained access to electronic file storage from Dominionium for the 12 properties HSI is currently General Partner:
  - Arbor Cove
  - Asbury Place
  - Cathy's Pointe
  - Fox Run
  - Hickory Manor
  - Hillcrest Manor
  - Humble Memorial
  - Lakeside Manor
  - Madison Pointe
  - Seville
  - Timbers Edge
  - Village of Kaufman
- ❖ HSI has integrated Dominionium's files into our updated electronic organizational file structure. Here is an example of our current structure:
  - Asset Management
    - Compliance
    - Organization documents
    - Contracts
    - Correspondence
    - Financials
    - Real Estate documents
    - Due diligence

### Engagement of TCAM

- ❖ TCAM Asset Management has provided on going asset management training, file review and reporting practices for all HSI staff over the last 7 months

- HSI has spent hundreds of hours training on how to interpret the many various reports that we acquire from Dominion
- HSI has also acquired access to the Dominion reporting system, YARDI, and has the ability to pull any reports needed
- Conference calls with Dominion to review these asset management reports kicked off last month and will continue going forward on a quarterly basis. HIS will soon be preparing the monthly asset management reports used for the quarterly calls with Dominion without the help of TCAM
  
- ❖ Communication - Emails and phone calls
  - Effective October 2014, HSI hired Judy Rath as Director of Operations to oversee the tasks involved in the day to day operations of running HSI. Judy Rath has a back ground in affordable housing and has worked on various projects with TDHCA.
  - In the course of the last 7 months many emails and phone calls between Judy Rath and Dominion staff have been exchanged in an attempt to improve communication and stay on top of any possible non-compliance issues as well as maintain material participation
    - Dozens of emails with Dominion Accounting staff have been exchanged in order to determine which reports best suit our needs for maintaining material participation
    - Dozens of emails with Dominion Asset Management have been exchanged in order to clear up any open action items following the file review by TCAM
    - Many phone calls have taken place and email exchanged regarding HSI's desire to be added as a recipient of TDHCA correspondence directly
    - YARDI training conference call took place between HSI and Dominion Asset Management ensuring HSI has access to all reporting needed to maintain material participation
  - HSI was recently added to the list of Dominion email recipients to receive direct correspondence from TDHCA for all communications regarding the 12 properties previously mentioned. We believe this will make a world of difference in keeping HSI abreast of any and all non-compliance issues.

Brief Summary prepared by Sabine Geiser to highlight her asset management related activities. We have also attached an example of one property Arbor Cove, the underlying spread sheets, the financials, and everything we do to substantiate this for each partnership. We would be happy to provide this level of detail on all partnerships.

Dominium Accounting is sending me the following reports for all 12 properties HSI is listed as GP

- Executive Summary
- Balance Sheet
- Budget comparison
- Rent Roll
- Trial Balance

#### Site Visits

- We have changed our site visit regime
- Once per year, unless we are having problems in a community or there is more support needed
- We are engaging third party vendor to conduct a review of low income tenant files across our portfolio. As Novograc just conducted a complete review of every low income tenant file, our review of low income tenant files will not start until the 4<sup>th</sup> quarter of 2015.
- We substantially enhanced what we do during site visits. Please find the new form we are working on as a site visit form, this is still under development. As a note, HSI will not be the ones to conduct the review of these low income tenant files.

All financial data is entered in a spread sheet and a summary is created to track

- Total Revenue
- Total operating Expenses
- Net Operating Income
- Total Debt Service
- Total Capex
- Operating expenses/Income per unit
- Accounts receivable/payable per unit
- Expenses as % of EGI
- Management as % of EGI
- DSCR

Each expense, as it is entered, is compared to the budget and previous months expenses.

All items that are either not budgeted or way over budget will be flagged and researched. Dominium has given me access to their yardi system and I can access details as to who the payments were made to and/or what was purchased.

I create a report for each property and take notes of all questions and concerns. At this point we are still working with TCAM and they are creating the same report with the same financial data. Tcam sends their finished reports to me and I compare their report to mine – making notes of any differences. After that we schedule a conference call to go over all the notes and questions and we discuss all action items.

We have a quarterly call set up with dominium to discuss all issues and to do a general overview of all current issues. I am also in touch with the Regional Managers on a regular basis – mostly by e-mail, copying them on all service related issues, upcoming audits etc...

All audits have been reviewed to create notes on Debt Service for each property, checking the Replacement Reserve amounts and making sure that increases (if specified in the agreements) have been applied.

<p>Arbor Cove</p>	<p>RR – amount Increase Debt Service</p> <p>Management Fee</p>	<p>300 per unit/per year – 3000 per month No 19,367 1<sup>st</sup> mortgage +interest</p> <p>5%</p> <p><b>Asset management fee</b> In accordance with the Partnership Agreement, the Investor Limited Partner is entitled to an annual cumulative asset management fee in the amount of \$5,000, increasing by 3% each year. For the years ended December 31, 2014 and 2013, asset management fees of \$6,333 and \$6,149, respectively, were incurred and \$12,121 and \$0, respectively, were paid. As of December 31, 2014 and 2013, asset management fees of \$6,333 and \$12,121, respectively, remained payable</p> <p><b>Administrative management fee</b> In accordance with the Partnership Agreement, an affiliate of the General Partner is entitled to an administrative management fee for services performed in ensuring the provision of all social services and related services required to be provided in order to maintain eligibility for the low-income housing tax credits. For the years ended December 31, 2014 and 2013, partnership management fees of \$15,300 and \$9,000 were incurred and paid, respectively. As of December 31, 2014 and 2013, no partnership management fees remained payable</p> <p><b>Incentive management fee</b> In accordance with the Partnership Agreement, the General Partner is entitled to an annual non-cumulative incentive management fee in an amount not to exceed 12% of effective gross income, and is payable from cash flow. For the years ended December 31, 2014 and 2013, incentive management fees of \$56,427 and \$1,920, respectively, were incurred and paid. As of December 31, 2014 and 2013, no incentive management fees remained payable</p> <p><b>Development fee</b> The Partnership entered into a development agreement with Polaris Holdings I, LLC, an affiliate of the General Partner. The agreement provides for a development fee in the amount of \$1,645,608 for services rendered in connection with the development and the supervision of construction of the Project. For the years ended December 31, 2014 and 2013, development fees of \$133,433 and \$0 were paid, respectively. As of December 31, 2014 and 2013, development fees of \$0 and \$133,433 remained payable, respectively.</p>
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Cathys point	RR – amount Increase Debt Service  Management Fee Asset mgt. fee Incentive mgt. fee	Annual amount of \$250/unit = \$2500/month no 15,129  5% To LP - – increasing by 3% each year To GP – amount not to exceed 12% of EGI – payable from cash flow – according to 2014 audit no fees have been incurred or paid  <b>Asset management fee</b> In accordance with the Partnership Agreement, the Investor Limited Partner is entitled to an annual cumulative asset management fee in the amount of \$5,000, increasing by 3% each year and payable from available cash flow. For the years ended December 31, 2014 and 2013, asset management fees of \$8,304 and \$5,151, respectively, were incurred and \$6,150 and \$5,971, respectively, were paid. As of December 31, 2014 and 2013, asset management fees of \$6,334 and \$4,180, respectively, remained payable and are included in due to related parties on the accompanying balance sheets.  <b>Administrative management fee</b> In accordance with the Partnership Agreement, the General Partner is entitled to an annual fee equal to \$9,000, payable from available cash flow, for provisions of all services related to maintaining the Partnership's eligibility for the tax credits and qualification for property tax exemption or abatement. For the years ended December 31, 2014 and 2013, administrative management fees of \$2,400 and \$6,750, respectively, were incurred and paid. As of December 31, 2014 and 2013, no administrative management fees remained payable.  <b>Incentive management fee</b> In accordance with the Partnership Agreement, the General Partner is entitled to an annual non-cumulative incentive management fee in an amount not to exceed 12% of effective gross income, payable from available cash flow, for services in connection with the administration of Partnership affairs. As of December 31, 2014 and 2013, no incentive management fees had been incurred or paid.

Fox run	RR – amount Increase Debt Service  Management Fee	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> 300 per unit (70 units RR amount 1,750)   3% per year – <b>no increases have been made!!!</b>   Bond deal 2,1771 monthly debt service   4% </div> <p><b>Asset management fee</b>  In accordance with the Partnership Agreement, a one-time asset management fee is to be paid to the Administrative Limited Partner, Alliant Tax Credit 66, LLC, in the amount of \$50,000. As of December 31, 2014 and 2013, \$50,000 and \$50,000, respectively remains payable, and is included in accounts payable - entity on the balance sheet.</p> <p><b>Due to affiliates</b>  The Partnership has received advances from Dominion Development and Acquisition, LLC, an affiliate of the General Partner, for operating expenses and construction of the property. As of December 31, 2014 and 2013, \$189,044 and \$64,497, respectively, remains payable, and is included in accounts payable - entity on the balance sheet.</p> <p><b>Development fee</b>  In accordance with the Partnership Agreement and the Assignment of Development Fee, the Partnership is required to pay a development fee equal to 15% of eligible basis, estimated to be \$746,150, which has been earned as of December 31, 2014 and 2013. The Partnership shall pay this amount to Orange Leased Housing Development I, LLC. The fee bears no interest and is payable from contributions from equity investors or surplus cash derived from operations. If the fee has not been paid in full by December 31, 2025, the <b>General Partner</b> will make a capital contribution within ten days thereafter in an amount sufficient for payment of any unpaid balance. As of December 31, 2014 and 2013, \$678,603 and \$678,603, respectively, remains payable.</p>

		<p><b>Incentive performance fee</b> Pursuant to the partnership agreement, the Partnership may retain and distribute an incentive performance fee in an amount equal to 2.8% of effective gross income as defined by HUD. As of December 31, 2014 and 2013, no incentive performance fee was incurred or paid.</p> <p><b>Incentive management fee</b> The Partnership is obligated to pay to the supervisory agent, Orange Leased Housing Associates SLP I, LLC, an annual incentive management fee commencing in the year in which completion occurs. This fee is payable from 50% of cash flow remaining and shall not exceed 12% of effective gross income, as defined in the Partnership Agreement. As of December 31, 2014 and 2013, no incentive management fee was incurred or paid.</p> <p><b>Supervisory management fee</b> The Partnership is obligated to pay to the supervisory agent, Orange Leased Housing Associates SLP I, LLC, an annual supervisory management fee commencing in the year in which completion occurs. This fee is payable from 34.98% of cash flow remaining and shall not exceed 10% of gross revenues, as defined in the Partnership Agreement. As of December 31, 2014 and 2013, no supervisory management fee was incurred or paid.</p>
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Hickory	<p>RR – amount Increase</p> <p>Debt Service</p>	<p>300 per unit 3% annually <b>\$6,333 in 2015</b></p> <p>21,269 per month</p> <p><b>Incentive property management fee</b> In accordance with the management agreement, DMS, and as of June 16, 2014, DTMS, are entitled to an incentive property management fee equal to 2% of gross collections. For the year ended December 31, 2014 and the period October 29, 2012 (date of refinance) through December 31, 2013, incentive property management fees of \$33,016 and \$40,625, respectively, were incurred, and are included in other entity expenses on the accompanying statements of operations, and \$99,568 and \$0, respectively, were paid. As of December 31, 2014 and 2013, incentive management fees of \$16,516 and \$83,065, respectively, remained payable and are included in accounts payable - entity on the accompanying balance sheets.</p> <p><b>Asset management fee</b> In accordance with the Partnership Agreement, the Special Limited Partner is entitled to an annual asset management fee equal to \$7,500 adjusted annually by the consumer price index (“CPI”), for services in assisting with the review of tax returns and required reports. If sufficient cash funds are not available, the fee shall accrue and be payable out of available net operating income in subsequent years. For the year ended December 31, 2014 and the period October 29, 2012 (date of refinance) through December 31, 2013, asset management fees of \$7,750 and \$7,869, respectively, were incurred, and are included in other entity expenses on the accompanying statements of operations, and \$7,869 and \$15,000, respectively, were paid. As of December 31, 2014 and 2013, asset management fees of \$7,750 and \$7,869, respectively, remained payable and are included in accounts payable - entity on the accompanying balance sheets.</p> <p><b>Non-profit service fee</b> Pursuant to the Third Amendment, the <b>General Partner</b> is entitled to a non-profit services fee for ensuring the provision of all social services and related services required to be provided in order to maintain eligibility for the low income housing tax</p>

		<p>credits. For the year ended December 31, 2014 and the period October 29, 2012 (date of refinance) through December 31, 2013, non-profit service fees of \$2,500 and \$12,500, respectively, were incurred, and \$2,500 and \$22,500, respectively, were paid. As of December 31, 2014 and 2013, <b>no non-profit service fees remained payable</b></p> <p><b>Performance-based consulting fee</b> In accordance with the Partnership Agreement, the Class A Limited Partner is entitled to a non-cumulative performance-based consulting fee equal to 25% of net operating income for overseeing the marketing, lease-up and continued occupancy of the apartment units, obtaining and monitoring the mortgage loan and maintaining the books and records. The fee is payable from net operating income in accordance with the priorities set forth in Note 9. For the year ended December 31, 2014 and the period October 29, 2012 (date of</p>
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Hillcrest	RR – amount Increase Debt Service  Management Fee	7,073 – 200/unit 3% annually – adjustments have been made, amount current 40,124 monthly  3%  <b>Incentive management fee</b> In accordance with the Management Agreement, DMS, and as of June 16, 2014, Dominion Texas Management Services, LLC is entitled to an incentive management fee equal to 2% of gross collections. For the year ended December 31, 2014 and the period September 14, 2012 (date of refinancing) through December 31, 2013, incentive management fees of \$31,410 and \$40,510, respectively, were incurred, and are included in other entity expenses on the accompanying statements of operations, and \$9,476 and \$72,664, respectively, were paid. As of December 31, 2014 and 2013, incentive management fees of \$16,078 and (\$5,856), respectively, remained payable (receivable) and are included in accounts payable - entity on the accompanying balance sheets.  <b>Asset management fee</b> Pursuant to the Partnership Agreement, the Investor Limited Partner is entitled to an annual asset management fee equal to \$7,500, adjusted annually by the consumer price index ("CPI") for its services in assisting with the preparation of tax returns and required reports. The fee shall be paid from available net operating income. For the year ended December 31, 2014 and the period September 14, 2012 (date of refinancing) through December 31, 2013, asset management fees of \$7,866 and \$7,742, respectively, were incurred, and are included in other entity expenses on the accompanying statements of operations, and \$7,742 and \$15,128, respectively, were paid. As of December 31, 2014 and 2013, asset management fees of \$7,866 and \$7,742, respectively, remained payable and are included in accounts payable - entity on the accompanying balance sheets.  <b>Administrative management fee</b> Pursuant to the Partnership Agreement, the <b>General Partner</b> is entitled to an annual administrative management fee equal to \$10,000 for services performed in ensuring the provision of all social services and related services required to be provided in order to

		<p>maintain eligibility for the low-income housing tax credits. For the year ended December 31, 2014 and the period September 14, 2012 (date of refinance) through December 31, 2013, administrative management fees of \$8,824 and \$15,000, respectively, were incurred and paid. As of December 31, 2014 and 2013, <b>no administrative management fees remained payable</b></p>
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humble	RR – amount Increase Debt Service  Management Fee	1,556 <b>have not found any RR info in either audit or PS agreement</b>  10,619 monthly  6%  <u>Partnership management fee</u> Pursuant to the 2 <sup>nd</sup> Agreement, reimbursements to Dominion or their affiliates by the Partnership shall be allowed under certain circumstances. Partnership management fees of \$4,500 were incurred and paid for the years ended December 31, 2014 and 2013.  <u>Due to Dominion Development and Acquisitions (“DDA”)</u> DDA paid for certain operating costs of the Partnership. As of December 31, 2014 and 2013, \$36,622 and \$30,684, respectively, remained payable.  <u>Non-profit services fee</u> Pursuant to the 2 <sup>nd</sup> Agreement, the Partnership shall pay to the Managing General Partner an annual fee, in the amount of \$10,000, in consideration for services performed pursuant to the 2 <sup>nd</sup> Agreement. In 2011, the non-profit services fee was prepaid through 2016. As of December 31, 2014 and 2013, the prepaid non-profit service fee was \$20,000 and \$30,000, respectively, and is included in “Prepaid expenses” in the accompanying balance sheets. For the years ended December 31, 2014 and 2013, respectively, non-profit services fees of \$10,000 were incurred.  <u>Developer fee</u> The development agreement provides that a development fee be paid to an affiliate of the Initial General Partner for providing certain development services and guarantees for the completion of the development of the apartment community as described in the development agreement. The total development fee \$599,525 was capitalized as a depreciable cost of the Property and assigned to the Class A Limited Partner during 2009. The developer fee is non-interest bearing and paid out of available cash flows, as defined by the 2 <sup>nd</sup> Agreement. As of December 31, 2014 and 2013, the outstanding balance of the developer fee was \$329,349.  <u>Due to Investment Partner</u> In 2009, the Investment Partner advanced the Partnership \$90,980. This amount was held in escrow and released in 2010. As of December 31, 2014 and 2013, the outstanding balance due to the Investment Partner was \$113.  <u>Due from Shady Creek</u> The Partnership paid for expenses on behalf of Shady Creek, an affiliate of the General Partner. As of December 31, 2014 and 2013, the balance receivable from Shady Creek was \$82 and \$0, respectively.  <u>Due to General Partner</u> During 2009, the General Partner advanced the Partnership funds to pay off existing loans and to obtain permanent financing. The advance shall bear interest at the greater of 8.0% per annum or the highest prime rate as published in the <i>Wall Street Journal</i> plus 2.0%. The advances shall only be paid from available Net Cash Flow as defined in the 2 <sup>nd</sup> Agreement. As of December 31, 2014 and 2013, \$20,937 was owed to the General Partner for both years. Interest expense for the years ended December 31, 2014 and 2013 was \$1,675. Interest payable as of December 31, 2014 and 2013 was \$5,025 and \$3,350, respectively.

kaufman	RR – amount Increase Debt Service  Management Fee	1,804 (includes 3% increase annually since Jan 2014) 3% 19,940 (bond reserve fund+interest)  4%  <b>Asset management fee</b> In accordance with the Partnership Agreement, a one-time asset management fee is to be paid to the Administrative Limited Partner, Alliant Tax Credit 66, LLC, in the amount of \$50,000. As of December 31, 2014 and 2013, \$50,000 and \$50,000, respectively, remains payable.  <b>Development fee</b> In accordance with the Partnership Agreement and the Development Agreement, the Partnership is required to pay a development fee equal to 15% of eligible basis, estimated to be \$682,264. The Partnership shall pay this amount to Kaufman Leased Housing Development I, LLC. The fee bears no interest and is payable from contributions from equity investors or surplus cash derived from operations. If the fee has not been paid in full by December 31, 2025, the General Partners will make a capital contribution within 10 days thereafter in an amount sufficient for payment of any unpaid balance. As of December 31, 2014 and 2013, \$669,035 and \$669,035,  <b>Advances from related party</b> As of December 31, 2014 and 2013, the Partnership received advances from Dominion Development and Acquisition, LLC, an affiliate of the General Partner. Advances are non-interest bearing and due on demand. As of December 31, 2014 and 2013, \$252,363 and \$96,591, respectively, remains payable.  <b>Incentive performance fee</b> Pursuant to the partnership agreement, the Partnership may retain and distribute an incentive performance fee in an amount equal to 3.0% of effective gross income as defined by HUD. During the years ended December 31, 2014 and 2013, no incentive performance fees were incurred or paid.

		<p><b>Incentive management fee</b> The Partnership is obligated to pay to the supervisory agent, Kaufman Leased Housing Associates SLP I, LLC, an annual incentive management fee commencing in the year in which completion occurs. This fee is payable from 50% of cash flow remaining and shall not exceed 12% of effective gross income, as defined in the Partnership Agreement. During the years ended December 31, 2014 and 2013, no incentive management fees were incurred or paid.</p> <p><b>Supervisory management fee</b> The Partnership is obligated to pay to the supervisory agent, Kaufman Leased Housing Associates SLP I, LLC, and annual supervisory management fee commencing in the year in which completion occurs. This fee is payable from 34.98% of cash flow remaining and shall not exceed 12% of effective gross income, as defined in the Partnership Agreement. During the years ended December 31, 2014 and 2013, no supervisory management fees were incurred or paid</p>
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Lakeside	RR – amount Increase Debt Service  Management Fee	4400 no 41,418  3%  <b>Incentive property management fee</b> In accordance with the management agreement, DMS, and as of June 16, 2014, DTMS, are entitled to an incentive property management fee equal to 2% of gross collections, as defined. For the years ended December 31, 2014 and 2013, incentive property management fees of \$30,631 and \$29,665, respectively, were incurred and are included in other entity expenses on the accompanying statements of operations and \$60,233 and \$25,353, respectively, were paid. As of December 31, 2014 and 2013, incentive property management fees of \$15,391 and \$44,993, respectively, remained payable and are included in accounts payable – entity on the accompanying balance sheets.  <b>Asset management fee</b> Pursuant to the Second Amended and Restated Agreement, the Special Limited Partner is entitled to an annual asset management fee equal to \$7,500 per annum, adjusted annually by the consumer price index (“CPI”), for services in assisting with the review of tax returns and required reports. If sufficient cash is not available, then the fee shall accrue and be payable out of available net cash flow. For the years ended December 31, 2014 and 2013, asset management fees of \$7,750 and \$7,742, respectively, were incurred and are included in other entity expenses on the accompanying statements of operations and \$7,742 and \$15,128, respectively, were paid. As of December 31, 2014 and 2013, asset management fees of \$7,750 and \$7,742, respectively, remained payable and are included in accounts payable – entity on the accompanying balance sheets.  <b>Performance-based consulting fee</b> Pursuant to the Second Amended and Restated Agreement, the Class A Limited Partner is entitled to a non-cumulative performance-based consulting fee equal to 25% of net operating income to operate the Partnership efficiently. The fee is payable from net cash

		<p>flow. For the years ended December 31, 2014 and 2013, performance-based consulting fees of \$66,717 and \$66,383, respectively, were incurred and paid, and are included in other entity expenses on the accompanying statements of operations. A portion of the fee paid during 2014 has been reimbursed to the Partnership subsequent to December 31, 2014 as a result of an over distribution of available surplus cash. As of December 31, 2014 and 2013, no performance-based consulting fees remained payable.</p> <p><b>Administrative management fee</b> Pursuant to the Second Amended and Restated Agreement, the <b>General Partner</b> is entitled to an annual non-cumulative administrative management fee equal to \$10,000 for services performed in ensuring the provision of all social services and related services required to be provided in order to maintain eligibility for the low-income housing tax credits. The fee is payable from operations. For the years ended December 31, 2014 and 2013, administrative management fees of \$6,325 and \$10,000, respectively, were incurred and are included in other entity expenses on the accompanying statements of operations and \$11,325 and \$12,500, respectively, were paid. As of December 31, 2014 and 2013, administrative management fees of \$0 and \$5,000, respectively, remained payable and are included in accounts payable - entity on the balance sheets.</p>
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Madison	RR – amount Increase Debt Service  Management Fee	1583 – 250 per unit - <b>no increase mentioned in audit, check PS</b>  No debt service  5%  <b>Administrative management fee</b> Pursuant to the Partnership Agreement, <b>the General Partner</b> shall receive an administrative management fee for all services required to be provided to maintain the Partnership's eligibility for the tax credits. An annual amount of \$9,000 is payable annually in arrears, with the first annual payment due in 2012 from cash flow, as defined. If any administrative management fee is not paid in any year due, the Class B Limited Partner shall make a loan to the Partnership to pay the administrative management fee and the loan shall be deemed an operating deficit loan. As of December 31, 2014 and 2013, administrative fees of \$9,000 and \$6,000 were incurred, respectively, and \$16,500 and \$7,500, respectively, <b>remained payable.</b>  <b>Incentive management fee</b> Pursuant to the Partnership Agreement, <b>the General Partner</b> shall receive an annual non-cumulative incentive management fee in an amount not to exceed 12% of Effective Gross Income, payable from cash flow, as defined, for services in connection with the administration of Partnership affairs. As of December 31, 2014 and 2013, <b>no incentive management fees had been earned or paid.</b>  <b>Asset management fee</b> Beginning in 2008, the Investor Limited Partner shall receive an annual cumulative asset management fee in the amount of \$2,500, increasing by 3% each year from available cash flow or net proceeds, as defined. During the years ended December 31, 2014 and 2013, \$2,985 and \$2,898, respectively, was charged to operations and \$2,898 and \$2,732, respectively, was paid. As of December 31, 2014 and 2013, \$3,067 and \$2,980, respectively, remained payable.

Seville	RR – amount Increase Debt Service  Management Fee	300/unit 2250 monthly  22,866/month  4%  <b>Partnership management fee</b> The Partnership entered into a Partnership Management Fee Agreement with the <b>General Partner</b> for its services in providing partnership and asset management services. This fee is \$60 per unit per year. Any portion of the fee which cannot be paid shall accrue without interest until there is sufficient cash flow to be paid. For the years ended December 31, 2014 and 2013, partnership management fees incurred were \$5,400 and \$5,400, respectively. As of December 31, 2014 and 2013, \$31,050 and \$25,650, respectively, <b>remains payable</b>  <b>Construction management fee</b> In accordance with the Partnership Agreement, \$176,128 is to be paid to an affiliate of the General Partner as consideration for services in the oversight of the construction of the Project. In prior years, the construction management fee was increased to \$196,716 pursuant to the completion of a cost certification. The fee is non-interest bearing. During the years ended December 31, 2014 and 2013, no amounts were repaid. As of December 31, 2014 and 2013, \$19,073 and \$19,073, respectively, remain payable.  <b>Development fee</b> In accordance with the Partnership Agreement, it is provided that a \$945,974 developer fee is to be paid to Beaumont Leased Housing Development II, LLC ("Developer"), an affiliate of the General Partner, for providing services as described in the Development Services Agreement. The fee is non-interest bearing. In prior years, the developer fee was increased to \$993,583 pursuant to the completion of a cost certification. During the years ended December 31, 2014 and 2013, no amounts were repaid. As of December 31, 2014 and 2013, \$993,583 and \$993,583, respectively, remains payable.

Timbers Edge	RR – amount	<p>500/unit</p> <p><b>Replacement reserves</b>  Under the terms of the Partnership Agreement and Loan Agreement, the Partnership is required to fund a Repair and Replacement Reserve Fund. The Partnership shall make monthly deposits equal to \$300 per apartment unit per year, or \$45,000 annually. Effective May 2014, the deposits were increased to \$500 per apartment unit per year, or \$75,000 annually. The reserve shall be used to make disbursements to the Project for capital improvements incurred. As of December 31, 2014 and 2013, the balance in this account was \$187,517 and \$25,972, respectively.</p> <p>Current RR Deposits in tcam report are not adjusted to the 500/per unit amount which would be 6,250 this is the amount debited in the trial balance</p>
	Increase	
	Debt Service	<p>Questions about debt service – TCAM uses 32,463  My number is 30,441</p>
	Management Fee	4%
	Notes	<p><b>Partnership management fee</b>  The Partnership entered into a Partnership Management Fee Agreement with the General Partner for its services in providing partnership asset management services. This fee is \$60 per unit. For the years ended December 31, 2014 and 2013, partnership management fees incurred were \$9,000 and \$9,000, respectively. As of December 31, 2014 and 2013, \$51,750 and \$42,750 remain payable, respectively.</p> <p><b>Non-profit services fees</b>  Pursuant to the Master Agreement, the Partnership shall pay Housing Services Incorporated, an affiliate of the General Partner, a non-profit services fee for ensuring the provision of all social services and related services required to be provided in order to maintain eligibility for the low income housing tax credit. As of December 31, 2014 and 2013, fees of \$30,301 and \$19,000 were incurred and paid, respectively. As of</p>



		<p>December 31, 2014 and 2013, no amounts remained payable.</p> <p><b>Construction management fee</b>  In accordance with the Construction Management Agreement, \$461,408 is to be paid to Beaumont Leased Housing Development I, LLC, an affiliate of the General Partner, as consideration for the services of oversight of the construction of the Project. The fee is non-interest bearing. No payments were made during 2014 and 2013. As of December 31, 2014 and 2013, \$461,408 and \$461,408, respectively, remains payable.</p> <p><b>Development fee</b>  In accordance with the Development Agreement, it is provided that a \$1,542,987 developer fee is to be paid to Beaumont Leased Housing Development I, LLC (Developer), an affiliate of the General Partner, for providing services as described in the Development Agreement. The fee is non-interest bearing. No payments were made during 2014 and 2013. As of December 31, 2014 and 2013, \$1,542,987 and \$1,542,987, respectively, remains payable</p>

**Balance Sheet**

Period = Apr 2015

Book = Accrual,Audit,Ops

**Current Balance****ASSETS****CURRENT ASSETS**

<b>Cash</b>	
Petty Cash	300.00
Operating Account	23,061.34
<b>Total Cash</b>	<b>23,361.34</b>

**Receivables**

Tenant Accounts Receivable	971.00
Subsidy Accounts Receivable	2,158.00
<b>Total Tenant Receivables</b>	<b>3,129.00</b>
<b>Total Receivables</b>	<b>3,129.00</b>

**Prepaid Expenses:**

Prepaid Property Insurance	9,901.36
<b>Total Prepaid Expenses</b>	<b>9,901.36</b>

**Reserves & Escrows****Mortgage Reserves & Escrows**

Real Estate Tax Escrow	22,878.88
Insurance Escrow	35,635.29
<b>Total Mortgage Reserves &amp; Escrows</b>	<b>58,514.17</b>
<b>Replacement Reserves</b>	<b>105,690.77</b>
<b>Total Reserves &amp; Escrows</b>	<b>164,204.94</b>
<b>Total Current Assets</b>	<b>200,596.64</b>

**FIXED ASSETS:****Property & Equipment:**

Land	463,019.00
Land Improvements	2,210,048.00
Buildings	10,543,989.95
Personal Property	609,474.00
Loan Costs	155,038.00
<b>Total Property &amp; Equipment</b>	<b>13,981,568.95</b>

**Accum. Depr./Amort.:**

Accumulated Depreciation	-3,678,078.00
Accumulated Amortization	-68,350.00
<b>Total Accum. Depr./Amort.</b>	<b>-3,746,428.00</b>
<b>Net Fixed Assets</b>	<b>10,235,140.95</b>

**OTHER ASSETS:**

Tax Credit Costs	49,251.00
<b>Total Other Assets</b>	<b>49,251.00</b>
<b>TOTAL ASSETS</b>	<b>10,484,988.59</b>

**LIABILITIES & EQUITY****CURRENT LIABILITIES:**

Accounts Payable	10,310.29
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**Balance Sheet**

Period = Apr 2015

Book = Accrual,Audit,Ops

	<b>Current Balance</b>
<b>Total Accounts Payable &amp; Notes</b>	<b>10,310.29</b>
<b>Accr. Expense/Deferred Income:</b>	
Prepaid Rent	2,002.00
Accrued R/E Taxes	18,141.81
Accrued Asset Mgmt Fees LP - Non-Affiliated	1.12
<b>Total Accr Exp./Deferred Inc.</b>	<b>20,144.93</b>
<b>Deposits:</b>	
Security Deposits	35,250.00
Pet Deposits	2,700.00
<b>Total Deposits</b>	<b>37,950.00</b>
<b>Total Current Liabilities</b>	<b>68,405.22</b>
<b>LONG TERM LIABILITIES:</b>	
First Mortgage Payable	2,746,668.06
Accrued 1st Mortgage Interest	14,725.65
Due to GP - Funding - Affiliated	4,174.69
<b>Total Long Term Liabilities</b>	<b>2,765,568.40</b>
<b>TOTAL LIABILITIES</b>	<b>2,833,973.62</b>
<b>EQUITY</b>	
ILP Distributions - Non-Affiliated	-28,599.46
LP Distributions - Affiliated	-7.15
GP Capital - Affiliated	2.00
GP Distributions - Non-Affiliated	-14.30
General Partners Capital - Internal	-150.00
GP Cash Distributions - External	-12.30
Limited Partners Capital - Internal	9,281,422.00
LP Cash Distributions - Internal	-165,016.29
LP Cash Distributions - External	-24,606.22
LP Distributions - Affiliated	-203,317.24
Retained Earnings	-1,220,405.09
Year to Date Net Income/(Loss)	11,719.02
<b>TOTAL EQUITY</b>	<b>7,651,014.97</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>10,484,988.59</b>

**Budget Comparison**

Period = Apr 2015

Book = Accrual,Audit,Ops

	PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
<b>INCOME</b>									
<b>Rental Income</b>									
<b>Gross Rental Income</b>									
Total Gross Potential Rent	<u>79,155.00</u>	<u>78,826.00</u>	<u>329.00</u>	<u>0.42</u>	<u>315,818.00</u>	<u>315,024.00</u>	<u>794.00</u>	<u>0.25</u>	<u>948,054.00</u>
Total Gross Rental Income	<u>79,155.00</u>	<u>78,826.00</u>	<u>329.00</u>	<u>0.42</u>	<u>315,818.00</u>	<u>315,024.00</u>	<u>794.00</u>	<u>0.25</u>	<u>948,054.00</u>
<b>Rent Loss</b>									
<b>Rental Loss</b>									
Total Vacancy Loss	<u>76.00</u>	<u>-400.00</u>	<u>476.00</u>	<u>119.00</u>	<u>-128.00</u>	<u>-1,600.00</u>	<u>1,472.00</u>	<u>92.00</u>	<u>-4,800.00</u>
Concessions	<u>-100.00</u>	<u>-333.33</u>	<u>233.33</u>	<u>70.00</u>	<u>-1,201.68</u>	<u>-1,333.32</u>	<u>131.64</u>	<u>9.87</u>	<u>-4,000.00</u>
Total Bad Debt & Recovery	<u>0.00</u>	<u>-124.66</u>	<u>124.66</u>	<u>100.00</u>	<u>601.00</u>	<u>-498.64</u>	<u>1,099.64</u>	<u>220.53</u>	<u>-1,495.92</u>
Total Rent Loss	<u>-24.00</u>	<u>-857.99</u>	<u>833.99</u>	<u>97.20</u>	<u>-728.68</u>	<u>-3,431.96</u>	<u>2,703.28</u>	<u>78.77</u>	<u>-10,295.92</u>
Total Rental Income	<u>79,131.00</u>	<u>77,968.01</u>	<u>1,162.99</u>	<u>1.49</u>	<u>315,089.32</u>	<u>311,592.04</u>	<u>3,497.28</u>	<u>1.12</u>	<u>937,758.08</u>
<b>Other Income</b>									
<b>Other Income</b>									
Application Fees	<u>56.00</u>	<u>50.00</u>	<u>6.00</u>	<u>12.00</u>	<u>112.00</u>	<u>200.00</u>	<u>-88.00</u>	<u>-44.00</u>	<u>600.00</u>
Late Charges	<u>370.00</u>	<u>804.90</u>	<u>-434.90</u>	<u>-54.03</u>	<u>3,482.00</u>	<u>3,219.60</u>	<u>262.40</u>	<u>8.15</u>	<u>9,658.80</u>
NSF Fees	<u>0.00</u>	<u>25.00</u>	<u>-25.00</u>	<u>-100.00</u>	<u>130.00</u>	<u>50.00</u>	<u>80.00</u>	<u>160.00</u>	<u>100.00</u>
Total Forfeited Security Deposits	<u>270.00</u>	<u>201.73</u>	<u>68.27</u>	<u>33.84</u>	<u>737.00</u>	<u>806.92</u>	<u>-69.92</u>	<u>-8.66</u>	<u>2,420.76</u>
Misc. Other Income	<u>0.00</u>	<u>16.67</u>	<u>-16.67</u>	<u>-100.00</u>	<u>0.00</u>	<u>66.68</u>	<u>-66.68</u>	<u>-100.00</u>	<u>200.00</u>
WO Chargebacks	<u>25.00</u>	<u>50.00</u>	<u>-25.00</u>	<u>-50.00</u>	<u>425.00</u>	<u>200.00</u>	<u>225.00</u>	<u>112.50</u>	<u>600.00</u>
Total Other Income	<u>721.00</u>	<u>1,148.30</u>	<u>-427.30</u>	<u>-37.21</u>	<u>4,886.00</u>	<u>4,543.20</u>	<u>342.80</u>	<u>7.55</u>	<u>13,579.56</u>
TOTAL INCOME	<u>79,852.00</u>	<u>79,116.31</u>	<u>735.69</u>	<u>0.93</u>	<u>319,975.32</u>	<u>316,135.24</u>	<u>3,840.08</u>	<u>1.21</u>	<u>951,337.64</u>
<b>Direct Expenses</b>									
<b>Marketing</b>									
Advertising - Internet	<u>0.00</u>	<u>25.00</u>	<u>25.00</u>	<u>100.00</u>	<u>0.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>300.00</u>
Misc. Marketing Expenses	<u>0.00</u>	<u>50.00</u>	<u>50.00</u>	<u>100.00</u>	<u>0.00</u>	<u>200.00</u>	<u>200.00</u>	<u>100.00</u>	<u>600.00</u>
Tenant Relations Promo/Events	<u>616.36</u>	<u>450.00</u>	<u>-166.36</u>	<u>-36.97</u>	<u>2,384.76</u>	<u>1,800.00</u>	<u>-584.76</u>	<u>-32.49</u>	<u>5,400.00</u>
Locators Referral Service	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>N/A</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>N/A</u>	<u>630.00</u>
Resident Referrals	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>N/A</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>N/A</u>	<u>200.00</u>
Total Marketing Expenses	<u>616.36</u>	<u>525.00</u>	<u>-91.36</u>	<u>-17.40</u>	<u>2,384.76</u>	<u>2,100.00</u>	<u>-284.76</u>	<u>-13.56</u>	<u>7,130.00</u>

**Budget Comparison**

Period = Apr 2015

Book = Accrual,Audit,Ops

	PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
<b>Administrative</b>									
Travel-Mileage	0.00	10.00	10.00	100.00	0.00	40.00	40.00	100.00	120.00
M & E - Out of Town Travel	0.00	0.00	0.00	N/A	-80.45	0.00	80.45	N/A	0.00
Credit Reports/Background Checks	166.00	114.58	-51.42	-44.88	697.00	458.32	-238.68	-52.08	1,375.00
Recruiting Costs	0.00	10.00	10.00	100.00	61.00	40.00	-21.00	-52.50	120.00
Office Supplies - Misc	164.46	83.33	-81.13	-97.36	346.67	333.32	-13.35	-4.01	1,000.00
Office Supplies - Toner	226.24	37.50	-188.74	-503.31	375.41	150.00	-225.41	-150.27	450.00
Office Supplies - Envelopes/Let...	0.00	18.75	18.75	100.00	269.13	75.00	-194.13	-258.84	225.00
Office Supplies - Copy Paper	0.00	12.50	12.50	100.00	79.89	50.00	-29.89	-59.78	150.00
Computer Supplies - Misc	0.00	0.00	0.00	N/A	21.64	0.00	-21.64	N/A	0.00
Computer Supplies - Software	0.00	6.36	6.36	100.00	0.00	25.44	25.44	100.00	76.32
Computer Supplies - Licenses	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	1,010.00
Recruiting Fees	0.00	6.85	6.85	100.00	0.00	27.40	27.40	100.00	82.20
Dues	0.00	0.00	0.00	N/A	535.84	250.00	-285.84	-114.34	250.00
Licenses & Permits	0.00	6.34	6.34	100.00	0.00	25.36	25.36	100.00	76.08
Legal	1,170.52	0.00	-1,170.52	N/A	1,470.88	0.00	-1,470.88	N/A	284.00
Telephone - Misc	15.95	58.75	42.80	72.85	150.35	235.00	84.65	36.02	705.00
Telephone - Local	601.11	468.85	-132.26	-28.21	2,274.43	1,875.40	-399.03	-21.28	5,626.20
Telephone - Long Distance	11.68	20.11	8.43	41.92	46.85	80.44	33.59	41.76	241.32
Training/Education - Misc	0.00	15.73	15.73	100.00	0.00	62.92	62.92	100.00	188.76
Training/Education - Internal	24.00	22.92	-1.08	-4.71	97.00	91.68	-5.32	-5.80	275.00
Training/Education - External	0.00	0.00	0.00	N/A	716.50	0.00	-716.50	N/A	0.00
Uniforms/Logo Wear	0.00	36.28	36.28	100.00	331.89	145.12	-186.77	-128.70	435.36
Portal Costs	92.09	100.00	7.91	7.91	381.20	400.00	18.80	4.70	1,200.00
Misc. Admin/Use Tax Expenses	0.00	12.50	12.50	100.00	12.00	50.00	38.00	76.00	150.00
<b>Total Admin. Expenses</b>	<b>2,472.05</b>	<b>1,041.35</b>	<b>-1,430.70</b>	<b>-137.39</b>	<b>7,787.23</b>	<b>4,415.40</b>	<b>-3,371.83</b>	<b>-76.37</b>	<b>14,040.24</b>
<b>Insurance</b>									
Property Insurance	3,183.34	3,158.33	-25.01	-0.79	12,733.36	12,633.32	-100.04	-0.79	37,899.96
<b>Total Insurance Expense</b>	<b>3,183.34</b>	<b>3,158.33</b>	<b>-25.01</b>	<b>-0.79</b>	<b>12,733.36</b>	<b>12,633.32</b>	<b>-100.04</b>	<b>-0.79</b>	<b>37,899.96</b>
<b>Payroll</b>									
Administrative Payroll	6,812.00	6,905.00	93.00	1.35	26,742.65	27,620.00	877.35	3.18	82,860.00
Repair & Maintenance Payroll	4,127.92	3,817.67	-310.25	-8.13	16,064.48	15,270.68	-793.80	-5.20	45,812.00
Bonuses	0.00	0.00	0.00	N/A	2,200.00	4,200.00	2,000.00	47.62	7,200.00
Payroll Budget Allowance	0.00	-79.68	-79.68	-100.00	0.00	-318.72	-318.72	-100.00	-956.16
PR Taxes, Benefits, WC Ins., etc.	2,669.61	2,992.54	322.93	10.79	12,760.73	11,970.16	-790.57	-6.60	35,910.48
<b>Total Payroll Expense</b>	<b>13,609.53</b>	<b>13,635.53</b>	<b>26.00</b>	<b>0.19</b>	<b>57,767.86</b>	<b>58,742.12</b>	<b>974.26</b>	<b>1.66</b>	<b>170,826.32</b>
<b>Utilities</b>									

**Budget Comparison**

Period = Apr 2015

Book = Accrual,Audit,Ops

	PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
Cable TV / Internet Expense	182.99	250.00	67.01	26.80	731.96	1,000.00	268.04	26.80	3,000.00
Refuse Removal	102.65	101.47	-1.18	-1.16	410.60	405.88	-4.72	-1.16	1,217.64
Electricity - Common Area (Sta...	285.30	291.60	6.30	2.16	1,189.70	1,347.10	157.40	11.68	5,174.70
Electricity - Common Area (Ra...	197.15	212.40	15.25	7.18	750.40	882.90	132.50	15.01	2,248.30
Electricity (Vacant Units)	67.93	104.17	36.24	34.79	132.76	416.68	283.92	68.14	1,250.00
Water & Sewer (Standard Cost)	25.00	45.00	20.00	44.44	81.00	319.00	238.00	74.61	1,427.00
Water & Sewer (Rate Variance)	43.28	41.52	-1.76	-4.24	110.95	167.16	56.21	33.63	362.11
Water & Sewer - Irrigation (Sta...	1,093.00	1,755.00	662.00	37.72	4,185.00	5,609.00	1,424.00	25.39	19,252.00
Water & Sewer - Irrigation (Rat...	-455.64	-724.80	-269.16	-37.14	-1,881.94	-2,372.54	-490.60	-20.68	-8,353.30
Gas (Standard Cost)	17.51	7.20	-10.31	-143.19	93.73	53.57	-40.16	-74.97	88.97
Gas (Rate Variance)	29.58	26.56	-3.02	-11.37	113.95	95.47	-18.48	-19.36	352.26
Utility Consultant/Monitoring Fees	0.00	54.03	54.03	100.00	152.34	216.12	63.78	29.51	648.36
Late Charges for Utilities	83.17	0.00	-83.17	N/A	170.40	0.00	-170.40	N/A	0.00
<b>Total Utilities</b>	<b>1,671.92</b>	<b>2,164.15</b>	<b>492.23</b>	<b>22.74</b>	<b>6,240.85</b>	<b>8,140.34</b>	<b>1,899.49</b>	<b>23.33</b>	<b>26,668.04</b>
<b>Repairs And Maintenance</b>									
General Building Maintenance	191.06	103.00	-88.06	-85.50	923.93	412.00	-511.93	-124.25	1,236.00
Cleaning Equipment & Supplies	0.00	36.30	36.30	100.00	46.66	145.20	98.54	67.86	435.60
Exterminating Contract	608.36	515.00	-93.36	-18.13	2,172.56	2,060.00	-112.56	-5.46	6,180.00
Exterminating Supplies	53.77	10.30	-43.47	-422.04	77.81	41.20	-36.61	-88.86	123.60
Grounds Contract	1,082.00	1,114.46	32.46	2.91	5,410.00	4,457.84	-952.16	-21.36	13,373.52
Grounds Supplies	149.75	214.58	64.83	30.21	245.63	858.32	612.69	71.38	2,575.00
Security Monitoring	0.00	200.85	200.85	100.00	205.53	401.70	196.17	48.84	803.40
General Repairs Material	45.33	154.50	109.17	70.66	500.83	618.00	117.17	18.96	1,854.00
HVAC Repairs	77.49	360.50	283.01	78.50	768.65	1,442.00	673.35	46.70	4,326.00
Pool Repairs & Maintenance	218.93	231.75	12.82	5.53	785.15	927.00	141.85	15.30	2,781.00
Window and Doors	3,517.00	12.88	-3,504.12	-27,205.90	4,116.00	51.52	-4,064.48	-7,889.13	154.56
Plumbing Repairs & Supplies	1,113.83	464.00	-649.83	-140.05	3,163.25	1,856.00	-1,307.25	-70.43	5,568.00
Electrical Repairs & Supplies	293.98	42.92	-251.06	-584.95	1,047.72	171.68	-876.04	-510.27	515.00
Locks and Keys	106.36	64.38	-41.98	-65.21	158.57	257.52	98.95	38.42	772.56
Appliance Maintenance/Parts	194.18	163.08	-31.10	-19.07	383.96	652.32	268.36	41.14	1,957.00
Equipment Repair Maint/Rental	0.00	0.00	0.00	N/A	150.00	0.00	-150.00	N/A	0.00
Misc. Maintenance Expense	42.83	42.92	0.09	0.21	260.00	171.68	-88.32	-51.44	515.00
Parking Lot Sweep & Stripe	0.00	0.00	0.00	N/A	0.00	8.78	8.78	100.00	8.78
<b>Total Repairs &amp; Maintenance</b>	<b>7,694.87</b>	<b>3,731.42</b>	<b>-3,963.45</b>	<b>-106.22</b>	<b>20,416.25</b>	<b>14,532.76</b>	<b>-5,883.49</b>	<b>-40.48</b>	<b>43,179.02</b>
<b>Turnover Expenses</b>									
Paint Supplies	15.57	318.00	302.43	95.10	1,260.99	1,272.00	11.01	0.87	3,816.00
Cleaning Supplies	88.72	35.33	-53.39	-151.12	197.52	141.32	-56.20	-39.77	424.00
Window Coverings	107.03	0.00	-107.03	N/A	425.75	0.00	-425.75	N/A	0.00

**Budget Comparison**

Period = Apr 2015

Book = Accrual,Audit,Ops

	<u>PTD Actual</u>	<u>PTD Budget</u>	<u>Variance</u>	<u>% Var</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance</u>	<u>% Var</u>	<u>Annual</u>
Turnover Maintenance	136.15	53.00	-83.15	-156.89	507.42	212.00	-295.42	-139.35	636.00
<b>Total Turnover Expenses</b>	<b>347.47</b>	<b>406.33</b>	<b>58.86</b>	<b>14.49</b>	<b>2,391.68</b>	<b>1,625.32</b>	<b>-766.36</b>	<b>-47.15</b>	<b>4,876.00</b>
<b>Total Direct Expenses</b>	<b>29,595.54</b>	<b>24,662.11</b>	<b>-4,933.43</b>	<b>-20.00</b>	<b>109,721.99</b>	<b>102,189.26</b>	<b>-7,532.73</b>	<b>-7.37</b>	<b>304,619.58</b>
<b>Controllable Operating Income</b>	<b>50,256.46</b>	<b>54,454.20</b>	<b>-4,197.74</b>	<b>-7.71</b>	<b>210,253.33</b>	<b>213,945.98</b>	<b>-3,692.65</b>	<b>-1.73</b>	<b>646,718.06</b>
<b>Management Fees &amp; Taxes</b>									
Management Fees - Affiliated	3,978.75	3,955.82	-22.93	-0.58	15,937.82	15,806.78	-131.04	-0.83	47,566.93
Real Estate Taxes	4,535.55	4,140.86	-394.69	-9.53	18,142.20	16,563.44	-1,578.76	-9.53	49,690.32
<b>Total Mgmt. Fees &amp; Taxes</b>	<b>8,514.30</b>	<b>8,096.68</b>	<b>-417.62</b>	<b>-5.16</b>	<b>34,080.02</b>	<b>32,370.22</b>	<b>-1,709.80</b>	<b>-5.28</b>	<b>97,257.25</b>
<b>Net Operating Income</b>	<b>41,742.16</b>	<b>46,357.52</b>	<b>-4,615.36</b>	<b>-9.96</b>	<b>176,173.31</b>	<b>181,575.76</b>	<b>-5,402.45</b>	<b>-2.98</b>	<b>549,460.81</b>
<b>Non-Operating Expenses</b>									
<b>Debt Service Interest and Fees</b>									
Debt Service Interest	14,651.12	14,651.12	0.00	0.00	58,753.80	58,753.80	0.00	0.00	175,047.45
Interest Expense - Note Payab...	50.58	0.00	-50.58	N/A	50.58	0.00	-50.58	N/A	0.00
<b>Total Debt Service Interest and...</b>	<b>14,701.70</b>	<b>14,651.12</b>	<b>-50.58</b>	<b>-0.35</b>	<b>58,804.38</b>	<b>58,753.80</b>	<b>-50.58</b>	<b>-0.09</b>	<b>175,047.45</b>
<b>Major Repairs/Capital Impr...</b>									
Air Conditioners	0.00	0.00	0.00	N/A	1,040.00	0.00	-1,040.00	N/A	3,225.00
Refrigerators	0.00	0.00	0.00	N/A	1,351.13	1,350.00	-1.13	-0.08	4,050.00
Stoves & Ranges	0.00	0.00	0.00	N/A	1,535.28	550.00	-985.28	-179.14	1,650.00
Dishwashers	0.00	358.00	358.00	100.00	0.00	716.00	716.00	100.00	1,432.00
Water Heaters	324.09	1,000.00	675.91	67.59	9,202.48	4,000.00	-5,202.48	-130.06	12,000.00
Floor Coverings - Tile & Vinyl	0.00	300.00	300.00	100.00	0.00	1,200.00	1,200.00	100.00	3,600.00
Window Covering Replacement	0.00	83.33	83.33	100.00	0.00	333.32	333.32	100.00	1,000.00
Unit Improvements	0.00	0.00	0.00	N/A	2,660.00	0.00	-2,660.00	N/A	0.00
Miscellaneous	0.00	0.00	0.00	N/A	7.25	0.00	-7.25	N/A	0.00
1 - Grounds	0.00	250.00	250.00	100.00	345.32	700.00	354.68	50.67	700.00
1 - Building & Garage Repairs	0.00	0.00	0.00	N/A	0.00	1,010.00	1,010.00	100.00	1,010.00
1 - Miscellaneous Major	0.00	7,500.00	7,500.00	100.00	1,503.53	7,500.00	5,996.47	79.95	7,500.00
1 - Common Area Improvements	384.00	0.00	-384.00	N/A	384.00	1,000.00	616.00	61.60	1,000.00
1 - Computer/Office Equip Desk...	0.00	0.00	0.00	N/A	0.00	2,500.00	2,500.00	100.00	2,500.00
4 - Supervisory Fees (Project ...	0.00	0.00	0.00	N/A	7,160.94	0.00	-7,160.94	N/A	0.00
<b>Total Unit Major Repairs/Capita...</b>	<b>324.09</b>	<b>1,741.33</b>	<b>1,417.24</b>	<b>81.39</b>	<b>15,796.14</b>	<b>8,149.32</b>	<b>-7,646.82</b>	<b>-93.83</b>	<b>26,957.00</b>
<b>Total 1 - Major Repairs/Capital...</b>	<b>384.00</b>	<b>7,750.00</b>	<b>7,366.00</b>	<b>95.05</b>	<b>2,232.85</b>	<b>12,710.00</b>	<b>10,477.15</b>	<b>82.43</b>	<b>12,710.00</b>
<b>Total 4 - Major Repairs/Capital...</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>N/A</b>	<b>7,160.94</b>	<b>0.00</b>	<b>-7,160.94</b>	<b>N/A</b>	<b>0.00</b>
<b>Total All Major Repair Expense</b>	<b>708.09</b>	<b>9,491.33</b>	<b>8,783.24</b>	<b>92.54</b>	<b>25,189.93</b>	<b>20,859.32</b>	<b>-4,330.61</b>	<b>-20.76</b>	<b>39,667.00</b>

\*Extraordinary Costs

**Budget Comparison**

Period = Apr 2015

Book = Accrual,Audit,Ops

	<b>PTD Actual</b>	<b>PTD Budget</b>	<b>Variance</b>	<b>% Var</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>	<b>% Var</b>	<b>Annual</b>
*Other Extraordinary Costs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	N/A	<u>6,738.00</u>	<u>0.00</u>	<u>-6,738.00</u>	N/A	<u>0.00</u>
<b>*Total Extraordinary Cost</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>N/A</b>	<b>6,738.00</b>	<b>0.00</b>	<b>-6,738.00</b>	<b>N/A</b>	<b>0.00</b>
<b>Owner Expenses</b>									
Bank Charges	87.93	308.39	220.46	71.49	1,089.30	1,233.56	144.26	11.69	3,700.68
Compliance Fees - Affiliated	2,361.60	708.48	-1,653.12	-233.33	2,361.60	2,833.92	472.32	16.67	8,501.76
Compliance Fees - Non-Affiliated	0.00	202.50	202.50	100.00	0.00	810.00	810.00	100.00	2,430.00
Incentive Mgmt Fees - Affiliated	54,056.41	0.00	-54,056.41	N/A	54,056.41	0.00	-54,056.41	N/A	0.00
Asset Mgmt Fees GP - Affiliated	0.00	600.00	600.00	100.00	0.00	2,400.00	2,400.00	100.00	7,200.00
Partnership Mgmt Fee - Affiliated	600.00	50.00	-550.00	-1,100.00	2,400.00	200.00	-2,200.00	-1,100.00	600.00
Partnership Mgmt Fee - Non-Affi...	3,229.00	1,018.75	-2,210.25	-216.96	6,304.00	4,075.00	-2,229.00	-54.70	12,225.00
Interest Income	-2.71	-3.42	-0.71	-20.76	-12.45	-13.68	-1.23	-8.99	-41.04
Audit Expense	512.50	498.75	-13.75	-2.76	2,050.00	1,995.00	-55.00	-2.76	5,985.00
Tax Expense	114.58	109.58	-5.00	-4.56	458.32	438.32	-20.00	-4.56	1,314.96
*Legal Partnership	1,000.00	0.00	-1,000.00	N/A	5,014.80	0.00	-5,014.80	N/A	0.00
*Other Partnership Expenses	<u>0.00</u>	<u>308.67</u>	<u>308.67</u>	<u>100.00</u>	<u>0.00</u>	<u>1,234.68</u>	<u>1,234.68</u>	<u>100.00</u>	<u>3,704.04</u>
<b>Total Owner Expenses</b>	<b><u>61,959.31</u></b>	<b><u>3,801.70</u></b>	<b><u>-58,157.61</u></b>	<b><u>-1,529.78</u></b>	<b><u>73,721.98</u></b>	<b><u>15,206.80</u></b>	<b><u>-58,515.18</u></b>	<b><u>-384.80</u></b>	<b><u>45,620.40</u></b>
<b>Net Profit (Loss)</b>	<b><u>-35,626.94</u></b>	<b><u>18,413.37</u></b>	<b><u>-54,040.31</u></b>	<b><u>-293.48</u></b>	<b><u>11,719.02</u></b>	<b><u>86,755.84</u></b>	<b><u>-75,036.82</u></b>	<b><u>-86.49</u></b>	<b><u>289,125.96</u></b>



**Trial Balance**

Period = Apr 2015

Book = Accrual,Audit,Ops

		Forward Balance	Debit	Credit	Ending Balance
1110-0000	Petty Cash	300.00	0.00	0.00	300.00
1120-0000	Operating Account	304,390.94	0.00	281,329.60	23,061.34
1130-0000	Tenant Accounts Receivable	77.00	894.00	0.00	971.00
1131-0000	Subsidy Accounts Receivable	1,415.00	743.00	0.00	2,158.00
1141-0000	Other Receivable	0.00	0.00	0.00	0.00
1200-0000	Prepaid Property Insurance	13,084.70	0.00	3,183.34	9,901.36
1300-0000	Real Estate Tax Escrow	19,121.54	3,757.34	0.00	22,878.88
1301-0000	Insurance Escrow	32,195.28	3,440.01	0.00	35,635.29
1303-0000	Replacement Reserve	115,132.52	2.71	0.00	115,135.23
1303-0500	Replacement Reserve Deposits	9,000.00	3,000.00	0.00	12,000.00
1303-0600	Replacement Reserve Draws	-21,444.46	0.00	0.00	-21,444.46
1400-0000	Land	463,019.00	0.00	0.00	463,019.00
1401-0000	Land Improvements	2,210,048.00	0.00	0.00	2,210,048.00
1402-0000	Buildings	10,543,989.95	0.00	0.00	10,543,989.95
1403-0000	Personal Property	609,474.00	0.00	0.00	609,474.00
1450-0000	Loan Costs	155,038.00	0.00	0.00	155,038.00
1453-0000	Monitoring Fees	0.00	0.00	0.00	0.00
1490-0000	Accumulated Depreciation	-3,678,078.00	0.00	0.00	-3,678,078.00
1492-0000	Accumulated Amortization	-68,350.00	0.00	0.00	-68,350.00
1501-1000	Tax Credit Costs	49,251.00	0.00	0.00	49,251.00
2110-0000	Accounts Payable	-7,173.43	0.00	3,136.86	-10,310.29
2114-0000	Audit Adjustments	0.00	0.00	0.00	0.00
2120-0000	Prepaid Rent	-2,454.00	452.00	0.00	-2,002.00
2133-0000	Accrued R/E Taxes	-13,606.26	0.00	4,535.55	-18,141.81
2135-3000	Accrued Asset Mgmt Fees GP - Affiliated	0.00	0.00	0.00	0.00
2135-4001	Accrued Asset Mgmt Fees LP - Non-Affiliated	-6,334.12	6,333.00	0.00	-1.12
2191-0000	Security Deposits	-35,050.00	0.00	200.00	-35,250.00
2191-1000	Pet Deposits	-2,550.00	0.00	150.00	-2,700.00
2193-0000	Security Deposit Clearing	0.00	0.00	0.00	0.00
2324-0000	1st Mortgage Payable	-2,765,380.82	0.00	0.00	-2,765,380.82
2324-0050	Debt Service(Principal) 1st Mortgage	13,997.24	4,715.52	0.00	18,712.76
2330-0000	Accrued 1st Mortgage Interest	-14,725.65	0.00	0.00	-14,725.65
2331-8000	Due to GP - Funding - Affiliated	-5,807.37	1,632.68	0.00	-4,174.69
2331-8100	Due to LP - Funding - Affiliated	0.00	0.00	0.00	0.00
2333-0000	Other Liabilities	0.00	0.00	0.00	0.00
3200-3401	ILP Distributions - Non-Affiliated	0.00	28,599.46	0.00	28,599.46
3200-8400	LP Distributions - Affiliated	0.00	7.15	0.00	7.15
3200-9000	GP Capital - Affiliated	-2.00	0.00	0.00	-2.00

**Trial Balance**

Period = Apr 2015

Book = Accrual,Audit,Ops

		Forward Balance	Debit	Credit	Ending Balance
3200-9401	GP Distributions - Non-Affiliated	0.00	14.30	0.00	14.30
3210-0000	General Partners Capital - Internal	150.00	0.00	0.00	150.00
3210-0200	GP Cash Distributions - Internal	0.00	0.00	0.00	0.00
3210-0201	GP Cash Distributions - External	12.30	0.00	0.00	12.30
3210-1000	Limited Partners Capital - Internal	-9,281,422.00	0.00	0.00	-9,281,422.00
3210-1200	LP Cash Distributions - Internal	165,016.29	0.00	0.00	165,016.29
3210-1201	LP Cash Distributions - External	24,606.22	0.00	0.00	24,606.22
3220-8400	LP Distributions - Affiliated	0.00	203,317.24	0.00	203,317.24
3245-0000	Retained Earnings	1,220,405.09	0.00	0.00	1,220,405.09
3250-0000	Year to Date Net Income/(Loss)	0.00	0.00	0.00	0.00
5110-0000	Gross Potential Rent	-197,504.00	0.00	66,604.00	-264,108.00
5110-1000	Gross Potential Vacancy Adjustment	-204.00	76.00	0.00	-128.00
5121-0000	Tax Credit Subsidy Rental Income	-38,955.00	0.00	12,627.00	-51,582.00
5145-0000	Vacancy Loss	204.00	0.00	76.00	128.00
5150-0000	Concessions	1,101.68	100.00	0.00	1,201.68
5153-0000	Improper Notice Fee	-1,152.60	0.00	0.00	-1,152.60
5155-0000	Bad Debt Expense	1,198.60	0.00	0.00	1,198.60
5156-0000	Forfeited S/D Damage W/O's	-647.00	0.00	0.00	-647.00
5505-0000	Application Fees	-56.00	0.00	56.00	-112.00
5520-0000	Late Charges	-3,112.00	0.00	370.00	-3,482.00
5525-0000	NSF Fees	-130.00	0.00	0.00	-130.00
5545-0500	Forfeited S/D - Other Charges	-709.00	0.00	145.00	-854.00
5545-4000	Forfeited S/D - Apartment Cleaning	-405.00	0.00	125.00	-530.00
5545-9000	Forfeited S/D - W/O Contra Account	647.00	0.00	0.00	647.00
5561-0000	WO Chargebacks	-400.00	0.00	25.00	-425.00
6120-0000	Tenant Relations Promo/Events	1,768.40	616.36	0.00	2,384.76
6225-0100	M & E - Out of Town Travel	-80.45	0.00	0.00	-80.45
6265-0000	Credit Reports/Background Checks	531.00	166.00	0.00	697.00
6266-0000	Recruiting Costs	61.00	0.00	0.00	61.00
6270-0000	Office Supplies - Misc	182.21	164.46	0.00	346.67
6270-0100	Office Supplies - Toner	149.17	226.24	0.00	375.41
6270-0200	Office Supplies - Envelopes/Letterhead	269.13	0.00	0.00	269.13
6270-0300	Office Supplies - Copy Paper	79.89	0.00	0.00	79.89
6275-0000	Computer Supplies - Misc	21.64	0.00	0.00	21.64
6290-0000	Dues	535.84	0.00	0.00	535.84
6305-0000	Legal	300.36	1,170.52	0.00	1,470.88
6320-0000	Telephone - Misc	134.40	15.95	0.00	150.35
6320-0100	Telephone - Local	1,673.32	601.11	0.00	2,274.43
6320-0200	Telephone - Long Distance	35.17	11.68	0.00	46.85

**Trial Balance**

Period = Apr 2015

Book = Accrual,Audit,Ops

		<b>Forward Balance</b>	<b>Debit</b>	<b>Credit</b>	<b>Ending Balance</b>
6325-0100	Training/Education - Internal	73.00	24.00	0.00	97.00
6325-0200	Training/Education - External	716.50	0.00	0.00	716.50
6336-0000	Uniforms/Logo Wear	331.89	0.00	0.00	331.89
6338-0000	Portal Costs	289.11	92.09	0.00	381.20
6350-0000	Misc. Admin/Use Tax Expenses	12.00	0.00	0.00	12.00
6352-0000	Property Insurance	9,550.02	3,183.34	0.00	12,733.36
6355-0000	Administrative Payroll	19,930.65	6,812.00	0.00	26,742.65
6360-0000	Repair & Maintenance Payroll	11,936.56	4,127.92	0.00	16,064.48
6385-0000	Bonuses	2,200.00	0.00	0.00	2,200.00
6390-0000	PR Taxes, Benefits, WC Ins., etc.	4,048.11	939.34	0.00	4,987.45
6390-1000	Workmans Comp	2,039.37	656.09	0.00	2,695.46
6390-2000	Health Ins & Other Benefits	4,003.64	1,074.18	0.00	5,077.82
6408-0000	Cable TV / Internet Expense	548.97	182.99	0.00	731.96
6410-0000	Refuse Removal	307.95	102.65	0.00	410.60
6415-0000	Electricity - Common Area (Standard Cost)	904.40	285.30	0.00	1,189.70
6415-1000	Electricity - Common Area (Rate Variance)	553.25	197.15	0.00	750.40
6416-0000	Electricity (Vacant Units)	64.83	67.93	0.00	132.76
6420-0000	Water & Sewer (Standard Cost)	56.00	25.00	0.00	81.00
6420-1000	Water & Sewer (Rate Variance)	67.67	43.28	0.00	110.95
6422-0000	Water & Sewer - Irrigation (Standard Cost)	3,092.00	1,093.00	0.00	4,185.00
6422-1000	Water & Sewer - Irrigation (Rate Variance)	-1,426.30	0.00	455.64	-1,881.94
6425-0000	Gas (Standard Cost)	76.22	17.51	0.00	93.73
6425-1000	Gas (Rate Variance)	84.37	29.58	0.00	113.95
6427-0000	Utility Consultant/Monitoring Fees	152.34	0.00	0.00	152.34
6430-0000	Late Charges for Utilities	87.23	83.17	0.00	170.40
6540-0000	General Building Maintenance	732.87	191.06	0.00	923.93
6545-0000	Cleaning Equipment & Supplies	46.66	0.00	0.00	46.66
6555-0000	Exterminating Contract	1,564.20	608.36	0.00	2,172.56
6560-0000	Exterminating Supplies	24.04	53.77	0.00	77.81
6570-0000	Grounds Contract	4,328.00	1,082.00	0.00	5,410.00
6575-0000	Grounds Supplies	95.88	149.75	0.00	245.63
6582-0000	Security Monitoring	205.53	0.00	0.00	205.53
6590-0000	General Repairs Material	455.50	45.33	0.00	500.83
6605-0000	HVAC Repairs	691.16	77.49	0.00	768.65
6610-0000	Pool Repairs & Maintenance	566.22	218.93	0.00	785.15
6617-0000	Window and Doors	599.00	3,517.00	0.00	4,116.00

**Trial Balance**

Period = Apr 2015

Book = Accrual,Audit,Ops

		Forward Balance	Debit	Credit	Ending Balance
6620-0000	Plumbing Repairs & Supplies	2,049.42	1,113.83	0.00	3,163.25
6625-0000	Electrical Repairs & Supplies	753.74	293.98	0.00	1,047.72
6626-0000	Locks and Keys	52.21	106.36	0.00	158.57
6630-0000	Appliance Maintenance/Parts	189.78	194.18	0.00	383.96
6665-0000	Equipment Repair Maint/Rental	150.00	0.00	0.00	150.00
6670-0000	Misc. Maintenance Expense	217.17	42.83	0.00	260.00
6705-0000	Paint Supplies	1,245.42	15.57	0.00	1,260.99
6715-0000	Cleaning Supplies	108.80	88.72	0.00	197.52
6727-0000	Window Coverings	318.72	107.03	0.00	425.75
6730-0000	Turnover Maintenance	371.27	136.15	0.00	507.42
7505-0000	Management Fees - Affiliated	11,959.07	3,978.75	0.00	15,937.82
7520-0000	Real Estate Taxes	13,606.65	4,535.55	0.00	18,142.20
7560-0000	Debt Service Interest	44,102.68	14,651.12	0.00	58,753.80
7560-8500	Interest Expense - Note Payable GP - Affiliated	0.00	50.58	0.00	50.58
7570-1505	Air Conditioners	1,040.00	0.00	0.00	1,040.00
7570-1510	Refrigerators	1,351.13	0.00	0.00	1,351.13
7570-1511	Stoves & Ranges	1,535.28	0.00	0.00	1,535.28
7570-1515	Water Heaters	8,878.39	324.09	0.00	9,202.48
7570-1530	Unit Improvements	2,660.00	0.00	0.00	2,660.00
7570-1590	Miscellaneous	7.25	0.00	0.00	7.25
7571-1535	1 - Grounds	345.32	0.00	0.00	345.32
7571-1590	1 - Miscellaneous Major	1,503.53	0.00	0.00	1,503.53
7571-1620	1 - Common Area Improvements	0.00	384.00	0.00	384.00
7574-1575	4 - Supervisory Fees (Project Super. and VP Maint)	7,160.94	0.00	0.00	7,160.94
7730-0000	*Other Extraordinary Costs	6,738.00	0.00	0.00	6,738.00
8330-0000	Bank Charges	1,001.37	87.93	0.00	1,089.30
8505-0000	Compliance Fees - Affiliated	0.00	2,361.60	0.00	2,361.60
8575-0000	Incentive Mgmt Fees - Affiliated	0.00	54,056.41	0.00	54,056.41
8581-0000	Partnership Mgmt Fee - Affiliated	1,800.00	600.00	0.00	2,400.00
8581-0001	Partnership Mgmt Fee - Non-Affiliated	3,075.00	3,229.00	0.00	6,304.00
8595-2000	Interest Income Replacement Reserve	-9.74	0.00	2.71	-12.45
8610-0000	Audit Expense	1,537.50	512.50	0.00	2,050.00
8612-0000	Tax Expense	343.74	114.58	0.00	458.32
8615-0000	*Legal Partnership	4,014.80	1,000.00	0.00	5,014.80
	<b>Total</b>	<b>0.00</b>	<b>373,021.70</b>	<b>373,021.70</b>	<b>0.00</b>

**Rent Roll**  
**Arbor Cove Single Family Homes (481)**

Page: 1  
 Date: 05/11/2015  
 Time: 10:54 am

**As of: 04/30/2015**

Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Exp	Move out	Balance
<b>Current/Notice Residents</b>												
03000	481c5	1,260	t0193926	Marcus Mercado	570.00	570.00	250.00	0.00	9/29/2014	8/31/2015		0.00
03010	481dm	1,400	t0180674	Reymundo Ortega III	815.00	810.00	300.00	0.00	2/13/2014	1/31/2016		0.00
03020	481d4	1,400	t0142625	Ada Rincon	467.00	467.00	300.00	0.00	12/14/2012	11/30/2014		0.00
03030	481c6	1,260	t0112191	Jose Lara	708.00	708.00	250.00	0.00	2/21/2012	1/31/2015		0.00
03040	481d4	1,400	t0100788	Jose Campos	467.00	467.00	300.00	0.00	11/18/2011	10/31/2015		0.00
03050	481b4	1,260	t0147776	Esperanza Reyes	432.00	432.00	250.00	0.00	3/6/2013	2/28/2015		0.00
03060	481c6	1,260	t0063213	Ada Perez	708.00	721.00	250.00	0.00	6/1/2007	8/31/2015		-3.00
03070	481d6	1,400	t0123167	Rachel Palacios	775.00	755.00	300.00	0.00	6/22/2012	5/31/2015		0.00
03080	481c6	1,260	t0063215	Catalina Reyna	708.00	721.00	250.00	0.00	1/31/2006	2/28/2015		-6.00
03090	481c6	1,260	t0090051	Rigoberto Arevalo	708.00	697.00	250.00	0.00	8/12/2011	7/31/2015		0.00
03100	481d6	1,400	t0063217	Juliana Herrera	775.00	775.00	300.00	0.00	3/23/2007	4/30/2015		0.00
03110	481d6	1,400	t0163266	Erica Lopez	775.00	755.00	300.00	0.00	8/20/2013	7/31/2015		0.00
03120	481d5	1,400	t0161549	Norma Villalobos	621.00	601.00	300.00	0.00	7/31/2013	6/30/2015		0.00
03130	481c6	1,260	t0090621	Angelica Garcia	708.00	697.00	250.00	0.00	8/18/2011	7/31/2015		0.00
0314A	481b4	1,260	t0186953	Elia Gonzalez	570.00	559.00	450.00	0.00	7/2/2014	6/30/2015		-10.00
03140	481c5	1,260	t0122997	Miriam Reyes	570.00	559.00	250.00	0.00	6/28/2012	5/31/2015		0.00
0315A	481e5	1,400	t0184032	Maria Lopez	621.00	601.00	500.00	0.00	5/1/2014	4/30/2015		5.00
03150	481b5	1,260	t0186542	Seferino Saucedo	432.00	421.00	450.00	100.00	7/2/2014	6/30/2015		0.00
03160	481b5	1,260	t0068155	Blanca Camacho	570.00	559.00	250.00	0.00	8/14/2010	7/31/2015		0.00
03170	481e6	1,400	t0150987	Melissa Herrera	775.00	775.00	300.00	300.00	4/4/2013	3/31/2015		0.00
03180	481e5	1,400	t0063227	Olivia Rodriguez	621.00	601.00	300.00	0.00	7/23/2009	7/31/2015		0.00
03190	481c6	1,260	t0090835	Laura Sustaita	708.00	697.00	250.00	300.00	9/1/2011	8/31/2015		0.00
03200	481e5	1,400	t0063229	Geneva Munoz	621.00	621.00	300.00	0.00	2/23/2007	3/31/2015		-1.00
03210	481em	1,400	t0163375	Reynaldo Reyna	815.00	810.00	300.00	0.00	9/1/2013	8/31/2015		0.00
03220	481b5	1,260	t0201775	Linda Sustaita	570.00	570.00	450.00	0.00	3/2/2015	2/29/2016		0.00
03230	481d6	1,400	t0161232	Gloria Carreon	775.00	755.00	300.00	0.00	7/31/2013	6/30/2015		0.00
03240	481b5	1,260	t0171829	Angelica Medellin	570.00	570.00	250.00	0.00	11/1/2013	10/31/2015		0.00
03250	481d6	1,400	t0202770	Jaime Alaniz	775.00	775.00	300.00	0.00	2/12/2015	1/31/2016		0.00
03260	481d5	1,400	t0063235	Sofia Maldonado	621.00	601.00	300.00	200.00	8/4/2006	9/30/2015		0.00
03270	481b6	1,260	t0063236	Maria Hernandez	708.00	697.00	250.00	0.00	6/19/2006	8/31/2015		0.00
03280	481e6	1,400	t0195194	Amelia Villareal	775.00	755.00	300.00	0.00	9/15/2014	8/31/2015		0.00
03290	481c5	1,260	t0063238	Hermelinda Salinas	570.00	550.00	250.00	0.00	11/20/2009	10/31/2015		0.00
04000	481c5	1,260	t0063239	Ysabel Martinez	570.00	559.00	250.00	0.00	9/26/2008	10/31/2015		-6.00

**Rent Roll**  
**Arbor Cove Single Family Homes (481)**  
**As of: 04/30/2015**

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Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Exp	Move out	Balance
<b>Current/Notice Residents</b>												
0401A	481b6	1,260	t0178222	Jessica Gutierrez	708.00	708.00	250.00	0.00	1/6/2014	12/31/2014		0.00
0401O	481d6	1,400	t0063241	Telma Turner	775.00	755.00	300.00	0.00	8/18/2006	8/31/2015		-87.00
0402A	481c6	1,260	t0200292	Rogelio Perez	708.00	708.00	0.00	0.00	12/29/2014	11/30/2015	5/7/2015	777.00
0402O	481e5	1,400	t0063243	Juan Flores	621.00	601.00	300.00	0.00	7/27/2006	9/30/2015		0.00
0403A	481c5	1,260	t0127503	Joselin Pedraza	570.00	559.00	250.00	150.00	9/1/2012	8/31/2015		0.00
0403O	481c6	1,260	t0063245	Diana Garcia	708.00	697.00	250.00	0.00	6/14/2006	7/31/2015		37.00
0404A	481d5	1,400	t0091157	Heberto Guerra III	621.00	601.00	300.00	0.00	8/29/2011	7/31/2015		0.00
0404O	481b4	1,260	t0191332	Maria Perez	421.00	421.00	250.00	0.00	7/31/2014	6/30/2015		-4.00
0405O	481e6	1,400	t0063248	Virginia Garcia	775.00	755.00	300.00	0.00	8/7/2006	9/30/2015		0.00
0406O	481d6	1,400	t0086784	Joe Herrera	775.00	755.00	300.00	0.00	6/28/2011	5/31/2015		-4.00
0407A	481e4	1,400	t0063250	Gregorio Cruz	467.00	444.00	600.00	0.00	1/1/2007	1/31/2015		0.00
0407O	481d6	1,400	t0154145	Maria Perrett	775.00	755.00	300.00	0.00	5/20/2013	4/30/2015		-40.00
0408A	481e5	1,400	t0202399	Kerry Tafolla	621.00	621.00	300.00	0.00	2/9/2015	1/31/2016		0.00
0409A	481b6	1,260	t0063253	Maria Munoz	708.00	708.00	250.00	0.00	11/29/2009	11/30/2014		0.00
0409O	481c4	1,260	t0180261	Esmeralda Blanco	432.00	432.00	250.00	0.00	2/7/2014	1/31/2015		0.00
0410A	481c6	1,260	t0158783	Dana Creech	708.00	697.00	250.00	0.00	7/5/2013	6/30/2015		0.00
0410O	481bm	1,260	t0191836	Samuel Grimaldo	760.00	760.00	250.00	300.00	8/5/2014	7/31/2015		0.00
0411A	481d6	1,400	t0117918	Rebecca Chavez	775.00	775.00	300.00	0.00	4/25/2012	3/31/2015		0.00
0411O	481e6	1,400	t0063258	Aida De Los Santos	775.00	775.00	300.00	0.00	12/18/2009	11/30/2014		0.00
0412A	481d5	1,400	t0162687	Lydia Martinez	621.00	601.00	300.00	0.00	8/13/2013	7/31/2015		0.00
0412O	481c5	1,260	t0063260	Sarah Garcia	570.00	570.00	250.00	0.00	2/28/2006	4/30/2015		25.00
0413A	481c6	1,260	t0063261	Francisca Lugo	708.00	708.00	250.00	0.00	3/27/2009	3/31/2015		0.00
0413O	481bm	1,260	t0203375	David Radford	760.00	760.00	250.00	0.00	3/11/2015	2/29/2016		0.00
0414A	481b6	1,260	t0063263	Alma Lopez	708.00	708.00	350.00	300.00	3/9/2010	2/28/2015		-2.00
0414O	481e6	1,400	t0199933	Jaime Guajardo	775.00	775.00	500.00	0.00	12/15/2014	11/30/2015		0.00
0415O	481e6	1,400	t0100773	Rolando Garza	775.00	775.00	300.00	0.00	11/16/2011	10/31/2015		0.00
0416O	481bm	1,260	t0185225	Jeanie Alcantar	760.00	750.00	250.00	0.00	4/29/2014	3/31/2015		0.00
0417O	481a3	1,020	t0149378	Delia Rodriguez	256.00	256.00	200.00	0.00	4/1/2013	3/31/2015		0.00
0418O	481bm	1,260	t0163707	Jaime Mata	760.00	750.00	250.00	0.00	9/6/2013	8/31/2015		0.00
0419O	481d6	1,400	t0187134	Sammantha Maldonado	775.00	755.00	500.00	0.00	7/2/2014	6/30/2015		0.00
0420O	481e5	1,400	t0063270	Teresa Gomez	621.00	621.00	300.00	0.00	4/21/2006	9/30/2015		0.00
0421O	481d6	1,400	t0157079	Soledad Villarreal	775.00	755.00	300.00	0.00	6/29/2013	5/31/2015		0.00
0422O	481e4	1,400	t0063272	Armando Uresti Jr	621.00	601.00	300.00	0.00	5/5/2006	4/30/2015	5/31/2015	0.00

**Rent Roll**  
**Arbor Cove Single Family Homes (481)**

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**As of: 04/30/2015**

Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Exp	Move out	Balance
<b>Current/Notice Residents</b>												
04230	481c6	1,260	t0165785	Crystal Gonzales	708.00	697.00	250.00	0.00	9/4/2013	8/31/2015		5.00
04240	481c5	1,260	t0177527	Saleta Sanchez	570.00	570.00	250.00	0.00	12/30/2013	11/30/2014		0.00
04250	481b6	1,260	t0063275	Esmeralda Magana	583.00	583.00	250.00	0.00	7/25/2006	9/30/2015		0.00
04260	481b5	1,260	t0063276	Ana Rosas	570.00	559.00	550.00	0.00	8/1/2009	7/31/2015		0.00
05000	481e6	1,400	t0117812	Daisy Gonzalez	775.00	755.00	300.00	0.00	5/1/2012	4/30/2015		0.00
0501A	481d6	1,400	t0204016	Vicente Rangel Jr	775.00	775.00	300.00	0.00	3/6/2015	2/29/2016		0.00
05010	481dm	1,400	t0197597	Ramiro Zamora Jr	815.00	810.00	300.00	0.00	10/24/2014	9/30/2015		0.00
0502A	481e5	1,400	t0063290	Yvonne McCall	621.00	621.00	300.00	0.00	11/7/2006	12/31/2014		0.00
05020	481e6	1,400	t0198101	Gloria Gonzalez	775.00	775.00	500.00	0.00	11/6/2014	10/31/2015		0.00
0503A	481c6	1,260	t0070930	Roy Cedillo	708.00	708.00	250.00	150.00	11/5/2010	10/31/2015		-1.00
05030	481cm	1,260	t0199719	Amanda Mendez	760.00	760.00	250.00	0.00	12/6/2014	11/30/2015		0.00
0504A	481c6	1,260	t0177580	Mayra Hernandez	708.00	708.00	250.00	0.00	1/9/2014	12/31/2014		0.00
05040	481b6	1,260	t0162704	Lucinda Perez	721.00	721.00	250.00	0.00	8/14/2013	7/31/2015		0.00
0505A	481b6	1,260	t0134810	Emily Medellin	708.00	708.00	250.00	0.00	10/11/2012	9/30/2015		0.00
05050	481em	1,400	t0175290	Aleida Valdez	815.00	810.00	300.00	0.00	11/15/2013	10/31/2015		0.00
0506A	481dm	1,400	t0163033	Erika Llanos	815.00	810.00	300.00	0.00	8/20/2013	8/31/2015		0.00
05060	481em	1,400	t0178301	Juan Martinez	800.00	800.00	300.00	0.00	2/1/2014	1/31/2015		0.00
0507A	481d6	1,400	t0063300	Maria Alvarado	775.00	755.00	300.00	0.00	10/19/2007	12/31/2014		-62.00
05070	481b6	1,260	t0198511	Maria Loera	708.00	708.00	250.00	0.00	11/26/2014	10/31/2015		5.00
0508A	481b6	1,260	t0205405	Gabriel Rodriguez	708.00	708.00	450.00	0.00	4/2/2015	3/31/2016		384.00
05080	481b4	1,260	t0070092	Melissa Mercado	570.00	570.00	250.00	0.00	10/6/2010	9/30/2015	5/31/2015	0.00
05090	481a3	1,020	t0144258	Balbina Garcia	256.00	256.00	200.00	0.00	1/8/2013	12/31/2014		0.00
0510A	481e6	1,400	t0195197	Maria Gonzalez	775.00	755.00	500.00	0.00	10/6/2014	9/30/2015		0.00
05100	481e6	1,400	t0063306	Adan Canche	775.00	755.00	300.00	0.00	9/28/2007	11/30/2014		0.00
05110	481b6	1,260	t0186837	Luong Nguyen	708.00	697.00	250.00	0.00	6/5/2014	5/31/2015		-2.00
05120	481b6	1,260	t0063308	Reynaldo Calderon	708.00	697.00	250.00	0.00	5/15/2009	4/30/2015		0.00
05130	481e6	1,400	t0144965	Esmeralda Ramos	775.00	775.00	300.00	300.00	1/25/2013	12/31/2014		0.00
05140	481d6	1,400	t0063310	Francisco Avalos Jr.	775.00	755.00	300.00	0.00	8/5/2008	8/31/2015		0.00
05150	481b6	1,260	t0111870	JoAnn Perez	708.00	708.00	250.00	150.00	3/2/2012	2/28/2015		0.00
05160	481c6	1,260	t0063924	Luis Lopez	708.00	708.00	250.00	0.00	4/23/2010	3/31/2015		0.00
05170	481a4	1,020	t0204284	Ruben Barron	376.00	376.00	200.00	0.00	4/1/2015	3/31/2016		0.00
05180	481d6	1,400	t0184030	Elizabeth Alaniz	775.00	755.00	0.00	0.00	5/1/2014	4/30/2015	5/4/2015	0.00
05190	481a4	1,020	t0063326	Consuelo Cardenas	376.00	371.00	200.00	0.00	9/14/2009	8/31/2015		0.00

**Rent Roll**  
**Arbor Cove Single Family Homes (481)**  
**As of: 04/30/2015**

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Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Exp	Move out	Balance
<b>Current/Notice Residents</b>												
05200	481a3	1,020	t0063327	Aurora Benavidez	256.00	251.00	200.00	0.00	6/1/2008	5/31/2015		0.00
27070	481c6	1,260	t0128346	Joseph Benavidez	708.00	697.00	250.00	0.00	9/1/2012	8/31/2015		-22.00
27080	481a3	1,020	t0068973	Victoria Lopez	256.00	272.00	200.00	0.00	9/3/2010	8/31/2015		-6.00
27090	481d6	1,400	t0200054	Tomas Escobedo	775.00	775.00	300.00	0.00	12/18/2014	11/30/2015		0.00
27100	481d6	1,400	t0087900	Norma Gracia	775.00	755.00	300.00	0.00	7/13/2011	6/30/2015		0.00
27110	481c6	1,260	t0096389	Sonia Morales	708.00	697.00	250.00	0.00	9/26/2011	8/31/2015		0.00
27120	481e6	1,400	t0063332	Clara Camarillo	775.00	755.00	300.00	0.00	7/28/2008	6/30/2015		-5.00
28000	481b6	1,260	t0165844	Jeannette Lira	708.00	697.00	250.00	0.00	9/4/2013	8/31/2015		0.00
28010	481d5	1,400	t0146448	Carlos Cantu	621.00	621.00	300.00	0.00	2/7/2013	1/31/2015		0.00
28020	481d6	1,400	t0104946	Diana Vargas	775.00	775.00	300.00	300.00	12/21/2011	11/30/2014		0.00
28040	481c6	1,260	t0193021	Laura Castillo	708.00	697.00	250.00	0.00	8/22/2014	7/31/2015		0.00
28060	481e6	1,400	t0063337	Graciela Garcia	775.00	775.00	300.00	0.00	1/26/2010	12/31/2014		117.00
28070	481e5	1,400	t0130386	Jamie Perez	621.00	621.00	300.00	0.00	10/12/2012	9/30/2015		0.00
28080	481bm	1,260	t0078198	Anna Yanes	760.00	750.00	250.00	0.00	2/25/2011	1/31/2015		0.00
28090	481b5	1,260	t0186841	Alma Parra	570.00	559.00	250.00	0.00	6/5/2014	5/31/2015	5/31/2015	0.00
28100	481e6	1,400	t0063341	Vanessa Yanez	775.00	775.00	300.00	150.00	2/13/2009	1/31/2015		68.00
28110	481e4	1,400	t0063342	Paulina Martinez	467.00	467.00	300.00	0.00	1/31/2006	2/28/2015		0.00
28120	481b5	1,260	t0092501	Jamie Yanez	570.00	559.00	250.00	0.00	9/9/2011	8/31/2015		-5.00
28130	481b6	1,260	t0127233	Eduardo Hernandez	708.00	697.00	250.00	0.00	8/3/2012	7/31/2015		0.00
28150	481c6	1,260	t0190368	Jesus Arredondo	708.00	697.00	250.00	0.00	7/16/2014	6/30/2015		0.00
28170	481d5	1,400	t0063346	Joe Jackson	621.00	621.00	300.00	0.00	1/1/2007	5/31/2015		-30.00
<b>Future Residents/Applicants</b>												
05180	481d6	1,400	t0207357	Gerardo Torres	775.00	0.00	0.00	0.00	6/1/2015	5/31/2016		0.00
28090	481b5	1,260	t0207739	Scott Powell II	570.00	0.00	0.00	0.00	6/1/2015	5/31/2016		0.00



# Rent Roll

## Arbor Cove Single Family Homes (481)

As of: 04/30/2015

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Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Exp	Move out	Balance
		Square Footage			Market Rent	Actual Rent	Security Deposit	Other Deposit	# of Units	Occupancy		Balance
Current/Notice Res.					79,155.00	34,500.00	2,700.00					1,127.00
Future Residents/Applicants					0.00	0.00	0.00					0.00
Occupied Units		157,740			80,005.00				120	100.00		
Vacant Units		0			0.00				0	0.00		
Totals:		157,740			80,005.00	79,155.00	34,500.00	2,700.00	120	100.00		1,127.00

# Executive Summary - Arbor Cove

## Occupancy

Month of:	Apr-15
Physical occupancy:	100%
Economic occupancy:	100%

Notes:

## Staffing

Notes:	**list any changes in staff and who new contact is
Community Manager	Cristina Ortiz/Mary Garza
Maintenance	Ruben Reyna/Gabriel Ruiz
Any other staff listed	

## Accounts Receivable

Month of:	Apr-15
A/R %:	1.20%
# of households under eviction:	1

## Incidents

Notes:	None
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## Insurance Claims

Notes:	None
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## Inspections

Notes:	Lenders inspection May 17, 2015
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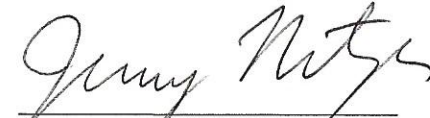
## Certificate of Completion

is hereby presented to

**Sabine Geiser**

for successfully completing

**TCAM's Asset Management Training**  
in Boston, MA, May 05-06, 2015



Jenny Netzer, CEO

4c

**TO BE POSTED 3 DAYS PRIOR TO  
THE BOARD MEETING**

4d

**TO BE POSTED 3 DAYS PRIOR TO  
THE BOARD MEETING**