BOARD BOOK OF SEPTEMBER 7, 2017

J. B. Goodwin, Chair
Leslie Bingham Escareño, Vice-Chair
Paul Braden, Member
Asusena Reséndiz, Member
Sharon Thomason, Member
Leo Vasquez, III, Member

Texas Department of Housing and Community Affairs

PROGRAMMATIC IMPACT IN FISCAL YEAR 2016

The Texas Department of Housing and Community Affairs ("TDHCA") is the State of Texas' lead agency responsible for affordable housing and administers a statewide array of programs to help Texans become more independent and self-sufficient. Short descriptions and key impact measures for these programs – including the total number of households/individuals to be served and total funding either administered or pledged for Fiscal Year 2016 (September 1, 2015, through August 31, 2016) – are set out below:

Multifamily New Construction & Rehabilitation:
Provides mechanisms to attract investment capital and to make available significant financing for the construction and rehabilitation of affordable rental housing through the Housing Tax Credit, Multifamily Bond, and Multifamily Direct Loan programs.

Total Households Served: 11,728
Total Funding: $1,127,191,576

Single Family Homeownership Program & Homebuyer Assistance:
Provides down payment and closing cost assistance, mortgage loans, and mortgage credit certificates to eligible households through the HOME Homebuyer Assistance, My First Texas Home, and Mortgage Credit Certificates programs.

Total Households Served: 2,987
Total Funding: $351,564,766

Weatherization Assistance Program:
Provides funding to help low-income households control energy costs through the installation of energy efficient materials and through energy conservation education.

Total Households Served: 3,384
Total Funding: $20,656,298

Comprehensive Energy Assistance Program:
Provides energy utility bill assistance to households with an income at or below 150% federal poverty guidelines.

Total Households Served: 136,071
Total Funding: $106,246,875

Single Family New Construction, Rehabilitation, Bootstrap, and Stabilization:
Assists with the construction, repair, or rehabilitation of affordable single family housing by providing grants and loans through the HOME Single Family Development, HOME Homeowner Rehabilitation Assistance, Amy Young Barrier Removal, and Texas Bootstrap programs. Stabilizes homeownership in *colonias* through the HOME Contract for Deed program.

Total Households Served: 317
Total Funding: $17,905,785

Rental Assistance:
Provides rental, security, and utility deposit assistance through HOME Tenant Based Rental Assistance and rental assistance payments through HUD Housing Choice Vouchers.

Total Households Served: 1,287
Total Funding: 13,978,985

Homelessness
Funds local programs and services for individuals and families at risk of homelessness or experiencing homelessness. Primary programs are the Homeless Housing and Services program and the Emergency Solutions Grants program.

Total Individuals Served: 33,297
Total Funding: $13,076,967

Community Services Block Grant:
Provides administrative support for essential services for low-income individuals through Community Action Agencies.

Total Individuals Served: 559,322
Total Funding: $28,937,414

Source: This data comes from the TDHCA 2017 State Low Income Housing Plan and Annual Report and the Economic Indicators database. Multifamily New Construction & Rehab data come from the most recent award logs for FY2016.

Note: Some households may be served by more than one TDHCA program.

EQUAL HOUSING OPPORTUNITY

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
GOVERNING BOARD MEETING

A G E N D A
9:00 AM
September 7, 2017

John H. Reagan Building
JHR 140, 105 W 15th Street
Austin, Texas 78701

CALL TO ORDER
ROLL CALL — **J.B. Goodwin, Chair**
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.***

Resolution recognizing October as *National Energy Awareness Month*

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 Tex. Gov't 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:

EXECUTIVE

a) Presentation, discussion, and possible action on Board meeting minutes summaries for June 29, 2017, and July 13, 2017 — **J. Beau Eccles**, Board Secretary

b) Presentation, discussion, and possible action on Board action authorizing of Chair to conduct performance review, and establish salary of Executive Director — **J.B. Goodwin**, Chair

LEGAL

c) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Southdale Apartments (HTC 92179 / CMTS 1090) — **Jeffrey T. Pender**, Deputy General Counsel

d) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Autumn Oaks of Corinth (HTC 01144 / CMTS 386)

e) Presentation, discussion, and possible action regarding the adoption of Agreed Final Orders concerning related properties, Enchanted Oaks (HTC 70082 / CMTS 911) and Lively Oaks (HTC 92043 / CMTS 1042)

f) Presentation, discussion and possible action on a final order in the matter of Texas Department of Housing and Community Affairs v. DeCarlo and Veletta Coleman; State Office of Administrative Hearings ("SOAH") Docket No. 332-17-2472.HCA

HOUSING RESOURCE CENTER

g) Presentation, discussion, and possible action on a draft amendment of the 2017 State of Texas Consolidated Plan: One-Year Action Plan — **Elizabeth Yevich**, Director

HOME AND HOMELESS PROGRAMS

h) Presentation, discussion, and possible action on awards for the 2017 HOME Investment Partnerships Program ("HOME") Single Family Programs Homebuyer Assistance ("HBA") and Tenant-Based Rental Assistance ("TBRA") Open Cycle Notice of Funding Availability ("NOFA") — **Jennifer Molinari**, Director

TEXAS HOMEOWNERSHIP

i) Presentation, discussion, and possible action on the Single Family Mortgage Loan and Mortgage Credit Certificate (MCC) Programs Participating Lender List — **Cathy Gutierrez**, Director

COMMUNITY AFFAIRS

j) Presentation, discussion, and possible action on the Section 8 Program 2018 Streamlined Annual Public Housing Agency ("PHA") Plan for the Housing Choice Voucher Program and update on revisions to the Section 8 Administrative Plan — **Michael DeYoung**, Director

ASSET MANAGEMENT

k) Presentation, discussion and possible action regarding a material amendment to the Housing Tax Credit Application ("HTC") Application and a change in the ownership structure of the Development Owner, Developer, and Guarantors prior to issuance of IRS Form(s) 8609 — **Raquel Morales**, Director

13608 Decatur-Angle Apartments — Fort Worth

l) Presentation, discussion and possible action to approve a material amendment to the Housing Tax Credit ("HTC") Land Use Restriction Agreement ("LURA") and Resolution No. 18-001 relating to the Second Amended and Restated Regulatory and Land Use Restriction Agreement

05613 Providence Mockingbird — Dallas

m) Presentation, discussion and possible action regarding material amendment to the Housing Tax Credit Application

16034 Conrad Lofts — Plainview

n) Presentation, discussion and possible action regarding a change in the ownership structure of the Development Owner prior to issuance of IRS Form(s) 8609 for City Square Apartment Homes

15247 City Square Apartment Homes — Garland

o) Presentation, discussion and possible action regarding a material amendment to the Housing Tax Credit ("HTC") Application, a change in the ownership structure of the Development Owner, Developer and Guarantors prior to issuance of IRS Form(s) 8609, and a waiver of §11.9(b)(2) of the Qualified Allocation Plan ("QAP")

16114 The Veranda Townhomes — Plano

MULTIFAMILY FINANCE

p) Presentation, discussion and possible action on Determination Notices for Housing Tax Credits with another Issuer — **Marni Holloway**, Director

17413 Flora Lofts — Dallas

17414 Silver Gardens Apartments — Dallas

17430 Chelsea Apartments — El Paso

q) Presentation, discussion and possible action on Determination Notices for Housing Tax Credits with another Issuer and an Award of Direct Loan Funds

17423 Palladium Glenn Heights — Glenn Heights

r) Presentation, discussion, and possible action on Inducement Resolution No. 18-005 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2017 Waiting List

17624 Vista on Gessner — Houston

RULES

s) Presentation, discussion, and possible action on adoption of amendments to 10 TAC Chapter 10, Uniform Multifamily Rules Subchapter F, Compliance Monitoring, §10.610 concerning Written Policies and Procedures and §10.613 concerning Lease Requirements and directing that they be published in the *Texas Register* — **Patricia Murphy**, Director, Compliance

t) Presentation, discussion, and possible action on proposed new 10 TAC Chapter 8, Section 811 Project Rental Assistance Program Rule, and directing that it be published in the *Texas Register* — **Brooke Boston**, Deputy Executive Director

u) Presentation, discussion, and possible action on adoption of amendments to 10 TAC Chapter 23, Single Family HOME Program Rules Subchapter B, Availability of Funds, Application Requirements, Review And Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds, §23.25 concerning General Threshold and Selection Criteria; and Subchapter F, Tenant-Based Rental Assistance Program, §23.61 concerning Tenant-Based Rental Assistance ("TBRA") General Requirements, and directing their publication for public comment in the *Texas Register*

Jennifer Molinari
Director, HOME and Homeless Programs

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) TDHCA Outreach Activities, (August-September)

Michael Lyttle
Chief, External Affairs

b) Report on Department's Fair Housing Activities

Suzanne Hemphill
Fair Housing Project Mgr

c) Report on the Reallocation of Program Year 2016 Low Income Home Energy Assistance Program ("LIHEAP") Comprehensive Energy Assistance Program ("CEAP") funds

Michael DeYoung
Director, Community Affairs

d) Presentation and discussion on the final 2017 State of Texas National Housing Trust Fund Allocation Plan

Marni Holloway
Director, MF Finance

ACTION ITEMS

ITEM 3: EXECUTIVE OFFICE

Presentation, discussion, and possible action regarding the taking of necessary programmatic, contractual, and other actions with respect to the use of state or federal funds for disaster response and recovery efforts for qualified persons and households most impacted by Hurricane Harvey, and directing the Executive Director and his designees to take certain actions without prior Board approval

J.B Goodwin
Chair

ITEM 4: INTERNAL AUDIT

a) Review of Operations in TDHCA's Information Systems Division

Mark Scott
Director

b) Report on the meeting of the Audit and Finance Committee

c) Review and possible approval of 2018 annual internal audit plan

ITEM 5: COMMUNITY AFFAIRS

a) Presentation, discussion, and possible action on the reprogramming of non-contracted 2016 Community Services Block Grant ("CSBG") non-discretionary funds, and 2016 and 2017 discretionary and administrative funds, for disaster recovery efforts to be distributed to existing CSBG eligible entities in areas affected by Hurricane Harvey conditioned on approval of such reprogramming by the U.S. Department of Health and Human Services and Designation of this Department Board meeting as a hearing opportunity to accept public input on such reprogramming

Brooke Boston
Deputy Executive Director

b) Presentation, discussion, and possible action on the recommendation to the Governor to select an Eligible Entity to administer the Community Services Block Grant ("CSBG") to provide services in Dallas County

ITEM 6: ASSET MANAGEMENT

a) Presentation, discussion and possible action regarding a material amendment to the Housing Tax Credit ("HTC") Application and a change in the ownership structure of the Development Owner, Developer, and Guarantors prior to issuance of IRS Form(s) 8609 for

Raquel Morales
Director

16352	Commissioners' Corner	El Paso
16354	Gonzalez Apartments	El Paso

b) Presentation, discussion and possible action regarding Direct Loan terms for:

16185	Merritt Heritage	Georgetown
16210	Merritt Monument	Midland

ITEM 7: MULTIFAMILY FINANCE

Marni Holloway
Director

a) Presentation, discussion, and possible action on timely filed appeals under 10 TAC §10.902 of the Department's Multifamily Program Rules relating to Appeals and other Provisions
   17010 Baxter Lofts Harlingen
b) Presentation, discussion and possible action on regarding the Issuance of Multifamily Housing Revenue Bonds (Casa Brendan) Series 2017 Resolution No. 18-002 and a Determination Notices of Housing Tax Credits
c) Presentation, discussion and possible action on regarding the Issuance of Multifamily Housing Revenue Bonds (Nuestro Hogar) Series 2017 Resolution No. 18-003 and a Determination Notices of Housing Tax Credits
d) Presentation, discussion and possible action on regarding the Issuance of Multifamily Housing Revenue Bonds (Casa, Inc.) Series 2017 Resolution No. 18-004 and a Determination Notices of Housing Tax Credits
e) Presentation, discussion and possible action on Determination Notices for Housing Tax Credits with another Issuer
   17431 Commissioner's Corner II El Paso
f) Presentation, discussion, and possible action regarding alternative financing structures under the 2017-1 Multifamily Direct Loan Notice of Funding Availability

ITEM 8: RULES

Marni Holloway
Director, MF Finance

a) Presentation, discussion, and possible action on the proposed amendment of 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan, and directing its publication for public comment in the *Texas Register*
b) Presentation, discussion, and possible action on proposed amendments of 10 TAC Chapter 10 Subchapter A, concerning General Information and Definitions, Subchapter B, concerning Site and Development Requirements and Restrictions, Subchapter C, concerning Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules for Applications, and Subchapter G, concerning Fee Schedule, Appeals and Other Provisions, and directing their publication for public comment in the *Texas Register*

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):

J.B. Goodwin
Chair

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;
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 or contact Michael Lyttle, 512-475-4542, TDHCA, 221 East 11th 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 Nicole Krueger, 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.

NOTICE AS TO HANDGUN PROHIBITION DURING THE OPEN MEETING OF A GOVERNMENTAL ENTITY IN THIS ROOM ON THIS DATE:

Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun.

De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta.

Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly.

De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista.

NONE OF THESE RESTRICTIONS EXTEND BEYOND THIS ROOM ON THIS DATE AND DURING THE MEETING OF THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Texas Department of Housing and Community Affairs
RESOLUTION

WHEREAS, the U.S. Department of Energy has designated October as National Energy Awareness Month;

WHEREAS, the Weatherization Assistance Program, the nation's largest residential energy-efficiency program, was established by the U.S. Department of Energy in 1976 to make homes more energy-efficient, safer, and healthier for those with low and moderate incomes;

WHEREAS, the Texas Department of Housing and Community Affairs administers a Weatherization Assistance Program, funded with both U.S. Department of Energy funds and Low Income Home Energy Assistance Program funds, which is operated by a network of community organizations, nonprofits and local governments;

WHEREAS, the Texas Weatherization Assistance Program has injected millions of dollars into communities to improve thousands of homes, thereby helping Texans, including many of whom are elderly, disabled, or families with young children, conserve energy and reduce utility costs;

WHEREAS, the Program conducts computerized energy audits and uses advanced diagnostic technology, investing as much as $7,212 in a home and providing an array of improvements that include weather stripping of doors and windows; patching cracks and holes; insulating walls, floors, and attics; replacing doors, windows, refrigerators, and water heaters; and repairing heating and cooling systems; and

WHEREAS, weatherization efforts contribute to the state's economic, social, and environmental progress by creating jobs; prompting the purchase of goods and services; improving housing; stabilizing neighborhoods; eliminating carbon emissions; and reducing the risk of fires;

NOW, therefore, it is hereby

RESOLVED, that the Governing Board of the Texas Department of Housing and Community Affairs does hereby celebrate October 2017, as Energy Awareness Month in Texas.

Signed this Seventh Day of September 2017.

J.B. Goodwin Chair	Leslie Bingham Escareño Vice-Chair
Paul Braden	Sharon Thomason
Leo Vasquez	Asusena Reséndiz

Timothy K. Irvine, Executive Director

1a

BOARD ACTION REQUEST

BOARD SECRETARY

SEPTEMBER 7, 2017

Presentation, discussion, and possible action on Board meeting minutes summaries for June 29, 2017, and July 13, 2017

RECOMMENDED ACTION

Approve the Board meeting minutes summaries for June 29, 2017, and July 13, 2017

RESOLVED, that the Board meeting minutes summaries for June 29, 2017, and July 13, 2017, are hereby approved as presented.

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
June 29, 2017

On Thursday, the twenty-ninth day of June 2017, at 9:00 a.m., the regular meeting of the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") was held in Room JHR 140 of the John H. Reagan Building, 105 W. 15th Street, Austin, Texas.

The following members, constituting a quorum, were present and voting:

- J.B. Goodwin
- Leslie Bingham-Escareño
- Paul Braden
- Tom H. Gann
- Asusena Reséndiz
- Leo Vasquez

J.B. Goodwin served as Chair, and James "Beau" Eccles, TDHCA General Counsel, served as secretary.

1) The Board unanimously approved the Consent Agenda as amended with the following items removed: 1(r) – Presentation, discussion, and possible action on the selection of an Eligible Entity to administer the Community Services Block Grant ("CSBG") to provide services in Dallas County.

2) Action Item 3 – Quarterly Report on Texas Homeownership Division Activity – was presented by Cathy Gutierrez, TDHCA Director of the Texas Homeownership Program. The Board heard the report and took no action.

3) Action Items 4(a) – Internal Audit review of the Low Income Housing Tax Credit Program and 4(b) – Report on the meeting of the Audit and Finance Committee – were presented collectively by Mark Scott, TDHCA Director of Internal Audit. The Board heard and unanimously accepted the reports.

4) Action Item 5(a) – Presentation, discussion, and possible action on the FY 2018 Operating Budget – was presented by Ernie Palacios, TDHCA Director of Finance. The Board unanimously approved staff recommendation to approve the operating budget.

5) Action Item 5(b) – Presentation, discussion, and possible action on the FY 2018 Housing Finance Division Budget – was presented by Mr. Palacios. The Board unanimously approved staff recommendation to approve the division budget.

6) Action Item 6 – Presentation, discussion, and possible action on the proposed 2018-2019 State Housing Trust Fund ("HTF") Biennial Plan – was presented by Homero Cabello, TDHCA Director of Single Family Operations and Services. The Board unanimously approved staff recommendation to approve the plan, submit to the appropriate legislative branch offices, and authorize staff to draft and release a Notice of Funding Availability based on programming outlined in the plan and rule.

7) Action Item 7 – Presentation, Discussion, and Possible Action on Appeal of Denial of Requested Accommodation by the Executive Director under 10 TAC §1.1(c)(4)(E), relating to Application #17069,

Arlinda Gardens Supportive Housing – was presented by Brooke Boston, TDHCA Deputy Executive Director, with additional information from Mr. Eccles. Following public comment (listed below), the Board unanimously denied the appeal.

- Rick Sims, the appellant, testified against staff recommendation

8) Action Item 8(a) – Presentation, discussion and possible action on the draft 2017 State of Texas National Housing Trust Fund Allocation Plan and directing that it be published in the *Texas Register* – was presented by Andrew Sinnott, TDHCA Administrator of Multifamily Loans Programs. The Board unanimously approved staff recommendation to approve and publish the draft plan.

9) Action Item 8(b) – Presentation, discussion, and possible action on an Amendment to the 2017-1 Multifamily Direct Loan Notice of Funding Availability – was presented by Mr. Sinnott with additional information from Marni Holloway, TDHCA Director of Multifamily Finance. The Board unanimously approved the amendment.

10) Action Item 8(c) – Presentation, discussion and possible action on staff determinations regarding Application disclosures under 10 TAC §10.101(a)(3) related to Applicant Disclosure of Undesirable Neighborhood Characteristics for 17188 EaDo Lofts, Houston, and 17336 Westwind of Lamesa, Lamesa – was presented by Ms. Holloway with additional information from Tim Irvine, TDHCA Executive Director, and Mr. Eccles. The Board unanimously approved staff recommendation to make the 17188 EaDo Lofts site as eligible. Following public comment (listed below), the Board unanimously denied staff recommendation to make 17336 Westwind of Lamesa as an ineligible site and approved the site as eligible.

- Michael Lyttle, TDHCA Chief of External Affairs, read into the record a letter from the Honorable Tom Craddick, State Representative, Texas House District 82, in support of the appeal from 17336 Westwind of Lamesa.
- John Shackelford, representing Westwind of Lamesa, testified in opposition to staff recommendation
- Jim Knight, Lamesa ISD superintendent, provided information in support of the Westwind of Lamesa applicant
- Josh Stevens, Mayor of Lamesa, provided information in support of the Westwind of Lamesa applicant
- Scott Leonard, citizen of Lamesa, provided information in support of the Westwind of Lamesa applicant
- Kent Hance, Lamesa Economic Development Corporation, testified in opposition to staff recommendation on Westwind of Lamesa

11) The Board took no action on Action Item 8(d) – Presentation, Discussion, and Possible Action regarding exemption under 10 TAC §10.101(a)(2) for 2017 Housing Tax Credit ("HTC") Application #17259, Mistletoe Station – as it was pulled from the agenda.

12) Action Item 8(e) – Report of Third Party Requests for Administrative Deficiency under 10 TAC §11.10 of the 2017 Qualified Allocation Plan received prior to the deadline – was presented by Ms. Holloway:

17028 Vineyard on Lancaster, Fort Worth
17042 Huntington at Paseo de la Resaca, Brownsville

17064 Chaparral Apartments, Midland
17080 Palladium Fort Worth, Fort Worth
17081 Palladium Denton, Denton
17094 Catalon at Paseo de la Resaca, Brownsville
17097 Holly Oak Seniors, Houston
17133 The Pointe at Rowlett, Rowlett
17194 Oaks Apartments, Quitman
17199 Santa Fe Place, Temple
17203 Park Estates Apartments, Quitman
17230 The Oasis on McColl, McAllen
17239 Abbington Ranch, Boerne
17258 Village at Henderson, Corpus Christi
17259 Mistletoe Station, Fort Worth
17267 Industrial Lofts, McAllen
17281 The Residence at Arbor Grove, Arlington
17283 Avanti Manor, Harker Heights
17297 Kountze Pioneer Crossing, Kountze
17315 Provision at North Valentine, Hurst
17327 Legacy Trails of Lindale, Lindale
17331 Westwind of Killeen, Killeen
17363 Residences of Long Branch, Rowlett

The following sub items were pulled from the agenda to be considered at the meeting of July 13, 2017: 17007 Magnolia Station, Winnie; 17288 Forest Trails, Lindale; 17305 Payton Senior, Killeen; 17322 Provision at Wilcrest, Houston; 17356 The Acacia, San Antonio; 17368 Cielo, McAllen; 17372 Sunset Trails, Bullard; 17376 The Bristol, San Antonio; 17388 West Pecan Village, McAllen; and 17390 Las Palomas, McAllen.

The Board unanimously accepted the report and directed staff to bring back 17327 Legacy Trails of Lindale to a future meeting for further consideration.

13) The Board took no action on Action Item 8(f) – Presentation, discussion, and possible action on timely filed scoring appeals under 10 TAC §10.901(13) of the Department's Multifamily Program Rules relating to Fee Schedule, Appeals and other Provisions for 17056 Mariposa at Meagan Street, Waxahachie; 17138 Highpoint Seniors, Dallas; 17159 Pflugerville Meadows, Pflugerville; 17161 Round Rock Oak Grove, Round Rock; and 17305 Payton Senior, Killeen – as it was pulled from the agenda.

14) Action Item 8(f) – Presentation, Discussion, and Possible Action to Issue a list of Approved Applications for Housing Tax Credits ("HTC") in accordance with Tex. Gov't Code §2306.6724(e) – was presented by Sharon Gamble, TDHCA Administrator of the Competitive (9%) Housing Tax Credit Program. The Board unanimously approved staff recommendation to approve the list of applications eligible to be awarded credits in the 2017 application round.

15) The following public comment was made on matters other than items for which there were posted agenda items:

- Scott Marks, representing the Texas Affiliation of Affordable Housing Providers, provided comment on TDHCA's visitability rule

- Dennis Hoover, Rural Rental Housing Association of Texas, provided comment on TDHCA's visitability rule
- Mark House, citizen of San Antonio, provided general comment on two items pulled from the agenda

Except as noted otherwise, all materials presented to and reports made to the Board were approved, adopted, and accepted. These minutes constitute a summary of actions taken. The full transcript of the meeting, reflecting who made motions, offered seconds, etc., questions and responses, and details of comments, is retained by TDHCA as an official record of the meeting.

There being no further business to come before the Board, the meeting adjourned at 11:45 a.m. The next meeting is set for Thursday, July 13, 2017.

_____
Secretary

Approved:

_____
Chair

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
July 13, 2017

On Thursday, the thirteenth day of July 2017, at 9:02 a.m., the regular meeting of the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") was held in Room JHR 140 of the John H. Reagan Building, 105 W. 15th Street, Austin, Texas.

The following members, constituting a quorum, were present and voting:

- Leslie Bingham-Escareño
- Paul Braden
- Tom H. Gann
- Sharon Thomason

Leslie Bingham-Escareño served as Chair, and James "Beau" Eccles, TDHCA General Counsel, served as secretary.

1) The Board unanimously approved the Consent Agenda as amended with Item 1(c) – Presentation, discussion, and possible action on State Fiscal Year 2018 Homeless Housing and Services Program awards – removed and an amended Item 1(b) – Presentation, discussion, and possible action on awards for the 2017 HOME Investment Partnerships Program ("HOME") Single Family Programs Homebuyer Assistance ("HBA") and Tenant-Based Rental Assistance ("TBRA") Open Cycle Notice of Funding Availability ("NOFA").

2) At 9:06 a.m. the Board went into Executive Session and reconvened in open session at 9:34 a.m. No action was taken in Executive Session.

3) Action Item 2 – Report of Third Party Requests for Administrative Deficiency under 10 TAC §11.10 of the 2017 Qualified Allocation Plan received prior to the deadline: 17007 Magnolia Station, Winnie; 17281 The Residence at Arbor Grove, Arlington; 17288 Forest Trails, Lindale; 17305 Payton Senior, Killeen; 17322 Provision at Wilcrest, Houston; 17356 The Acacia, San Antonio; 17368 Cielo, McAllen; 17372 Sunset Trails, Bullard; 17376 The Bristol, San Antonio; 17388 West PecanVillage, McAllen; 17390 Las Palomas, McAllen – was presented by Marni Holloway, TDHCA Director of Multifamily Finance. The Board heard the report and public comment (listed below) and took no other action.

- Mark Howson, San Antonio citizen, made comment on 17356 The Acacia and concerns about flooding
- Zachary Krochtengel, representing Salem Clark, asked the Board to have staff re-evaluate its decisions on 17372 Sunset Trails
- Sarah Anderson, representing Sunset Trails, provided comment in response to Mr. Krochtengel's comment
- Michael Fogel, Four Corners Development and representing Sunset Trails, provided comment in response to Mr. Krochtengel's comment

- Kelly Garrett, representing Salem Clark, provided comment in response to Ms. Anderson's comment

4) Action Item 3 – 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* – was presented by Jennifer Molinari, TDHCA Director of HOME and Homeless Programs. The Board unanimously approved staff recommendation on the existing and proposed rules.

5) Action Item 4(a) – Presentation, Discussion, and Possible Action regarding exemption under 10 TAC §10.101(a)(2) for 2017 Housing Tax Credit ("HTC") Applications: 17259 Mistletoe Station, Fort Worth; 17322 Provision at Wilcrest, Houston; 17368 Cielo, McAllen – was presented by Ms. Holloway with additional information from Tim Irvine, TDHCA Executive Director, and Mr. Eccles. Following public comment (listed below), the Board unanimously overruled staff recommendation and approved Mistletoe Station as an eligible site; the Board unanimously approved staff recommendation on Cielo and found the site ineligible; and the Board tabled consideration of Provision at Wilcrest to the meeting of July 27, 2017.

17259 Mistletoe Station

- John Shackelford, representing the applicant, testified in opposition to staff recommendation
- Lisa Stephens, the applicant, testified in opposition to staff recommendation
- Aubney Thagard, City of Fort Worth, testified in opposition to staff recommendation on Mistletoe Station
- Megan Lasch, the applicant, testified in opposition to staff recommendation
- Charles Shelburne, Baylor Scott & White Health, testified in opposition to staff recommendation on Mistletoe Station
- Donna Rickenbacker, developer and consultant, testified in support of staff recommendation on Mistletoe Station

17368 Cielo

- Cynthia Bast, Locke Lord and representing the applicant, testified in opposition to staff recommendation
- Manish Verma, the applicant, testified in opposition to staff recommendation
- Barry Palmer, Coats Rose, testified in support of staff recommendation
- Donna Rickenbacker, developer and consultant, testified in support of staff recommendation

17322 Provision at Wilcrest

- Sarah Anderson, representing the applicant, testified in opposition to staff recommendation
- Jervon Harris, the applicant, testified in opposition to staff recommendation
- Toni Jackson, Jones Walker and representing the applicant, testified in opposition to staff recommendation

6) Action Item 4(b) – Presentation, discussion, and possible action regarding awards of Direct Loan funds from the 2017-1 Multifamily Direct Loan Notice of Funding Availability: 17501 Live Oak Trails, Austin; 17502 Freedom's Path at Kerrville, Kerrville. The Board unanimously approved staff recommendation for an award to Live Oak Trails. The Board took no action on Freedom's Path at Kerrville as the item was pulled from the agenda.

7) Ms. Holloway, with additional information from Mr. Irvine, presented Action Item 4(c) – Presentation, discussion, and possible action on timely filed appeals under 10 TAC §10.901(13) of the Department's Multifamily Program Rules relating to Fee Schedule, Appeals and other Provisions

17007	Magnolia Station	Winnie
17028	Vineyard on Lancaster	Fort Worth
17064	Chaparral Apartments	Midland
17097	Holly Oak Seniors	Houston
17170	Star of Texas Seniors	Montgomery
17194	Oaks Apartments	Quitman
17199	Santa Fe Place	Temple
17203	Park Estates Apartments	Quitman
17247	Western Springs Apartments	Dripping Springs
17251	Pine Terrace Apartments	Mount Pleasant
17267	Industrial Lofts	McAllen
17283	Avanti Manor	Harker Heights
17297	Kountze Pioneer Crossing	Kountze
17305	Payton Senior	Killeen
17322	Provision at Wilcrest	Houston
17323	Skyway Gardens	Alpine
17327	Legacy Trails of Lindale	Lindale
17331	Westwind of Killeen	Killeen
17356	The Acacia	San Antonio
17376	The Bristol	San Antonio
17388	West Pecan Village	McAllen
17390	Las Palomas	McAllen
17741	Gateway Residences	Raymondville

The following sub items were pulled from the agenda to be considered at the meeting of July 27, 2017: 17007 Magnolia Station, Winnie; 17028 Vineyard on Lancaster, Fort Worth; 17170 Star of Texas Seniors, Montgomery; 17199 Santa Fe Place, Temple; 17247 Western Springs Apartments, Dripping Springs; 17251 Pine Terrace Apartments, Mount Pleasant; 17267 Industrial Lofts, McAllen; 17283 Avanti Manor, Harker Heights; 17297 Kountze Pioneer Crossing, Kountze; 17305 Payton Senior, Killeen; 17322 Provision at Wilcrest, Houston; 17323 Skyway Gardens, Alpine; 17327 Legacy Trails of Lindale, Lindale; 17331 Westwind of Killeen, Killeen; 17376 The Bristol, San Antonio; 17388 West Pecan Village, McAllen; 17390 Las Palomas, McAllen.

Following public comment (listed below), the Board unanimously approved staff recommendation to deny the appeals from 17064 Chaparral Apartments, 17097 Holly Oak Seniors, 17203 Park Estates Apartments, 17741 Gateway Residences, and 17356 The Acacia. The Board took no action on 17194 Oaks Apartments as the item was pulled from the agenda.

- Michael Lyttle, TDHCA Chief of External Affairs, read a letter into the record from the Honorable Justin Rodriguez, Texas State Representative, House District 125, expressing concerns about the applications 17356 The Acacia and 17376 The Bristol

17064 Chaparral Apartments

- Joe Weatherly, Michaels Development Company and representing the applicant, testified in opposition to staff recommendation
- Sarah Anderson, consultant, testified in support of staff recommendation
- Tamea Dula, Coats Rose and representing the applicant, testified in opposition to staff recommendation

17097 Holly Oak Seniors

- Nathan Kelly, representing the applicant, testified in opposition to staff recommendation

17194 Oaks Apartments
17203 Park Estates Apartments
17741 Gateway Residences

- Mark Temple, the applicant, testified in opposition to staff recommendation

17356 The Acacia

- Steve Meyer, accessibility consultant, provided information on the appeal matter
- Cynthia Bast, Locke Lord and representing the applicant, testified in opposition to staff recommendation
- Manish Verma, the applicant, testified in opposition to staff recommendation
- Donna Rickenbacker, developer and consultant, provided comment stressing the importance of consistency with staff determinations
- Henry Flores, developer, testified in support of staff recommendation
- Mark Howson, San Antonio citizen, testified in support of staff recommendation

8) At 12:45 p.m., the Board went into Executive Session and reconvened in open session at 1:22 p.m. No action was taken in Executive Session.

9) Action Item 4(d) – Presentation, Discussion, and Possible Action regarding amenities used for scoring points under 10 TAC 11.9(c)(4) related to Opportunity Index for Application #17327, Legacy Trails of Lindale, Lindale – was presented by Ms. Holloway. Following public comment (listed below), the Board unanimously approved staff recommendation that the requested amenity be found eligible.

- Zachary Krochtengel, LKC Development and representing the applicant, testified in support of staff recommendation
- Donna Rickenbacker, consultant for the applicant, testified in support of staff recommendation
- Michael Fogel, developer, testified in opposition to staff recommendation
- Chaz Garrett, the applicant, testified in support of staff recommendation

10) The following public comment was made on matters other than items for which there were posted agenda items:

- Leanna Lang, Northwood Neighborhood Association in Austin, commented with concerns about 17272 Elysium Grand, a 2017 9% Housing Tax Credit application
- Donna Blumberg, Northwood Neighborhood Association in Austin, commented with concerns about Elysium Grand

- Nancy Grijalva, Northwood Neighborhood Association in Austin, commented with concerns about Elysium Grand
- Farida Deeds, Austin citizen, commented with concerns about Elysium Grand
- Tim Lang, developer, commented on opportunity index tiebreaking points and accessible route points in the Housing Tax Credit program

Except as noted otherwise, all materials presented to and reports made to the Board were approved, adopted, and accepted. These minutes constitute a summary of actions taken. The full transcript of the meeting, reflecting who made motions, offered seconds, etc., questions and responses, and details of comments, is retained by TDHCA as an official record of the meeting.

There being no further business to come before the Board, the meeting adjourned at 2:33 p.m. The next meeting is set for Thursday, July 27, 2017.

_____
Secretary

Approved:

_____
Chair

1b

BOARD ACTION REQUEST

EXECUTIVE

SEPTEMBER 7, 2017

Presentation, discussion, and possible action on Board action authorizing the Chair to conduct performance review, and establish salary of the Executive Director

RECOMMENDED ACTION

WHEREAS, the Governing Board of the Texas Department of Housing and Community Affairs (the "Department" or "TDHCA") is required to establish the salary of the Executive Director;

NOW, therefore, it is hereby

RESOLVED, that the Board approves a salary for the Executive Director up to and including the amount budgeted for the position in Article VII of the 2018-2019 General Appropriations Act ("GAA");

FURTHER RESOLVED, that J. B. Goodwin, Board Chair, be and hereby is authorized and empowered, for and on behalf of this Board, to conduct a performance review of the Executive Director and set a salary for the Executive Director within the budget approved by the Board in this Action, effective September 1, 2017; and

FURTHER RESOLVED, that the Department will submit written notice of any action taken by the Board regarding salary of the Executive Director to the Governor's Office, the LBB, and the Comptroller.

BACKGROUND

The GAA, Article IX, Section 3.04, Scheduled Exempt Positions, outlines the provisions for establishing the classification and salary of exempt positions. The position shall receive compensation at a rate set by the Governor in an amount not to exceed the "Maximum Salary" but not less than the "Minimum Salary" for the appropriate group as listed in Subsection (b)(2). In addition to all other requirements, any salary increase from appropriated funds within the limits provided by this section and salary increase within the limit established under an agency's bill pattern, must be: (1) in writing; (2) signed by the presiding officer of the governing board; (3) submitted to the Governor, the Legislative Budget Board and the Comptroller; and (4) approved by the governing board in a public meeting. Article VII of the 2018-2019 General Appropriations Act ("GAA") contains the specific budget for FY 2018-2019 for the position of Executive Director, Group 5.

1c

BOARD ACTION REQUEST

LEGAL DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Southdale Apartments (HTC 92179 / CMTS 1090)

RECOMMENDED ACTION

WHEREAS, Southdale Apartments, owned by Southdale Apartments Limited Partnership ("Owner"), has uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, on June 27, 2017, Owner's representatives participated in an informal conference with the Enforcement Committee and agreed, subject to Board approval, to enter into an Agreed Final Order assessing an administrative penalty of $3,000, to be fully deferred and forgiven if all violations are resolved as specified in the Agreed Final Order on or before December 6, 2017;

WHEREAS, unresolved compliance findings include a written policies and procedures violation, an affirmative marketing plan violation, six lease violations relating to required lease notices, and three unit availability violations; 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 $3,000, subject to forgiveness as outlined above, for noncompliance at Southdale Apartments, 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

Southdale Apartments Limited Partnership ("Owner") is the owner of Southdale Apartments ("Property"), a low income apartment complex composed of 188 units, located in Dallas County. Records of the Texas Secretary of State list Harvey Giddens as the Managing Partner of Southdale Apartments Management, LLC, the general partner of Southdale Apartments Limited Partnership. CMTS lists Harvey Giddens as the primary contact(s) for Owner. The property is self managed, with employees Fatima Bustamante and Geisi Huezo as property managers.

The Property is subject to a Land Use Restriction Agreement ("LURA") signed in consideration for a housing tax credit allocation in an amount totaling $7,753,650 to acquire, rehabilitate and operate the Property.

The following compliance violations identified during 2016 were referred for an administrative penalty and are unresolved:

1. Written policies and procedures do not meet minimum rule requirements.
2. Failure to maintain an Affirmative Marketing Plan and evidence of associated marketing efforts.
3. Lease violations relating to failure to provide and execute required notices, including:
    a. Failure to post the Tenant Rights and Resources Guide in a common area in the office; and
    b. Failure to provide Tenant Rights and Resources Guide and execute Acknowledgments for units 3616C, 3715A, 3704A, 3719D, and 3808D.
4. Failure to have 188 units available for occupancy. Units 3727B, 3729A, and 3826A are unavailable, with unit 3727B used as the property office, unit 3729A used as a maintenance shop, and 3826A used for a Bible club.

Owner representatives participated in an informal conference with the Enforcement Committee on June 27, 2017, and agreed to sign an Agreed Final Order with the following terms:

1. A $3,000 administrative penalty, subject to forgiveness as indicated below;
2. Owner must correct the file monitoring violations as indicated in the Agreed Final Order, and submit full documentation of the corrections to TDHCA on or before December 6, 2017;
3. Property manager(s) must attend HTC Compliance Training, then provide copies of completion certificates to TDHCA, on or before December 6, 2017;
4. If Owner complies with all requirements and addresses all violations as required in the Agreed Final Order, the full administrative penalty in the amount of $3,000 will be forgiven; and
5. 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 $3,000 is recommended. This will be a reportable item of consideration under previous participation for any new award to the principals of the owner.

ENFORCEMENT ACTION AGAINST SOUTHDALE APARTMENTS LIMITED PARTNERSHIP WITH RESPECT TO SOUTHDALE APARTMENTS (HTC FILE # 92179 / CMTS # 1090)	§ § § § § § § § §	BEFORE THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 7th day of September, 2017, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or "Department") considered the matter of whether enforcement action should be taken against **SOUTHDALE APARTMENTS LIMITED PARTNERSHIP,** 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. During 1994, Respondent was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of $175,365 to build and operate Southdale Apartments ("Property") (HTC file No. 92179 / CMTS No. 1090 / LDLD No. 670).

2. Respondent signed a land use restriction agreement ("LURA") regarding the Property. The LURA was effective December 22, 1994, and filed of record at Volume 94249, Page 02115 of the Official Public Records of Real Property of Dallas County, Texas.

3. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations[1]*:*

4. An on-site monitoring review was conducted on February 23, 2016, 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 January 4, 2017, corrective action deadline was set, however, the following violations were not corrected before the corrective action deadline:

   a. Respondent failed to maintain written tenant selection criteria, a violation of 10 TAC §10.610 (Written Policies and Procedures, formerly Tenant Selection Criteria), which requires all developments to establish written tenant selection criteria that meet minimum TDHCA requirements;

   b. Respondent failed to provide a compliant affirmative marketing plan, a violation of 10 TAC §10.617 (Affirmative Marketing Requirements), which requires developments to maintain an affirmative marketing plan that meets minimum requirements, and to distribute marketing materials to selected marketing organizations that reach groups identified as least likely to apply and to the disabled;

   c. Respondent failed to post a laminated copy of the Tenant Rights and Resources Guide in a common area of the leasing office, a violation of 10 TAC §10.613 (Lease Requirements), which requires owners to post a laminated copy of the Guide in a common area of the leasing office and provide a copy to each household during the application process and upon any subsequent change to common amenities, unit amenities, or services;

   d. Respondent failed to provide a Tenant Rights and Resources Guide and get a signed Acknowledgment for units 3616C, 3715A, 3704A, 3719D and 3808D, a violation of 10 TAC §10.613 (Lease Requirements), which requires owners to post a laminated copy of the Guide in a common area of the leasing office and provide a copy to each household during the application process and upon any subsequent change to common amenities, unit amenities, or services; and

   e. Respondent failed to make units 3727B, 3729A, and 3826A available for rent, violations of (i) the representations made on page 1 of the LURA, which requires 100% of the units to be leased to households whose income is 60% or less of area median income, (ii) the tax credit application, which requires 188 units, and (iii) 10 TAC §10.623 (Monitoring Procedures for Housing Tax Credit Properties After the Compliance Period), which requires the total number of required units to be

[1] Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC §§ 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.

maintained Development wide. Unit 3727B is used as the property office, unit 3729A is used as a maintenance shop, and 3826A is used for a bible club.

5. The following violations remain outstanding at the time of this order:

   a. Written policies and procedures, including tenant selection criteria, violation described in FOF #4.a;

   b. Affirmative marketing plan violation described in FOF #4.b;

   c. Leasing violation for failure to post Tenant Rights and Resources Guide, as described in FOF #4.c; and

   d. Leasing violation for failure to provide Tenant Rights and Resources Guide for units 3616C, 3715A, 3704A, 3719D and 3808D, as described in FOF #4.d; and

   e. Unit availability violations for units 3727B, 3729A and 3826A, as described in FOF #4.e.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503 and 10 TAC §2.

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 TAC §10.610 in 2016, by not maintaining written tenant selection criteria meeting TDHCA requirements;

5. Respondent violated 10 TAC §10.617 in 2016, by failing to provide a complete affirmative marketing plan;

6. Respondent violated leasing requirements in 10 TAC §10.613 in 2016, by failing to post a laminated copy of the Tenant Rights and Resources Guide in a common area of the leasing office;

7. Respondent violated leasing requirements in 10 TAC §10.613 in 2016, by failing to provide a Tenant Rights and Resources Guide for units 3616C, 3715A, 3704A, 3719D, and 3808D, and have the households sign acknowledgment forms;

8. Respondent violated 10 TAC §10.623 and representations made on page 1 of the LURA, by using units 3727B, 3729A, and 3826A for non-residential use as an office, maintenance shop, and bible club, instead of being available for occupancy;

9. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and §2306.267.

10. 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.

11. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code § 2306.053 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.

12. An administrative penalty of $3,000 is an appropriate penalty in accordance with 10 TAC §2.

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 $3,000, subject to deferral as further ordered below.

IT IS FURTHER ORDERED that the onsite property manager at Southdale Apartments must attend HTC Compliance Training offered by the Texas Apartment Association and submit a completion certificate to the Agency on or before December 6, 2017.

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 December 6, 2017.

IT IS FURTHER ORDERED that if Respondent addresses the unit availability violations for units 3727B and 3729A as indicated in Attachment 1, satisfactory performance of that corrective action under this order will be accepted in lieu of a $2,500 portion of the assessed administrative penalty, and that $2,500 portion will be deferred and forgiven regardless of performance under the remainder of this Agreed Final Order.

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 $500 assessed administrative penalty and the remaining 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, or the property is sold before the terms and conditions of this Agreed Final Order have been fully satisfied, then the administrative penalty in the amount of either $500 or $3,000, depending on the circumstances defined above, 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 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 11th St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §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 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 September 7, 2017.

By: _____
Name: J.B. Goodwin
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 TRAVIS §

Before me, the undersigned notary public, on this 7th day of September, 2017, personally appeared J.B. Goodwin, 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 7th day of September, 2017, 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 the Property, 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:

SOUTHDALE APARTMENTS LIMITED PARTNERSHIP, a Texas limited partnership

By: _____

Name: _____

Title: _____

Given under my hand and seal of office this _____ day of _____, 2017.

_____
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 TAC §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

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:

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

   Affirmative Marketing Technical Assistance: http://www.tdhca.state.tx.us/pmcdocs/AMT-Assistance-Guide.pdf

   Tenant Selection Criteria Webinar: http://www.tdhca.state.tx.us/pmcomp/presentations.htm

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

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

4. **All corrections must be submitted via CMTS:** See link for steps to upload documents http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf.

5. **Unit not available for rent - 3826A (bible club):** Convert unit back to residential use and submit a letter to the Department on or before 12/6/2017, certifying that the unit is ready for occupancy. Then, within 30 days of occupancy by a qualified household, submit the full tenant file, including the tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum, and tenant rights and resources guide acknowledgment. Receipt of a full tenant file after 12/6/2017 is acceptable provided that (a) the letter indicating that the unit is ready for occupancy was submitted on or before 12/6/2017, and (b) a full tenant file is submitted within 30 days of occupancy by a qualified household;

6. **Units not available for rent - 3727B (office), 3729A (maintenance shop):**
   One of the following must be performed for each unit on or before 12/6/2017, in order to reduce the administrative penalty by $2,500.00 as ordered above. Each unit must be addressed, but you may choose a different option for each unit:

   i. Convert unit back to residential use and submit a letter to the Department on or before 12/6/2017 certifying that the unit is ready for occupancy. Then, within 30 days of occupancy by a qualified household, submit the full tenant file, including the tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum, and tenant rights and resources guide acknowledgment. Receipt of a full tenant file after 12/6/2017 is acceptable provided that (a) the letter indicating that the unit is ready for occupancy was submitted on or before 12/6/2017, and (b) a full tenant file is submitted within 30 days of occupancy by a qualified household;

   – OR –

   ii. Submit all necessary parts of a material LURA amendment request, including the $2,500 processing fee, in order to request a reduction in the number of restricted units and retain the unit(s) for the current use. If you request an amendment, you may include both units in the same amendment and will only need to pay one processing fee. Material LURA Amendment Request instructions are available at page 22 of http://www.tdhca.state.tx.us/asset-management/docs/17-PostAwardActivitiesManual.pdf. Any questions regarding the amendment process can be directed to Rosalio Banuelos at rosalio.banuelos@tdhca.state.tx.us or 512.475.3357. The submission deadline is 12/6/2017, but the Department recommends submitting this request as soon as possible.

7. **Written tenant selection criteria** –

   How to prepare compliant criteria: First watch the webinar presentation is available at: http://www.tdhca.state.tx.us/pmcomp/presentations.htm. Then prepare updated written policies and procedures addressing all requirements at 10 TAC §10.610. Staff recommends using that rule as a checklist. Ensure that you include an effective date for the policy.

   What to submit: Once your written policies and procedures are complete, the owner must review the criteria, then sign and upload to CMTS the applicable Owner Certification included at Attachment 2, along with a copy of the complete written policies and procedures.

8. **Lease violations, including Tenant Rights and Resources Guide -**

   How to prepare: Implement Tenants Rights and Resource Guide ("Guide") as indicated at 10 TAC §10.613(k). Customize the Guide, which is available on the Forms webpage. Post customized and laminated Guide in a common area of the leasing office. Provide a copy to the households in units 3616C, 3715A, 3704A, 3719D and 3808D, and have each household sign the Tenant Rights and Resources Guide Acknowledgment ("Acknowledgment") available on the Forms webpage. Going forward, provide a copy of the Guide to each household during the application process and upon any subsequent change to the amenities or services and have the households sign an Acknowledgment.

   What to submit: The owner must review the applicable Owner Certification at Attachment 2, verify that all requirements described by the certification have been met, then submit a signed Owner Certification via CMTS.

9. **Affirmative marketing plan** –

   How to prepare a compliant plan and marketing materials: First read the rule at 10 TAC §10.617, read the technical assistance guide at http://www.tdhca.state.tx.us/pmcdocs/AMT-Assistance-Guide.pdf,then watch the webinar at http://www.tdhca.state.tx.us/pmcomp/presentations.htm to gain a general understanding regarding affirmative marketing. Next, review the following list of frequent problems observed, which include, but are not limited to:

   - Not using HUD Form 935.2A;
   - Not correctly identifying populations "least likely to apply". In general, those populations that are least likely to apply *might* include: White, American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, Hispanic or Latino, Persons with Disabilities, Families with Children, and Other. Analysis is required to determine which of these groups are least likely to apply;
   - Not affirmatively marketing to the disabled. All properties must market to the disabled population;
   - Not correctly identifying organizations that are specifically associated with groups identified as "least likely to apply". For example, marketing to the Housing Authority or placing ads in Craigslist would be considered general marketing, not affirmative marketing, because both serve all persons living in the area;
   - Not including evidence of special outreach efforts, such as marketing letters, to those "least likely to apply" populations through specific media, organizations, or community contacts that work with "least likely to apply" populations or work in areas where "least likely to apply" populations live; and
   - Not including a sentence in English and Spanish in the outreach marketing materials that prospective tenants can access if reasonable accommodations are needed to complete the application process.

Steps to complete affirmative marketing plan:

a. Identify the appropriate housing market in which outreach efforts will be made;

b. Determine the groups that are least likely to apply and mark them in your plan. The Affirmative Marketing Web Tool referenced at 10 TAC §10.617(d)(5) to determine groups that are least likely to apply is available online at: http://www.tdhca.state.tx.us/pmcomp/forms.htm. The groups *currently* identified by the tool are Persons with Disabilities, White, Not Hispanic, and Asian. If you use this Tool and save a copy with your Plan, you may rely upon its results.

   Alternatively, if you do not use the Tool, you may perform your own analysis to determine groups that are least likely to apply, but you must perform and document a reasonable analysis by which those groups were identified, you must always include persons with disabilities, and populations representing less than 1% of the total population of the County or MSA will not be required in your affirmative marketing. This analysis must be included with the plan.

   When the "Not Hispanic" population is identified by the Web Tool as a group least likely to apply, that group would be marked in your plan as "Other" and you would write in "Not Hispanic". Many owners assume that the "Not Hispanic" group identified by the Affirmative Marketing Web Tool means "White". That is not necessarily the case. The Compliance Division explains the category like this: each household member has a Race *and* an Ethnicity. The Race could be White, American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander. The Ethnicity could be either Hispanic or Not Hispanic. In other words, a person could be Black/African American and Hispanic. Likewise, a person could be White and Hispanic. In other words, the "Not Hispanic" demographic is literally everyone who is "Not Hispanic."

c. Identify in your plan specific organizations, media, and community contacts in the housing market to send marketing outreach materials. The organizations must specifically reach those groups designated as least likely to apply. The Tool provides a link to a map that will show which Census tracts may be most beneficial for affirmative marketing. The census tracts provided for outreach consideration represent nearby neighborhoods identified in the U.S. Census as having the greatest number of the groups who are least likely to apply at your development based on its location. The identified neighborhoods may represent a first step for planning meaningful outreach and marketing for your development.

   Specific examples :

   i. Least likely to apply population - People with disabilities:

      1. Local Center for Independent Living ("CIL") – serve persons with all disability types. Not all counties are covered http://www.txsilc.org/page_CILs.html
      2. Aging and Disability Resource Center ("ADRC") – intake and referral for persons with physical, intellectual, or developmental disabilities - all counties are covered: https://www.dads.state.tx.us/contact/search.cfm
      3. Local Intellectual and Developmental Disability Authority (LIDDA) – serves persons with intellectual, or developmental disabilities - all counties are covered: https://www.dads.state.tx.us/contact/search.cfm
      4. Local Mental Health Authority (LMHA) – serves persons with Mental Illness and Substance Use disorders - all counties are covered: https://www.dshs.texas.gov/mhservices-search/
      5. Local non-profits in your area serving people with disabilities
      6. Call 211 and ask about resources for people with disabilities in your area, reach out to groups serving people with disabilities in your community

ii. Least likely to apply population - White:
    1. Examples of acceptable community contacts might include community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA's Web Tool, these areas are listed under "tracts for outreach consideration"

iii. Least likely to apply population - Asian:
    1. Local Asian real estate association
    2. Local Asian Chamber of Commerce
    3. Local Asian American Resource Center
    4. Local organizations serving the Asian community
    5. Community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA's Web Tool, these areas are listed under "tracts for outreach consideration"

iv. Least likely to apply population – Not Hispanic:
    1. Community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA's Web Tool, these areas are listed under "tracts for outreach consideration"

d. Complete and execute an affirmative marketing plan using any version of HUD Form 935.2A, including the groups and organizations identified above;

e. Comply with all requirements of 10 TAC §10.617, which we recommend using as a checklist;

f. Send marketing outreach materials to the identified organizations, ensuring that said marketing materials comply with all requirements of 10 TAC §10.617. Remember that 10 TAC §10.617(f)(5) requires marketing materials to include the Fair Housing Logo and give contact information that prospective tenants can access if reasonable accommodations are needed in order to complete the application process. This contact information sentence must include the terms "reasonable accommodation" and must be in English and Spanish. Here is a sample of an acceptable sentence recently included in marketing materials from another property: "*Individuals who need to request a reasonable accommodation to complete the application process should contact the apartment manager at XXX-XXX-XXXX. Personas con discapacidad que necesitan solicitar un acomodacion razonable para completer el proceso de aplicacion deben comunicarse con el Administrador del apartment al XXX-XXX-XXXX."*

g. Maintain all documentation in your files for future review.

What to submit: Once your Affirmative Marketing plan *and* outreach materials are complete, the owner must review them, then sign and upload to CMTS the applicable Owner Certification at Attachment 2. Do not submit a copy of the plan or marketing materials themselves; instead, maintain them in your files and only submit the Owner Certification.

Attachment 2

Owner Certifications of Corrected Noncompliance

(see attached)

Once you complete the requirements of Attachment 1, the owner should review these certifications, then sign and submit via CMTS.

The rules at 10 TAC §10 that are referenced in the attached certifications are available at this link

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

Texas Department of Housing and Community Affairs

Owner Certification of Corrected Noncompliance

10 TAC §10.610 - Written Policies and Procedures

Development Name: Southdale Apartments CMTS ID: 1090

The above referenced Development was monitored on February 23, 2016 to determine if the Development is in compliance with the requirements of the Low Income Housing Tax Credit (LIHTC) program. The review resulted in a finding of noncompliance under Title 10, Chapter 10, Subchapter F related to Compliance Monitoring, §10.610, Written Policies and Procedures. Please see attached Findings Report for details as to the specific policy/procedure affected and the reason for which the noncompliance was cited. **Update that policy/procedure as detailed and submit a copy of the updated policy/procedure, with a revised effective date as required under the rule, to support this certification.**

Under 10 TAC §2.401(c)(1), *The Department may debar any Responsible Party who has materially or repeatedly violated any condition imposed by the Department in connection with the administration of a Department program, including a material or repeated violation of a land use restriction agreement (LURA) regarding a development supported with a housing tax credit allocation.* Repeated failure to comply with the provisions prescribed in §10.610 may be considered a material violation of the LURA. Owners that repeatedly and materially violate their LURAs will be recommended for debarment from participation in programs administered by the Department. A copy of §10.610 is attached to ensure ongoing compliance.

I, _____, on behalf of Southdale Apartments LLP, am a duly authorized representative, who is so authorized by reason of my position as_____ to hereby certify, as true and correct, that the above referenced noncompliance related to §10.610 has been corrected in the manner described and that all required written policies and procedures under §10.610 are fully compliant with the rule. If at the next onsite review, there has been not been an ownership transfer and this event of noncompliance is cited again, I understand that the owner will recommended for debarment.

_____ _____

Signature of Authorized Owner Representative Date

Warning: Title 18, Section 1001 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency in the United States as to any matter within its jurisdiction.

TDHCA
December 2016

Texas Department of Housing and Community Affairs

Owner Certification of Corrected Noncompliance

10 TAC §10.613(k) - Tenant Rights and Resources Guide

Development Name: Southdale Apartments CMTS ID: 1090

The above referenced Development was monitored on February 23, 2016 to determine if the Development is in compliance with the requirements of the Low Income Housing Tax Credit (LIHTC) program. The review resulted in a finding of noncompliance under Title 10, Chapter 10, Subchapter F related to Compliance Monitoring, §10.613(k) which states:

(k) A Development Owner shall post in a common area of the leasing office a laminated copy and provide each household, during the application process and upon a subsequent change to the items described in paragraph (2) of this subsection, the brochure made available by the Department, A Tenant Rights and Resources Guide, which includes:

(1) Information about Fair Housing and tenant choice;

(2) Information regarding common amenities, unit amenities, and services; and,

(3) A certification that a representative of the household must sign prior to, but no more than 120 days prior to, the initial lease execution acknowledging receipt of this brochure.

(4) In the event this brochure is not provided timely or the household does not certify to receipt of the brochure, correction will be achieved by providing the household with the brochure and receiving a signed certification that it was received.

Through this certification, you hereby certify the following:

1. That a correctly executed Tenant Rights and Resources Guide is laminated and posted in a common area of the leasing office;
2. All low-income households have been provided the Tenant Rights and Resources Guide and executed the required acknowledgement; and,
3. All future low-income households will be provided the Tenant Rights and Resources Guide and execute the acknowledgement of receipt no more that 120 days prior to move in .

Under 10 TAC §2.401(e), a person shall be recommended for debarment if they control a Development that during two sequential monitoring visits is found to be out of compliance with the lease requirements described in §10.613. If at the next onsite review, there has been not been an ownership transfer and noncompliance is assessed for failure to execute required lease provisions, the owner will be recommended for debarment from participation in programs administered by the Department. A copy of §10.613 is attached to ensure ongoing compliance.

I, _____, on behalf of Southdale Apartments LLP, am a duly authorized representative, who is so authorized by reason of my position as_____ to hereby certify, as true and correct, that the above referenced noncompliance related to §10.613(k) has been corrected in the manner described and that all required lease language under §10.613 is in the lease and lease addendum. I further certify that I understand that if this event of noncompliance is cited at the next onsite review of Southdale Apartments, the owner will be recommended for debarment.

_____ _____

Signature of Authorized Owner Representative Date

Warning: Title 18, Section 1001 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency in the United States as to any matter within its jurisdiction.

TDHCA
December 2016

Texas Department of Housing and Community Affairs

Owner Certification of Corrected Noncompliance

10 TAC §10.617- Affirmative Marketing Requirements

Development Name: Southdale Apartments CMTS ID: 1090

The above referenced Development was monitored on Southdale Apartments to determine if the Development is in compliance with the requirements of the Low Income Housing Tax Credit (LIHTC) program. The review resulted in a finding of noncompliance under Title 10, Chapter 10, Subchapter F related to Compliance Monitoring, §10.617, Affirmative Marketing Requirements. Please see attached Findings Report for details as to the specific reason for which the noncompliance was cited.

Under 10 TAC §2.401(c)(1), *The Department may debar any Responsible Party who has materially or repeatedly violated any condition imposed by the Department in connection with the administration of a Department program, including a material or repeated violation of a land use restriction agreement (LURA) regarding a development supported with a housing tax credit allocation.* Repeated failure to comply with the provisions prescribed in §10.617 may be considered a material violation of the LURA. Owners that repeatedly and materially violate their LURAs will be recommended for debarment from participation in programs administered by the Department. A copy of §10.617 is attached to ensure ongoing compliance.

I, _____, on behalf of Southdale Apartments LLP, am a duly authorized representative, who is so authorized by reason of my position as _____ to hereby certify, as true and correct, that the above referenced noncompliance related to §10.617 has been corrected in the manner described and that all required affirmative marketing requirements under §10.617 are fully compliant with the rule. If at the next onsite review, there has been not been an ownership transfer and this event of noncompliance is cited again, I understand that the owner will recommended for debarment.

_____ _____

Signature of Authorized Owner Representative Date

Warning: Title 18, Section 1001 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency in the United States as to any matter within its jurisdiction.

TDHCA
March 2017

Attachment 3:

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 10	UNIFORM MULTIFAMILY RULES
SUBCHAPTER E	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
RULE §10.406	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).

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

1d

BOARD ACTION REQUEST

LEGAL DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Autumn Oaks of Corinth (HTC 01144 / CMTS 386)

RECOMMENDED ACTION

WHEREAS, Autumn Oaks of Corinth, owned by Corinth Autumn Oaks, L.P. ("Owner"), has uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, on July 25, 2017, Owner's representatives participated in an informal conference 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 forgiven if all violations are resolved as specified in the Agreed Final Order on or before October 9, 2017;

WHEREAS, unresolved compliance findings include an Affirmative Marketing Plan violation, a utility allowance violation, and lease violations relating to required lease notices; 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 partial forgiveness as outlined above, for noncompliance at Autumn Oaks of Corinth, 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

Corinth Autumn Oaks, L.P. ("Owner") is the owner of Autumn Oaks of Corinth ("Property"), a low income apartment complex composed of 128 units, located in Denton County. Records of the Texas Secretary of State lists Mitchell Warren as the President and Director for co-general partner, The LaSalle Group, Inc, and the following members and/or officers for co-general partner, Holistic Life Care, Inc.: Mitchell Warren (President), Melivin W Warren Jr (Chairman and Director), Robert Day (Vice President), Candice Montoya (Secretary and Treasurer), Steven Meacher (Vice President), and Chad Anderson (Vice President). CMTS lists Bob Bezzant as the primary contact for Owner. The property is self managed. Stacie Herlihy attended the informal conference as the attorney for The LaSalle Group, Inc.

The Property is subject to a Land Use Restriction Agreement ("LURA") signed by Owner in consideration for a housing tax credit allocation in the annual amount of $330,428 to build and operate the Property.

Owner was previously referred for an administrative penalty for supportive services violations, but submitted a material LURA amendment to change the scope of offered services, and the referral was closed informally. Owner has been referred again, but no corrections were received as of the informal conference date.

The following compliance violations identified during 2015 were referred for an administrative penalty and are unresolved:

1. Failure to maintain an Affirmative Marketing Plan and evidence of associated marketing efforts;
2. Failure to implement an acceptable utility allowance methodology; and
3. Lease violations relating to failure to provide and execute required notices, including:
    a. Failure to post the Tenant Rights and Resources Guide in a common area in the office; and
    b. Failure to execute the Tenant Rights and Resources Guide Acknowledgment for households moving in after January 8, 2015.

Owner representatives participated in an informal conference with the Enforcement Committee on July 25, 2017, and agreed to sign an Agreed Final Order with the following terms:

1. A $500 administrative penalty, subject to forgiveness as indicated below;
2. Owner must correct the file monitoring violations as indicated in the Agreed Final Order, and submit full documentation of the corrections to TDHCA on or before October 9, 2017;
3. If Owner complies with all requirements and addresses all violations as required, the full administrative penalty in the amount of $500 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. This will be a reportable item of consideration under previous participation for any new award to the principals of the owner.

ENFORCEMENT ACTION AGAINST CORINTH AUTUMN OAKS, L.P. WITH RESPECT TO AUTUMN OAKS OF CORINTH (HTC FILE # 01144 / CMTS # 386)	§ § § § § § §	BEFORE THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 7th day of September, 2017, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or "Department") considered the matter of whether enforcement action should be taken against **CORINTH AUTUMN OAKS, L.P.,** 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. During 2001, Corinth Autumn Oaks, L.P. ("Respondent") was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of $330,428 to build and operate Autumn Oaks of Corinth ("Property") (HTC file No. 01144 / CMTS No. 386 / LDLD No. 468).

2. Respondent signed a land use restriction agreement ("LURA") regarding the Property. The LURA was effective July 14, 2005, and filed of record at Document Number 2005-112242 of the Official Public Records of Real Property of Corinth County, Texas ("Records"), as

amended by a First Amendment executed on March 12, 2017, and filed in the Records at Document Number 2014-23689.

3. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations[1]*:*

4. An on-site monitoring review was conducted on October 22, 2015, 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 February 11, 2016, corrective action deadline was set, however, the following violations were not corrected before the corrective action deadline:

    a. Respondent failed to provide a compliant affirmative marketing plan and supporting marketing materials, a violation of 10 TAC §10.617 (Affirmative Marketing), which requires developments to maintain an affirmative marketing plan that meets minimum requirements 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 received, but the plan omitted the required marketing materials to prove that the development was carrying out marketing;

    b. Respondent failed to implement an acceptable utility allowance methodology, a violation of 10 TAC §10.607 (Utility Allowances), which requires all developments to establish and implement a utility allowance. The property is located in the City of Corinth and has been using the utility allowance published by the City of Denton Housing Authority. If a property is located in an area without a municipal, county, or regional housing authority that publishes a utility allowance, the owner must select an alternative methodology under the rule. The Department may permit usage of a utility allowance published by a nearby housing authority on a case-by-case basis, but prior approval is required;

    c. Respondent failed to post a laminated copy of the Tenant Rights and Resources Guide in a common area of the leasing office, a violation of 10 TAC §10.613 (Lease Requirements), which requires owners to post a laminated copy of the Guide in a common area of the leasing office and provide a copy to each household during the application process and upon any subsequent change to common amenities, unit amenities, or services; and

    d. Respondent failed to provide a Tenant Rights and Resources Guide and get a signed Acknowledgment for households that moved in after January 8, 2015, a violation of 10 TAC §10.613 (Lease Requirements), which requires owners to post a laminated copy of the Guide in a common area of the leasing office and provide a copy to each household during the application process and upon any subsequent change to common amenities, unit amenities, or services.

[1] Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC §§ 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.

5. The following violations remain outstanding at the time of this order:
    a. Affirmative marketing violation described in FOF #4.a;
    b. Utility allowance violation described in FOF #4.b; and
    c. Lease notice violations described in FOF #4.c and 4.d.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503 and 10 TAC §2.

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 TAC §10.617 in 2015, by failing to provide a complete affirmative marketing plan;

5. Respondent violated 10 TAC §10.607 in 2015 by failing to implement an accepted utility allowance methodology;

6. Respondent violated leasing requirements in 10 TAC §10.613 in 2015, by failing to post a laminated copy of the Tenant Rights and Resources Guide in a common area of the leasing office;

7. Respondent violated leasing requirements in 10 TAC §10.613 in 2015, by failing to provide a Tenant Rights and Resources Guide to all households who moved in after January 8, 2015, and have each household sign an acknowledgment form;

8. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, 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 § 2306.053 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 $500 is an appropriate penalty in accordance with 10 TAC §2.

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 the attachments and submit full documentation of the corrections to TDHCA on or before October 9, 2017.

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, or the property is sold before the terms and conditions of this Agreed Final Order have been fully satisfied, 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 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 11th St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §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 the terms of this Agreed Final Order shall be published on the TDHCA website.

Approved by the Governing Board of TDHCA on September 7, 2017.

By: _____
Name: J.B. Goodwin
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 TRAVIS §

Before me, the undersigned notary public, on this 7th day of September, 2017, personally appeared J.B. Goodwin, 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 7th day of September, 2017, 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 Mitchell Warren, 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 Mitchell Warren, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of President and Director for LaSalle of Corinth, LLC, co-general partner of Respondent. I am the authorized representative of Respondent, owner of the Property, 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:

CORINTH AUTUMN OAKS, L.P., a Texas limited partnership

LASALLE OF CORINTH, LLC, a Texas limited liability company, its co-general partner

By: _____

Name: Mitchell Warren

Title: President and Director

Given under my hand and seal of office this _____ day of _____, 2017.

_____
Signature of Notary Public

_____
Printed Name of Notary Public

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

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 Holistic Life Care, Inc., co-general partner of Respondent. I am the authorized representative of Respondent, owner of the Property, 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:

CORINTH AUTUMN OAKS, L.P., a Texas limited partnership

HOLISTIC LIFE CARE, INC., a Texas corporation, its co-general partner

By: _____

Name: _____

Title: _____

Given under my hand and seal of office this _____ day of _____, 2017.

_____
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 TAC §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

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:

   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

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

   Affirmative Marketing Technical Assistance: http://www.tdhca.state.tx.us/pmcdocs/AMT-Assistance-Guide.pdf

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

4. **All corrections must be submitted via CMTS -** See link for steps to upload documents http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf.

5. **Important note -** Do not backdate any documents listed below.

6. **Utility Allowance** – Respondent has reported that there is no applicable housing authority for the City of Corinth and that they would like to implement the utility allowance published by the City of Denton Housing Authority. Prior approval from the Department must be obtained in order to use the utility allowance published City of Denton Housing Authority.

   What to submit: To obtain approval, submit a completed Utility Allowance Questionnaire (found at http://www.tdhca.state.tx.us/pmcomp/utility-allowance.htm) and the most current utility allowance schedule to ua@tdhca.state.tx.us, with a cc to ysella.kaseman@tdhca.state.tx.us.

   If approval is granted, gross rents will be tested development-wide and any resulting noncompliance will be cited at that time and provided a separate corrective action period of 90 days. For more information, see http://www.tdhca.state.tx.us/pmcomp/utility-allowance.htm

7. **Lease violations, including Tenant Rights and Resources Guide:**

   Actions to perform: Implement Tenants Rights and Resource Guide ("Guide") as indicated at 10 TAC §10.613(k). Customize Guide available on the Forms webpage. Post customized and laminated Guide in a common area of the leasing office. Provide a copy to all households who moved in after 1/8/2015, and have each household sign the Tenant Rights and Resources Guide Acknowledgment available on the Forms webpage. Going forward, provide a copy of the Guide to each household during the application process and upon any subsequent change to the amenities or services and have the households sign Acknowledgments.

   What to submit: The owner must review the applicable Owner Certification at Attachment 2, verify that all requirements described by the certification have been met, then submit only the signed Owner Certification via CMTS. No further documentation should be attached.

8. **Affirmative marketing plan** –

How to prepare a compliant plan and marketing materials: First read the rule at 10 TAC §10.617, read the technical assistance guide at http://www.tdhca.state.tx.us/pmcdocs/AMT-Assistance-Guide.pdf, and watch the webinar at http://www.tdhca.state.tx.us/pmcomp/presentations.htm, to gain a general understanding regarding affirmative marketing. Next, review the following list of frequent problems observed, which include, but are not limited to:

- Not using HUD Form 935.2A;
- Not correctly identifying populations "least likely to apply". In general, those populations that are least likely to apply *might* include: White, American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, Hispanic or Latino, Persons with Disabilities, Families with Children, and Other. Analysis is required to determine which of these groups are least likely to apply;
- Not affirmatively marketing to the disabled. All properties must market to the disabled population;
- Not correctly identifying organizations that are specifically associated with groups identified as "least likely to apply". For example, marketing to the Housing Authority or placing ads in Craigslist would be considered general marketing, not affirmative marketing, because both serve all persons living in the area;
- Not including evidence of special outreach efforts, such as marketing letters, to those "least likely to apply" populations through specific media, organizations, or community contacts that work with "least likely to apply" populations or work in areas where "least likely to apply" populations live; and
- Not including a sentence in English and Spanish in the outreach marketing materials that prospective tenants can access if reasonable accommodations are needed to complete the application process.

Steps to complete affirmative marketing plan:

a. Identify the appropriate housing market in which outreach efforts will be made;
b. Determine the groups that are least likely to apply and mark them in your plan. The Affirmative Marketing Web Tool referenced at 10 TAC §10.617(d)(5) to determine groups that are least likely to apply is available online at: http://www.tdhca.state.tx.us/pmcomp/forms.htm. The groups *currently* identified by the tool are Persons with Disabilities, Black/African American, Hispanic, and Asian. Persons with Disabilities must always be identified as a group that is least likely to apply regardless of your property composition.

   Alternatively, if you do not use the Tool, you may perform your own analysis to determine groups that are least likely to apply, but you must perform and document a reasonable analysis by which those groups were identified, you must always include persons with disabilities, and populations representing less than 1% of the total population of the County or MSA will not be required in your affirmative marketing. This analysis must be included with the plan. Remember that Persons with Disabilities must always be identified as a group that is least likely to apply regardless of your property composition.
c. Identify in your plan specific organizations, media, and community contacts in the housing market to send marketing outreach materials. The organizations must specifically reach those groups designated as least likely to apply. The Tool provides a link to a map that will show which Census tracts may be most beneficial for affirmative marketing. The census tracts provided for outreach consideration represent nearby neighborhoods identified in the U.S. Census as having the greatest number of the groups who are least likely to apply at your development based on its

location. The identified neighborhoods may represent a first step for planning meaningful outreach and marketing for your development.

Specific examples:

i. Least likely to apply population - People with disabilities:
   1. Local Center for Independent Living ("CIL") – serve persons with all disability types. Not all counties are covered http://www.txsilc.org/page_CILs.html
   2. Aging and Disability Resource Center ("ADRC") – intake and referral for persons with physical, intellectual, or developmental disabilities - all counties are covered: https://www.dads.state.tx.us/contact/search.cfm
   3. Local Intellectual and Developmental Disability Authority (LIDDA) – serves persons with intellectual, or developmental disabilities - all counties are covered: https://www.dads.state.tx.us/contact/search.cfm
   4. Local Mental Health Authority (LMHA) – serves persons with Mental Illness and Substance Use disorders - all counties are covered: https://www.dshs.texas.gov/mhservices-search/
   5. Local non-profits in your area serving people with disabilities
   6. Call 211 and ask about resources for people with disabilities in your area, reach out to groups serving people with disabilities in your community

ii. Least likely to apply population - Black/African American:
   1. Local Black/African American Chamber of Commerce
   2. Local Black/African American Professionals Social Network
   3. Weekly Black/African American newspaper / website for a city
   4. Local community center or YMCA in a historically black/African American neighborhood;
   5. Community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA's Web Tool, these areas are listed under "tracts for outreach consideration"

iii. Least likely to apply population - Hispanic:
   1. Local Hispanic Chamber of Commerce
   2. Local Young Hispanic Professional Association
   3. The Hispanic Alliance
   4. Mexican American Cultural Center
   5. Local Spanish language publications
   6. Community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA's Web Tool, these areas are listed under "tracts for outreach consideration"

iv. Least likely to apply population - Asian:
   1. Local Asian real estate association
   2. Local Asian Chamber of Commerce
   3. Local Asian American Resource Center
   4. Local organizations serving the Asian community
   5. Community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA's Web Tool, these areas are listed under "tracts for outreach consideration"

d. Complete and execute an affirmative marketing plan using any version of HUD Form 935.2A, including the groups and organizations identified above;

e. Comply with all requirements of 10 TAC §10.617, which we recommend using as a checklist;

f. Send marketing outreach materials to the identified organizations, ensuring that said marketing materials comply with all requirements of 10 TAC §10.617. Remember that 10 TAC §10.617(f)(5) requires marketing materials to include the Fair Housing Logo and give contact information that prospective tenants can access if reasonable accommodations are needed in order to complete the application process. This contact information sentence must include the terms "reasonable accommodation" and must be in English and Spanish. Here is a sample of an acceptable sentence recently included in marketing materials from another property: "*Individuals who need to request a reasonable accommodation to complete the application process should contact the apartment manager at XXX-XXX-XXXX. Personas con discapacidad que necesitan solicitar un acomodacion razonable para completer el proceso de aplicacion deben comunicarse con el Administrador del apartment al XXX-XXX-XXXX."*

g. Maintain all documentation in your files for future review.

What to submit: Once your Affirmative Marketing plan and outreach materials are complete, the owner must review them, then sign and upload to CMTS the applicable Owner Certification included at Attachment 2.

Attachment 2
Owner Certifications

(see attached)

Once you complete the requirements of Attachment 1, the owner should review these certifications, then sign and submit via CMTS. Please only submit the attached owner certifications for the leasing and affirmative marketing violations. Do not include additional back-up documentation for those violations.

The rules at 10 TAC §10 that are referenced in the attached certifications are available at this link

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

Texas Department of Housing and Community Affairs

Owner Certification of Corrected Noncompliance

Leasing Violations 10.613(k) - Tenant Rights and Resources Guide

Development Name: Autumn Oaks of Corinth CMTS ID: 386

The above referenced Development was monitored on 10/22/2015 to determine if the Development is in compliance with the requirements of the HTC program. The review resulted in a finding of noncompliance under Title 10, Chapter 10, Subchapter F related to Compliance Monitoring, §10.613(k) which states:

(k) A Development Owner shall post in a common area of the leasing office a laminated copy and provide each household, during the application process and upon a subsequent change to the items described in paragraph (2) of this subsection, the brochure made available by the Department, A Tenant Rights and Resources Guide, which includes:

(1) Information about Fair Housing and tenant choice;

(2) Information regarding common amenities, unit amenities, and services; and,

(3) A certification that a representative of the household must sign prior to, but no more than 120 days prior to, the initial lease execution acknowledging receipt of this brochure.

(4) In the event this brochure is not provided timely or the household does not certify to receipt of the brochure, correction will be achieved by providing the household with the brochure and receiving a signed certification that it was received.

Through this certification, you hereby certify the following:

1. That a correctly executed Tenant Rights and Resources Guide is laminated and posted in a common area of the leasing office;
2. All low-income households have been provided the Tenant Rights and Resources Guide and executed the required acknowledgement; and,
3. All future low-income households will be provided the Tenant Rights and Resources Guide and execute the acknowledgement of receipt no more that 120 days prior to move in .

Under 10 TAC §2.401(e), a person shall be recommended for debarment if they control a Development that during two sequential monitoring visits is found to be out of compliance with the lease requirements described in §10.613. If at the next onsite review, there has been not been an ownership transfer and noncompliance is assessed for failure to execute required lease provisions, the owner will be recommended for debarment from participation in programs administered by the Department. A copy of §10.613 is attached to ensure ongoing compliance.

I, _____, on behalf of _____, am a duly authorized representative, who is so authorized by reason of my position as_____ to hereby certify, as true and correct, that the above referenced noncompliance related to §10.613(k) has been corrected in the manner described and that all required lease language under §10.613 is in the lease and lease addendum. I further certify that I understand that if this event of noncompliance is cited at the next onsite review of _____, the owner will be recommended for debarment.

_____ _____

Signature of Authorized Owner Representative Date

Warning: Title 18, Section 1001 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency in the United States as to any matter within its jurisdiction.

TDHCA
December 2016

Texas Department of Housing and Community Affairs
Owner Certification of Corrected Noncompliance
Affirmative Marketing 10.617

Development Name: Autumn Oaks of Corinth CMTS ID: _____

The above referenced Development was monitored on October 22, 2015 to determine if the Development is in compliance with the requirements of the HTC program. The review resulted in a finding of noncompliance under Title 10, Chapter 10, Subchapter F related to Compliance Monitoring, §10.617, Affirmative Marketing Requirements. Please see attached Findings Report for details as to the specific reason for which the noncompliance was cited.

Under 10 TAC §2.401(c)(1), *The Department may debar any Responsible Party who has materially or repeatedly violated any condition imposed by the Department in connection with the administration of a Department program, including a material or repeated violation of a land use restriction agreement (LURA) regarding a development supported with a housing tax credit allocation.* Repeated failure to comply with the provisions prescribed in §10.617 may be considered a material violation of the LURA. Owners that repeatedly and materially violate their LURAs will be recommended for debarment from participation in programs administered by the Department. A copy of §10.617 is attached to ensure ongoing compliance.

I, _____, on behalf of Corinth Autumn Oaks, LP, am a duly authorized representative, who is so authorized by reason of my position as _____ to hereby certify, as true and correct, that the above referenced noncompliance related to §10.617 has been corrected in the manner described and that all required affirmative marketing requirements under §10.617 are fully compliant with the rule. If at the next onsite review, there has not been an ownership transfer and this event of noncompliance is cited again, I understand that the owner will recommended for debarment.

_____ _____
Signature of Authorized Owner Representative Date

Warning: Title 18, Section 1001 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency in the United States as to any matter within its jurisdiction.

TDHCA
March 2017

Attachment 3:

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 10	UNIFORM MULTIFAMILY RULES
SUBCHAPTER E	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
RULE §10.406	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).

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

1e

BOARD ACTION REQUEST

LEGAL DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action regarding the adoption of Agreed Final Orders concerning related properties, Enchanted Oaks (HTC 70082 / CMTS 911) and Lively Oaks (HTC 92043 / CMTS 1042)

RECOMMENDED ACTION

WHEREAS, Enchanted Oaks, owned by Hitchcock Manor Limited ("Owner"), has uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, Lively Oaks, owned by Lively Oaks Limited ("Owner"), has uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, on July 25, 2017, Owner's representatives participated in an informal conference with the Enforcement Committee and agreed, subject to Board approval, to enter into two Agreed Final Orders, assessing a $1,000 administrative penalty for Enchanted Oaks and a $500 administrative penalty for Lively Oaks, each to be fully forgiven if training is completed and all violations are resolved as specified in the Agreed Final Orders on or before December 6, 2017;

WHEREAS, unresolved compliance findings for Enchanted Oaks include a violation for written policies and procedures that do not meet minimum requirements, an Affirmative Marketing Plan Violation, a lease violation relating to required lease notices, and four household income violations;

WHEREAS, unresolved compliance findings for Lively Oaks include a utility allowance violation, a violation for written policies and procedures that do not meet minimum requirements, an Affirmative Marketing Plan Violation, and one household income violation; and

WHEREAS, staff has based its recommendations for Agreed Final Orders 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 these cases;

NOW, therefore, it is hereby

RESOLVED, that two Agreed Final Orders, one assessing an administrative penalty of $1,000 for noncompliance at Enchanted Oaks, and the other assessing an administrative penalty of $500 for noncompliance at Lively Oaks, both 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

Enchanted Oaks and Lively Oaks are owned by related entities, ultimately controlled by Evonne Tompkins, wife of the late Marion Tompkins, former general partner for both entities who died in 2013. Records of the Texas Secretary of State still list Marion Tompkins as the general partner and were not updated after his death. His wife, Evonne Tompkins now controls the properties and is the primary contact listed in CMTS. The properties are self managed.

Property	Owner	LURA Effective Dates	Units	Location
Enchanted Oaks	Hitchcock Manor Limited	HTC 11/23/1990	40	Hitchcock, Galveston County
Lively Oaks	Lively Oaks Limited	HTC 12/14/1993	32	Hitchcock, Galveston County

Owner was previously referred for an administrative penalty for file monitoring and reporting violations, but referrals were closed informally when full corrections were received. Mr. Tompkins was the primary contact for the properties from the time of funding through his death in 2013. Accommodations were made as a result of Mr. Tompkins' serious illness, then death. Discussions with Mrs. Tompkins and her part-time property manager, Maria Garcia, demonstrate that both have a limited understanding of program requirements and confuse the requirements of their two monitoring agencies, TDHCA and USDA. For example, both agencies set maximum income and rental limits separately. In cases where the two programs conflict, owners must comply with the lower rental limit in order to meet the requirements of the federal programs monitored by both agencies. Mrs. Tompkins and Ms. Garcia believed that the higher USDA income limits would override the lower TDHCA income limits, resulting in household income violations. Similarly, USDA approved an affirmative marketing plan, but that plan did not meet minimum requirements under the compliance monitoring rules for TDHCA.

The following compliance violations identified during 2015 have now been referred for an administrative penalty and are unresolved:

Enchanted Oaks:

1. Violation for failure to maintain written policies and procedures that meet minimum requirements;
2. Violation for failure to maintain an Affirmative Marketing Plan and evidence of associated marketing efforts;
3. Lease notice violation for failure to post the Tenant Rights and Resources Guide in a common area in the office; and
4. Household income violations for units B204, B603, B605, and B704.

Lively Oaks:

1. Violation for failure to maintain a current utility allowance as required;
2. Violation for failure to maintain written policies and procedures that meet minimum requirements;

3. Violation for failure to maintain an Affirmative Marketing Plan and evidence of associated marketing efforts; and
4. Household income violations for unit B502.

Owner participated in an informal conference with the Enforcement Committee on July 25, 2017, and agreed to sign Agreed Final Orders with the following terms:

Enchanted Oaks:

1. A $1,000 administrative penalty, subject to forgiveness as indicated below;
2. Owner must correct the file monitoring violations as indicated in the Agreed Final Order, and submit full documentation of the corrections to TDHCA on or before December 6, 2017;
3. Property manager must attend First Thursday Income Eligibility Training and HTC Compliance Training, then provide copies of completion certificates to TDHCA, on or before December 6, 2017;
4. If Owner complies with all requirements and addresses all violations as required, the full administrative penalty in the amount of $1,000 will be forgiven; and
5. If Owner violates any provision of the Agreed Final Order, the full administrative penalty will immediately come due and payable.

Lively Oaks:

1. A $500 administrative penalty, subject to forgiveness as indicated below;
2. Owner must correct the file monitoring violations as indicated in the Agreed Final Order, and submit full documentation of the corrections to TDHCA on or before December 6, 2017;
3. Property manager must attend First Thursday Income Eligibility Training and HTC Compliance Training, then provide copies of completion certificates to TDHCA, on or before December 6, 2017;
4. If Owner complies with all requirements and addresses all violations as required, the full administrative penalty in the amount of $1,000 will be forgiven; and
5. 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, partially forgivable administrative penalty is recommended for Enchanted Oaks and Lively Oaks, in the amounts of $1,000 and $500, respectively. This will be a reportable item of consideration under previous participation for any new award to the principals of the owner.

ENFORCEMENT ACTION AGAINST HITCHCOCK MANOR LIMITED WITH RESPECT TO ENCHANTED OAKS (HTC FILE # 700820 / CMTS # 911)	§ § § § § § §	BEFORE THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 7th day of September, 2017, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or "Department") considered the matter of whether enforcement action should be taken against **HITCHCOCK MANOR LIMITED,** 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. During 1990, Hitchcock Manor Limited ("Respondent") was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of $46,511 to build and operate Enchanted Oaks ("Property") (HTC file No. 700820 / CMTS No. 911 / LDLD No. 89).

2. Respondent signed a land use restriction agreement ("LURA") regarding the Property. The LURA was effective November 23, 1990, and filed of record at Document Number 9040059 of the Official Public Records of Real Property of Galveston County, Texas ("Records").

3. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations[1]*:*

4. An on-site monitoring review was conducted on October 22, 2015, 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 June 19, 2016, corrective action deadline was set, however, the following violations were not corrected before the corrective action deadline:

    a. Respondent failed to maintain written policies and procedures, including tenant selection criteria, a violation of 10 TAC §10.610 (Written Policies and Procedures), which requires all developments to establish written policies and procedures that meet minimum TDHCA requirements;

    b. Respondent failed to provide a compliant affirmative marketing plan, a violation of 10 TAC §10.617 (Affirmative Marketing), which requires developments to maintain an affirmative marketing plan that meets minimum requirements and to distribute marketing materials to selected marketing organizations that reach groups identified as least likely to apply and to the disabled;

    c. Respondent failed to post a laminated copy of the Tenant Rights and Resources Guide in a common area of the leasing office, a violation of 10 TAC §10.613 (Lease Requirements), which requires owners to post a laminated copy of the Guide in a common area of the leasing office and provide a copy to each household during the application process and upon any subsequent change to common amenities, unit amenities, or services; and

    d. Respondent failed to collect complete documentation to prove that the household incomes for units B204, B603, B605, and B704 were within prescribed limits upon initial occupancy, violations of 10 TAC §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.

5. The following violations remain outstanding at the time of this order:

    a. Written policies and procedures violation described in FOF #4.a;

    b. Affirmative marketing plan violation described in FOF #4.b;

    c. Lease notice violation described in FOF #4.c; and

    d. Household income violations described in FOF #4.d.

[1] Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC §§ 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.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503 and 10 TAC §2.

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 TAC §10.610 in 2015, by not maintaining written policies and procedures criteria meeting TDHCA requirements.

5. Respondent violated 10 TAC §10.617 in 2015, by failing to provide a complete affirmative marketing plan and associated marketing materials.

6. Respondent violated leasing requirements in 10 TAC §10.613 in 2015, by failing to post a laminated copy of the Tenant Rights and Resources Guide in a common area of the leasing office;

7. Respondent violated 10 TAC §10.611 and Section 4 of the LURA in 2015, by failing to provide documentation that household incomes were within prescribed limits upon initial occupancy for units B204, B603, B605, and B704.

8. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, 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 § 2306.053 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 $1,000 is an appropriate penalty in accordance with 10 TAC §2.

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 deferral as further ordered below.

IT IS FURTHER ORDERED that the property manager at Enchanted Oaks shall attend First Thursday Income Eligibility Training and submit a completion certificate to the Department on or before December 6, 2017.

IT IS FURTHER ORDERED that the property manager at Enchanted Oaks shall attend Housing Tax Credit (HTC) Compliance Training and submit a completion certificate to the Department on or before December 6, 2017.

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 December 6, 2017.

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, or the property is sold before the terms and conditions of this Agreed Final Order have been fully satisfied, then the full administrative penalty in the amount of $1,000 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 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 11th St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at Attachment 4, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

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 September 7, 2017.

By: _____
Name: J.B. Goodwin
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 TRAVIS §

Before me, the undersigned notary public, on this 7th day of September, 2017, personally appeared J.B. Goodwin, 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 7th day of September, 2017, 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 the Property, 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:

HITCHCOCK MANOR LIMITED, a Texas limited partnership

By: _____

Name: _____

Title: _____

Given under my hand and seal of office this _____ day of _____, 2017.

_____
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 TAC §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

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:

   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

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

   Affirmative Marketing Technical Assistance: http://www.tdhca.state.tx.us/pmcdocs/AMT-Assistance-Guide.pdf

   Tenant Selection Criteria Webinar: http://www.tdhca.state.tx.us/pmcomp/presentations.htm

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

4. **All corrections must be submitted via CMTS:** See link for steps to upload documents http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf.

5. **Important notes -**

   i. Do not backdate any documents listed below.

   ii. A transfer of a qualified household from another unit is not sufficient to correct any findings. If there is a tenant income certification or household income above limit violation, a transfer from another unit will simply cause the finding to transfer to that unit.

6. **Written policies and procedures, including tenant selection criteria**

   How to prepare compliant criteria: First watch the webinar presentation is available at: http://www.tdhca.state.tx.us/pmcomp/presentations.htm. Then prepare updated written policies and procedures addressing all requirements at 10 TAC §10.610. Staff recommends using that rule as a checklist. Ensure that you include an effective date for the policy.

   What to submit: Once your written policies and procedures are complete, the owner must review the criteria, then sign and upload to CMTS the applicable Owner Certification included at Attachment 3, along with a copy of the complete written policies and procedures.

7. **Lease violations, including Tenant Rights and Resources Guide:**

   Actions to perform: Implement Tenants Rights and Resource Guide ("Guide") as indicated at 10 TAC §10.613(k). Customize Guide available on the Forms webpage. Post customized and laminated Guide in a common area of the leasing office.

   What to submit: The owner must review the applicable Owner Certification at Attachment 2, verify that all requirements described by the certification have been met, then sign and upload to CMTS the applicable Owner Certification included at Attachment 3. Do not submit any other documentation regarding this violation; only submit the Owner Certification.

8. **Household income violations for units B204, B603, B605, and B704** –

Problems identified for each unit included:

- B204: Moved in 4/13/2015. Head of household's application indicated employment income from Pizza Hut and a checking account. The file did not contain verification of the employment income or the checking account. An adult co-head of household was also listed on the application but was not screened for income, assets, or student status. The application was over 120 days old prior to move-in and no additional updates were in the file to note if any occupancy, income or asset changes may have occurred.
- B603: Moved in 10/1/2015. The co-head of household was not screened for income, assets, or student status.
- B605: Moved in 7/1/2015. There is a 21-year-old adult son who was not screened for income, assets, or student status.
- B704: Moved in 12/4/2014. The household's total annual income based upon collected pay-stubs was $37,150.88, which exceeds the applicable 2-person income limit of $32,160 at move-in. Respondent has explained that USDA income limits permitted this household. It is important for In cases where TDHCA and USDA income limits are not the same, Respondent must implement the lower income limit in order to comply with both programs.

What to submit for units B204, B603, B605, and B704:

- If unit is occupied by the same household that was present during the 10/22/2015 onsite review and the household qualifies for occupancy, either (1) complete a retroactive certification that completely and clearly documents the sources of income and assets, using third party or firsthand verifications that were in place at the time the initial certification should have been effective. Submit a copy of the updated application, income and asset verifications and updated Income Certification for review (do not back-date signatures); or (2) complete a new certification using *current* income and asset sources and current income limits. Submit to the Department copies of the current application, verifications of all sources of income and assets, Income Certification, Lease, Lease Addenda, and Tenant Rights and Resources Guide acknowledgement.
- If the household that was present during the 10/22/2015 onsite review has moved out or is not eligible, follow the instructions below:

Circumstance	**Instruction**
If unit is occupied by a new qualified household	Submit the full tenant file*.
If unit is occupied by a nonqualified household on a month-to-month lease	A. Follow your normal procedures for terminating residency and provide a copy of documentation to TDHCA.** B. Once the unit becomes available, occupy the unit by a qualified household, and submit the full new tenant file within 30 days of occupancy*. Receipt after 12/6/2017 is acceptable for this circumstance provided that Requirement A above is fulfilled.

If unit is occupied by a nonqualified household with a non-expired lease	A. Issue a nonrenewal notice to tenant and provide a copy to TDHCA.** B. As soon as the unit is occupied by a qualified household, you must submit the full tenant file*. Receipt after 12/6/2017 is acceptable for this circumstance provided that Requirement A above is fulfilled.
If unit has been vacant *more than* 30 days	A. Unit must be made ready for occupancy and a letter certifying to that effect must be submitted to TDHCA. B. Occupy the unit by a qualified household, and submit the full new tenant file within 30 days of occupancy*. Receipt after 12/6/2017 is acceptable for this circumstance provided that Requirement A above is fulfilled.
If unit has been vacant *less than* 30 days	A. If unit is ready for occupancy, a letter certifying to that effect must be submitted to TDHCA. B. If unit is not ready for occupancy, submit a letter to TDHCA including details regarding work that is required and when the unit will be ready for occupancy (no more than 30 days from the date of vacancy). C. Occupy the unit by a qualified household, and submit the full new tenant file within 30 days of occupancy*. Receipt after 12/6/2017 is acceptable for this circumstance provided that Requirements A and B above are fulfilled.

**Full tenant file must include: tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum, and Tenant Rights and Resources Guide Acknowledgment.*

*** If a notice of nonrenewal or notice of termination is sent to tenant, ensure that it complies with requirements of the rule at 10 TAC 10.610(f)*

9. Affirmative marketing plan –

How to prepare a compliant plan and marketing materials: First read the rule at 10 TAC §10.617, read the technical assistance guide at http://www.tdhca.state.tx.us/pmcdocs/AMT-Assistance-Guide.pdf, and watch the webinar at http://www.tdhca.state.tx.us/pmcomp/presentations.htm, to gain a general understanding regarding affirmative marketing. Next, review the following list of frequent problems observed, which include, but are not limited to:

- Not using HUD Form 935.2A;
- Not correctly identifying populations "least likely to apply". In general, those populations that are least likely to apply *might* include: White, American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, Hispanic or Latino, Persons with Disabilities, Families with Children, and Other. Analysis is required to determine which of these groups are least likely to apply;
- Not affirmatively marketing to the disabled. All properties must market to the disabled population;
- Not correctly identifying organizations that are specifically associated with groups identified as "least likely to apply". For example, marketing to the Housing Authority or placing ads in Craigslist would be considered general marketing, not affirmative marketing, because both serve all persons living in the area;

- Not including evidence of special outreach efforts, such as marketing letters, to those "least likely to apply" populations through specific media, organizations, or community contacts that work with "least likely to apply" populations or work in areas where "least likely to apply" populations live; and
- Not including a sentence in English and Spanish in the outreach marketing materials that prospective tenants can access if reasonable accommodations are needed to complete the application process.

Steps to complete affirmative marketing plan:

a. Identify the appropriate housing market in which outreach efforts will be made;

b. Determine the groups that are least likely to apply and mark them in your plan. The Affirmative Marketing Web Tool referenced at 10 TAC §10.617(d)(5) to determine groups that are least likely to apply is available online at: http://www.tdhca.state.tx.us/pmcomp/forms.htm. The groups *currently* identified by the tool are Persons with Disabilities, Hispanic, and Asian.

   Alternatively, if you do not use the Tool, you may perform your own analysis to determine groups that are least likely to apply, but you must perform and document a reasonable analysis by which those groups were identified, you must always include persons with disabilities, and populations representing less than 1% of the total population of the County or MSA will not be required in your affirmative marketing. This analysis must be included with the plan.

c. Identify in your plan specific organizations, media, and community contacts in the housing market to send marketing outreach materials. The organizations must specifically reach those groups designated as least likely to apply. The Tool provides a link to a map that will show which Census tracts may be most beneficial for affirmative marketing. The census tracts provided for outreach consideration represent nearby neighborhoods identified in the U.S. Census as having the greatest number of the groups who are least likely to apply at your development based on its location. The identified neighborhoods may represent a first step for planning meaningful outreach and marketing for your development.

   Specific examples of marketing organizations:

   i. Least likely to apply population - People with disabilities:

      1. Local Center for Independent Living ("CIL") – serve persons with all disability types. Not all counties are covered http://www.txsilc.org/page_CILs.html
      2. Aging and Disability Resource Center ("ADRC") – intake and referral for persons with physical, intellectual, or developmental disabilities - all counties are covered: https://www.dads.state.tx.us/contact/search.cfm
      3. Local Intellectual and Developmental Disability Authority (LIDDA) – serves persons with intellectual, or developmental disabilities - all counties are covered: https://www.dads.state.tx.us/contact/search.cfm
      4. Local Mental Health Authority (LMHA) – serves persons with Mental Illness and Substance Use disorders - all counties are covered: https://www.dshs.texas.gov/mhservices-search/
      5. Local non-profits in your area serving people with disabilities
      6. Call 211 and ask about resources for people with disabilities in your area, reach out to groups serving people with disabilities in your community

ii. Least likely to apply population - Hispanic:
    1. Local Hispanic Chamber of Commerce
    2. Local Young Hispanic Professional Association
    3. The Hispanic Alliance
    4. Mexican American Cultural Center
    5. Local Spanish language publications
    6. Community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA's Web Tool, these areas are listed under "tracts for outreach consideration"

iii. Least likely to apply population - Asian:
    1. Local Asian real estate association
    2. Local Asian Chamber of Commerce
    3. Local Asian American Resource Center
    4. Local organizations serving the Asian community
    5. Community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA's Web Tool, these areas are listed under "tracts for outreach consideration"

d. Complete and execute an affirmative marketing plan using any version of HUD Form 935.2A, including the groups and organizations identified above;

e. Comply with all requirements of 10 TAC §10.617, which we recommend using as a checklist;

f. Send marketing outreach materials to the identified organizations, ensuring that said marketing materials comply with all requirements of 10 TAC §10.617. Remember that 10 TAC §10.617(f)(5) requires marketing materials to include the Fair Housing Logo and give contact information that prospective tenants can access if reasonable accommodations are needed in order to complete the application process. This contact information sentence must include the terms "reasonable accommodation" and must be in English and Spanish. Here is a sample of an acceptable sentence recently included in marketing materials from another property: "*Individuals who need to request a reasonable accommodation to complete the application process should contact the apartment manager at XXX-XXX-XXXX. Personas con discapacidad que necesitan solicitar un acomodacion razonable para completer el proceso de aplicacion deben comunicarse con el Administrador del apartment al XXX-XXX-XXXX."*

g. Maintain all documentation in your files for future review.

What to submit: Once your Affirmative Marketing plan *and* outreach materials are complete, the owner must review them, then sign and upload to CMTS the applicable Owner Certification included at Attachment 3. Do not submit any other affirmative marketing documentation; only the signed Owner Certification.

Attachment 2

Tenant File Guidelines

The following technical support does not represent a complete list of all file requirements and is intended only as a guide. Property manager(s) responsible for accepting and processing applications must sign up for First Thursday Training in order to get a full overview of the process. Sign up at http://www.tdhca.state.tx.us/pmcomp/COMPtrain.html. Forms discussed below are available at: http://www.tdhca.state.tx.us/pmcomp/forms.htm.

1. **Intake Application:** The Department does not have a required form to screen households, but we make a sample form available for that purpose. All households must be screened for household composition, income and assets. Applicants must complete all blanks on the application and answer all questions. Any lines left intentionally blank should be marked with "none" or "n/a." The application must be signed and dated by all adult household members, using the date that the form is actually completed. If you use the Texas Apartment Association (TAA) Rental Application, be aware that it does not include all requirements, but they have a "Supplemental Rental Application for Units Under Government Regulated Affordable Housing Programs" that includes the additional requirements.
2. **Release and Consent**: Have tenant sign TDHCA's Release and Consent form so that verifications may be collected by the property.
3. **Verify Income:** Each source of income and asset must be documented for every adult household member based upon the information disclosed on the application. There are multiple methods:
    a. **First hand verifications:** Paystubs or payroll print-outs that show gross income. If you choose this method, ensure that you consistently collect a specified number of consecutive check stubs as defined in your management plan;
    b. **Employment Verification Form**: Part 1 must be completed by you and signed by the tenant. Part 2 must be completed by the employer. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the employer portion has authority to do so and has access to all applicable information in order to verify the employment income. If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it;
    c. **Verification of non-employment income:** You must obtain verifications for all other income sources, such as child support, social security, and/or unemployment benefits. Self-certification by the household is not acceptable. Examples: benefit verification letter(s) would be acceptable for social security and/or employment benefits. Acceptable verifications for child support could include documents such as divorce decree(s), court order(s), or a written statement from the court or attorney general regarding the monthly awarded amount;
    d. **Telephone Verifications**: these are acceptable *only* for clarifying discrepancies and cannot be used as primary form of verification. Include your name, the date, the name of the person with whom you spoke, and your signature;
    e. **Certification of Zero Income:** If an adult household member does not report any sources of income on the application, this form can be used to document thorough

screening and to document the source of funds used to pay for rent, utilities, and/or other necessities.

4. **Verify Assets:** Regardless of their balances, applicants must report all assets owned, including assets such as checking or savings accounts. The accounts are typically disclosed on the application form, but you must review all documentation from the tenant to ensure proper documentation of the household's income and assets. For instance, review the credit report (if you pull one), application, pay stubs, and other documents to ensure that all information is consistent. Examples of ways to find assets that are frequently overlooked: Review pay stubs for assets such as checking and retirement accounts that the household may have forgotten to include in the application. These accounts must also be verified. Format of verifications:
    a. **Under $5000 Asset Certification Form:** If the total cash value of the assets owned by members of the household is less than $5,000, as reported on the Intake Application, the TDHCA Under $5,000 Asset Certification form may be used to verify assets. If applicable, follow the instructions to complete one form per household that includes everyone's assets, even minors, and have all adults sign and date using the date that the form is actually completed.
    b. **First hand verifications** such as bank statements to verify a checking account. Ensure that you use a consistent number of consecutive statements, as identified in your management plan.
    c. **3rd party verifications** using the TDHCA Asset Verification form. As with the "Employment Verification Form" discussed above, Part 1 must be completed by you and signed by the tenant. Part 2 must be completed by the financial institution. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the financial institution's portion has authority to do so and has access to all applicable information in order to verify the asset(s). If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it.
5. **Tenant Income Certification Form:** Upon verification of all income and asset sources disclosed on the application and any additional information found in the documentation submitted by the tenant, the next step is to annualize the sources on the Income Certification Form, add them together, and compare to the applicable income limit for household size which can be found at http://www.tdhca.state.tx.us/pmcomp/irl/index.htm. Be sure to include any income derived from assets. The form must include (and be signed by) each adult household member.
6. **Lease:** Must conform with your LURA and TDHCA requirements and indicate a rent below the maximum rent limits, which can be found at http://www.tdhca.state.tx.us/pmcomp/irl/index.htm When determining the rent, ensure that the tenant's rent, plus the utility allowance, plus any housing subsidies, plus any mandatory fees, are below the maximum limits set by TDHCA. 10 TAC §10.613(a) prohibits the eviction or termination of tenancy of low income households for reasons other than good cause throughout the affordability period in accordance with Revenue Ruling 2004-82. In addition, 10 TAC §10.613(e) prohibits HTC developments from locking out or threatening to lock out any development resident, or seizing or threatening to seize personal property of a resident, except by judicial process, for purposes of performing necessary

repairs or construction work, or in case of emergency. The prohibitions must be included in the lease or lease addendum. TAA has an affordable lease addendum that has incorporated this required language. If you are not a TAA member, you can draft a lease addendum using the requirements outlined above.

7. **Tenant Rights and Resources Guide:** As of 1/8/2015, the Fair Housing Disclosure Notice and Tenant Amenities and Services Notice have been replaced by the Tenant Rights and Resources Guide, a copy of which is available online at: http://www.tdhca.state.tx.us/pmcdocs/FairHousingDisclosureBooklet.doc.

   In accordance with 10 TAC §10.613(k), a laminated copy of this guide must be posted in a common area of the leasing office. Development must also provide a copy of the guide to each household during the application process and upon any subsequent changes to the items described at paragraph b) below. The Tenant Rights and Resources Guide includes:

   a) Information about Fair Housing and tenant choice; and
   b) Information regarding common amenities, unit amenities, and services.

   A representative of the household must receive a copy of the Tenant Rights and Resources Guide and sign an acknowledgment of receipt of the brochure prior to, but no more than 120 days prior to, the initial lease execution date.

   In the event that there is a prior finding for a Fair Housing Disclosure Notice, Tenant Amenities and Services Notice, the Tenant Rights and Resources Guide was not provided timely, or the household does not certify to receipt of the Tenant Rights and Resources Guide, resolution will be achieved by providing the household with the Tenant Rights and Resources Guide and receiving a signed acknowledgment. A copy of the acknowledgment form is available at:
   http://www.tdhca.state.tx.us/pmcdocs/FairHousingDisclosureSignaturePage.pdf.

Attachment 3

Owner Certifications

(see attached)

Once you complete the requirements of Attachment 1, the owner should review these certifications, then sign and submit via CMTS.

The rules at 10 TAC §10 that are referenced in the attached certifications are available at this link

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

Texas Department of Housing and Community Affairs

Owner Certification of Corrected Noncompliance

Written Policies and Procedures 10.610

Development Name: Enchanted Oaks (fka Hitchcock Manor) CMTS ID: 0911

The above referenced Development was monitored on October 22, 2015 to determine if the Development is in compliance with the requirements of the Low Income Housing Tax Credit (LIHTC) program. The review resulted in a finding of noncompliance under Title 10, Chapter 10, Subchapter F related to Compliance Monitoring, §10.610, Written Policies and Procedures. Please see attached Findings Report for details as to the specific policy/procedure affected and the reason for which the noncompliance was cited. **Update that policy/procedure as detailed and submit a copy of the updated policy/procedure, with a revised effective date as required under the rule, to support this certification.**

Under 10 TAC §2.401(c)(1), *The Department may debar any Responsible Party who has materially or repeatedly violated any condition imposed by the Department in connection with the administration of a Department program, including a material or repeated violation of a land use restriction agreement (LURA) regarding a development supported with a housing tax credit allocation.* Repeated failure to comply with the provisions prescribed in §10.610 may be considered a material violation of the LURA. Owners that repeatedly and materially violate their LURAs will be recommended for debarment from participation in programs administered by the Department. A copy of §10.610 is attached to ensure ongoing compliance.

I, _____, on behalf of Hitchcock Manor Ltd. , am a duly authorized representative, who is so authorized by reason of my position as_____ to hereby certify, as true and correct, that the above referenced noncompliance related to §10.610 has been corrected in the manner described and that all required written policies and procedures under §10.610 are fully compliant with the rule. If at the next onsite review, there has not been an ownership transfer and this event of noncompliance is cited again, I understand that the owner will be recommended for debarment.

_____ _____

Signature of Authorized Owner Representative Date

Warning: Title 18, Section 1001 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency in the United States as to any matter within its jurisdiction.

TDHCA
December 2016

Texas Department of Housing and Community Affairs

Owner Certification of Corrected Noncompliance

Tenant Rights and Resources Guide 10.613(k)

Development Name: Enchanted Oaks (fka Hitchcock Manor) CMTS ID: 0911

The above referenced Development was monitored on October 22, 2015 to determine if the Development is in compliance with the requirements of the Low Income Housing Tax Credit (LIHTC) program. The review resulted in a finding of noncompliance under Title 10, Chapter 10, Subchapter F related to Compliance Monitoring, §10.613(k) which states:

(k) A Development Owner shall post in a common area of the leasing office a laminated copy and provide each household, during the application process and upon a subsequent change to the items described in paragraph (2) of this subsection, the brochure made available by the Department, A Tenant Rights and Resources Guide, which includes:

(1) Information about Fair Housing and tenant choice;

(2) Information regarding common amenities, unit amenities, and services; and,

(3) A certification that a representative of the household must sign prior to, but no more than 120 days prior to, the initial lease execution acknowledging receipt of this brochure.

(4) In the event this brochure is not provided timely or the household does not certify to receipt of the brochure, correction will be achieved by providing the household with the brochure and receiving a signed certification that it was received.

Through this certification, you hereby certify the following:

1. That a correctly executed Tenant Rights and Resources Guide is laminated and posted in a common area of the leasing office;
2. All low-income households have been provided the Tenant Rights and Resources Guide and executed the required acknowledgement; and,
3. All future low-income households will be provided the Tenant Rights and Resources Guide and execute the acknowledgement of receipt no more that 120 days prior to move in .

Under 10 TAC §2.401(e), a person shall be recommended for debarment if they control a Development that during two sequential monitoring visits is found to be out of compliance with the lease requirements described in §10.613. If at the next onsite review, there has been not been an ownership transfer and noncompliance is assessed for failure to execute required lease provisions, the owner will be recommended for debarment from participation in programs administered by the Department. A copy of §10.613 is attached to ensure ongoing compliance.

I, _____, on behalf of Hitchcock Manor Ltd., am a duly authorized representative, who is so authorized by reason of my position as_____ to hereby certify, as true and correct, that the above referenced noncompliance related to §10.613(k) has been corrected in the manner described and that all required lease language under §10.613 is in the lease and lease addendum. I further certify that I understand that if this event of noncompliance is cited at the next onsite review of Enchanted Oaks (fka Hitchcock Manor), the owner will be recommended for debarment.

_____ _____

Signature of Authorized Owner Representative Date

Warning: Title 18, Section 1001 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency in the United States as to any matter within its jurisdiction.

TDHCA
December 2016

Texas Department of Housing and Community Affairs

Owner Certification of Corrected Noncompliance

Affirmative Marketing Plan 10.617

Development Name: Enchanted Oaks (fka Hitchcock Manor) CMTS ID: 0911

The above referenced Development was monitored on October 22, 2015 to determine if the Development is in compliance with the requirements of the Low Income Housing Tax Credit (LIHTC) program. The review resulted in a finding of noncompliance under Title 10, Chapter 10, Subchapter F related to Compliance Monitoring, §10.617, Affirmative Marketing Requirements. Please see attached Findings Report for details as to the specific reason for which the noncompliance was cited.

Under 10 TAC §2.401(c)(1), *The Department may debar any Responsible Party who has materially or repeatedly violated any condition imposed by the Department in connection with the administration of a Department program, including a material or repeated violation of a land use restriction agreement (LURA) regarding a development supported with a housing tax credit allocation.* Repeated failure to comply with the provisions prescribed in §10.617 may be considered a material violation of the LURA. Owners that repeatedly and materially violate their LURAs will be recommended for debarment from participation in programs administered by the Department. A copy of §10.617 is attached to ensure ongoing compliance.

I, _____, on behalf of Hitchcock Manor Ltd. , am a duly authorized representative, who is so authorized by reason of my position as _____ to hereby certify, as true and correct, that the above referenced noncompliance related to §10.617 has been corrected in the manner described and that all required affirmative marketing requirements under §10.617 are fully compliant with the rule. If at the next onsite review, there has not been an ownership transfer and this event of noncompliance is cited again, I understand that the owner will recommended for debarment.

_____ _____

Signature of Authorized Owner Representative Date

Warning: Title 18, Section 1001 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency in the United States as to any matter within its jurisdiction.

TDHCA
March 2017

Attachment 4:

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 10	UNIFORM MULTIFAMILY RULES
SUBCHAPTER E	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
RULE §10.406	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).

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

SEPTEMBER 7, 2017

Presentation, discussion, and possible action on a final order in the matter of Texas Department of Housing and Community Affairs v. DeCarlo and Veletta Coleman; State Office of Appeals and Hearings ("SOAH") Docket No. 332-17-2472.HCA

RECOMMENDED ACTION

WHEREAS, DeCarlo and Veletta Coleman ("Respondents") have applied for assistance under the Department's Comprehensive Energy Assistance Program ("CEAP");

WHEREAS, although assistance was denied by the Dallas County Department of Health & Human Services ("Dallas County"), and subsequently by the Department, Dallas County was able to offer the Respondents approximately $400 in temporary assistance through special programs offered by TXU Energy and Atmos Energy;

WHEREAS, the Respondents appealed the denials and requested a hearing before SOAH;

WHEREAS, the hearing was held, but Respondents failed to appear at the hearing either in person or by representative;

WHEREAS, the administrative law judge ("ALJ") determined that notice of hearing was adequate, that Respondents failed to appear, and that Department was entitled to have the matter dismissed on a default basis;

WHEREAS, the matter was dismissed on a default basis and remanded to the Department for informal disposition; and

WHEREAS, the Executive Director has presented the Board with a proposed Default Order in accordance with the requirements of 10 TAC §1.13, concerning Contested Case Hearing Procedures, recommending denial of assistance to Respondents;

NOW, therefore, it is hereby

RESOLVED, that the Default Order presented by the Executive Director is adopted by the Board, and Respondents' application for Comprehensive Energy Assistance Program assistance is **DENIED.**

BACKGROUND

On October 3, 2016, Respondents applied to Dallas County for utility assistance through the Department's CEAP Program. In accordance with the guidelines, Respondents submitted the required income

documentation. The documentation showed that the Respondents' income exceed the annualized income limit for the program. Respondents' annualized income was 179.61% of the applicable federal income poverty level. To be eligible for CEAP funding, an applicant's income may not exceed 150% of federal poverty guidelines. Dallas County notified the Respondents that their application had been denied but that they were going to receive approximately $400 in one time assistance from programs available from TXU Energy and Atmos Energy.

Respondents appealed the decision alleging "unfair, willfully unlawful behaviors and decision making…practiced discrimination, harassment and retaliation…" Dallas County reviewed their decision error, but could find none.

On October 30, 2016, Ms. Coleman appealed that denial to the Department. The Department reviewed the determination made by Dallas County and on November 17, 2016 the Department informed the Respondents that Dallas County's previous determinations were correct.

On November 29, 2016, the Respondents requested a hearing at SOAH pursuant to authority granted in Tex. Gov't Code §2105.151, and Tex. Admin. Code §§5.405(b) and (c). A properly noticed hearing was held on June 15, 2017. Respondents failed to appear. The ALJ issued an order dismissing the case and remanding it to the Department for informal disposition on a default basis. Pursuant to 10 TAC §1.13, concerning Contested Case Hearing Procedures, the Department's Executive Director prepared a Default Order for the Board's approval recommending the denial of the Respondent's application for assistance under the CEAP Program. The denial will not affect assistance awarded to the Respondents under the TXU Energy and Atmos Energy programs.

Staff recommends approving the proposed Default Order.

SOAH DOCKET # 332-17-2472.HCA

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, **Petitioner** **v.** **DECARLO & VELETTA COLEMAN** **Respondent**	§ § § § § § § § §	**BEFORE THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

DEFAULT ORDER

General Remarks and official action taken:

On this 7th day of September, 2017, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or "Department") considered the denial of the application for assistance under the Department's Comprehensive Energy Assistance Program ("CEAP") to DeCarlo and Veletta Coleman ("Respondent").

A hearing on the denial of the application was held at the State Office of Administrative Hearings ("SOAH") on June 15, 2017, pursuant to authority granted in Tex. Gov't Code §2105.151, providing for the right to request a hearing, in certain circumstances, on a denial of services or benefits under a block grant program administered by the Department. Respondents failed to appear at the hearing, and an order dismissing the case and returning it to the Department was issued by the SOAH administrative law judge ("ALJ") on June 22, 2017. More than 15 days has passed since the issuance of that order, without objection or a motion to set aside, and therefore, the order became final on July 7, 2017. Pursuant to the Administrative Procedure Act ("APA"), Tex. Gov't Code §2001.056, which authorizes the informal disposition of contested cases, and pursuant to 10 TAC § 1.13, concerning contested case hearing procedures at the Department, the Executive Director has proposed an order containing findings of fact, as set forth in the notice of hearing, conclusions of law, and requesting that Respondents' application for benefits be denied.

Upon recommendation of the Executive Director, the Board makes the following findings of fact and conclusions of law and enters this Order on a default basis:

FINDINGS OF FACT

1. Respondent applied for CEAP funding on October 3, 2016. The application received shows the last mailing address provided by the Respondent in writing was 2123 Hunters Run Drive, Dallas, Texas 75232.

2. On or about February 6, 2017, a Notice of Hearing was sent to Respondent at the address of record by first class mail and certified mail, return receipt requested. This Notice of Hearing was delivered to the Respondent on February 10, 2017.

3. The Notice of Hearing contained a statement of the time, place, and nature of the hearing; a statement of the legal authority and jurisdiction under which the hearing was to be held; a reference to the particular sections of the statutes and rules involved; and a short, plain statement of the matters asserted.

4. The Notice of Hearing also included a disclosure in at least 12-point, bold face type that the factual allegations in the notice could be deemed admitted, and the relief sought in the notice of hearing might be granted by default against the party that fails to appear at hearing pursuant to TEX. ADMIN. CODE § 155.501(b).

5. The Respondent failed to appear at the hearing on June 15, 2017. On June 22, 2017, the ALJ entered an order dismissing the case and finding that the Respondents, DeCarlo and Veletta Coleman, did not appear and were not represented at the hearing. The ALJ also found that adequate notice of the hearing was provided to Respondents. Accordingly, the ALJ granted the Department's motion for default and dismissed the case from the SOAH docket, returning it to the Department for informal disposition on a default basis.

The allegations made against the Respondent in the Notice of Hearing are as follows:

6. On or about October 3, 2016, Decarlo Coleman and Veletta Coleman applied to the Dallas County Department of Health and Human Services for assistance through the Comprehensive Energy Assistance Program (CEAP) for funding to assist with their energy bills. The Colemans submitted 4 weekly payment stubs for pay periods covering August 28, 2016 through September 24, 2016, to be used in calculating their annualized income. The average weekly income based on these pay stubs was $553.34 per week. Based on the pay stubs submitted, the Coleman's annualized income is $28,773.48 pursuant to 10 Tex. Admin. Code § 5.19 calculation methods. This annualized income is 179.61% of the applicable federal income poverty level pursuant to the federal guidelines.

7. In order to be eligible for CEAP funding at the time the application was submitted the applicant's income must have been below 150% of Federal Poverty Guidelines. For a two person household this income amount was $24,030. The Respondent's income level was $4,743.48 above the required income that would have allowed them to be eligible for CEAP funding pursuant to the pay stubs that were submitted by the Respondent.

8. Because the Coleman's annualized income exceed eligibility limits, the Dallas County Department of Health and Human Services denied the Respondent's application for CEAP funds, however, they were able to provide the Respondents with some funding through other programs. A payment in the amount of $299.90 was made to TXU Energy on behalf of the Colemans through TXU Energy Aid Donated Funding. A second payment in the amount of $106.25 was sent to Atmos Energy on behalf of the Colemans through Atmos "Share the Warmth" Donated Funding.

9. On October 4, 2016, Ms. Veletta Coleman appealed this decision to deny their application for CEAP funding in writing and filed a complaint. The Colmans' appeal contained allegations of "unfair, willfully unlawful behaviors and decision making….practiced discrimination, harassment and retaliation…"

10. Dallas County Department of Health and Human Services reviewed the information provided by the Respondents to check for errors in the calculations, but none were discovered. On October 11, 2016, the Dallas County Department of Health and Human Services sent correspondence to the Respondents clarifying why their determination was made regarding the CEAP denial. Dallas County Department of Health and Human Services did grant the approval for one time assistance via their donated funding program for TXU and Atmos Energy and sent evidence to that effect.

11. On October 30, 2016, Ms. Coleman again appealed the denial of CEAP funds.

12. Based on this appeal the file was forwarded to the Texas Department of Housing and Community Affairs for a third review of eligibility of the Respondent for CEAP funds. The Department, after reviewing the pay stubs and all other supporting evidence submitted by the Respondent, was able to confirm that the annualized income of the Respondent did not qualify for CEAP funding as it was above the income guidelines for the CEAP program. On November 17, 2016 the Department informed the Respondent of this determination.

13. On November 29, 2016, Ms Coleman appealed this determination pursuant to 10 TEX. ADMIN. CODE § 5.405(b) and (c), and requested a hearing at SOAH.

CONCLUSIONS OF LAW

1. Pursuant to TEX. GOV'T CODE § 2105.151 and 10 TEX. ADMIN. CODE § 5.405(c), an affected person who alleges that a provider or an agency has denied all or part of a service or benefit funded by block grant funds in a manner that is unjust, discriminatory, or without reasonable basis in law or fact may request an administrative hearing. The Respondents appeal was properly brought.
2. Pursuant to 10 TEX. ADMIN. CODE § 5.407(a), subrecipients shall set the client income eligibility level at or below an amount equal to 150% of the federal poverty level in effect at the time the client makes an application for services. The Department used the proper income level in determining the Respondents' eligibility
3. Pursuant to 10 TEX. ADMIN. CODE § 5.407(b), subrecipients shall determine client income. Income exclusions to be used to determine total Household income are those noted in 10 TEX. ADMIN. CODE § 5.19. No exclusions were applied to Respondent's income.
4. Pursuant to 10 TEX. ADMIN. CODE § 5.19(b), for HHS and DOE funded programs, eligibility for program assistance is determined under the Poverty Income Guidelines and calculated as described therein. Income means cash receipts earned and/or received by the applicant before taxes during applicable tax year(s) but not Excluded Income. Gross income is to be used, not net income. Respondent's income was properly calculated.

5. Pursuant to 10 TEX. ADMIN. CODE § 5.19(c), for HHS and DOE funded programs, to determine whether an applicant Household is eligible for assistance the subrecipient must annualize the Household income based on verifiable documentation of income as follows: (1) subrecipient must collect verifiable documentation of Household income received in the thirty (30) days prior to the date of application. Income that may not last for a full 12 months (e.g., unemployment compensation) should be calculated assuming current circumstances will last a full 12 months. (2) Once all sources of income are known, subrecipient must convert reported income to an annual figure by either (A) multiplying Hourly wages by the number of hours worked per year (2,080 hours for full-time employment with a 40-hour week and no overtime); or (B) multiplying weekly wages by 52. Respondents' income was properly annualized.

6. 10 TEX. ADMIN. CODE § 5.422(d) states that a sliding scale benefit shall be for all CEAP components. Benefits determinations are to be based on the Household's income, the household size, the energy cost and/or the need of the Household, and the availability of funds. Energy assistance benefits determinations shall use the following sliding scale: (A) Households with income 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 income of 51% to 75% of Federal Poverty Guidelines may receive an amount needed to address their energy payment shortfall not to exceed $1,100; (C) Households with income of 76% to 150% of Federal Poverty Guidelines may receive an amount needed to address their energy payment shortfall not to exceed $1,000. Respondents' income exceeded the maximum Federal Poverty Guideline at 179.61% making them ineligible for benefits under CEAP.

Based upon the foregoing findings of fact and conclusions of law, the Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondents' application for Comprehensive Energy Assistance Program funding is **DENIED**.

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on July 7, 2017.

By: _____
Name: J.B. Goodwin
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 TRAVIS §

Before me, the undersigned notary public, on this 7th day of September, 2017, personally appeared J.B. Goodwin, 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 7th day of September, 2017, 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

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BOARD ACTION REQUEST

HOUSING RESOURCE CENTER

SEPTEMBER 7, 2017

Presentation, discussion, and possible action on a draft amendment of the 2017 State of Texas Consolidated Plan: One-Year Action Plan

RECOMMENDED ACTION

WHEREAS, the U.S. Department of Housing and Urban Development ("HUD") requires the submission of a One-Year Action Plan in accordance with 24 CFR §91.320;

WHEREAS, the final 2017 State of Texas Consolidated Plan: One-Year Action Plan ("Plan"), which reports on the intended use of funds received by the State of Texas from HUD for Program Year ("PY") 2017, beginning on February 1, 2017, and ending on January 31, 2018, was approved for submission to HUD at the Board meeting of June 29, 2017;

WHEREAS, the Plan was submitted to HUD on July 19, 2017;

WHEREAS, HUD published a Final Rule at 24 CFR Part 5 regarding the State's obligation to Affirmatively Further Fair Housing ("AFFH") and under this new rule, the citizen participation plan requirements in 24 CFR §91.115 have been revised accordingly;

WHEREAS, staff has developed a draft amendment of the Plan to incorporate revised citizen participation requirements in accordance with 24 CFR §91.115;

WHEREAS, a public comment period will be open from, September 8, 2017, through October 8, 2017, to garner input on the draft amendment of the Plan; and

WHEREAS, a final version of the Plan is intended to be presented to the Governing Board for approval at the meeting of November 9, 2017, and is anticipated to be submitted to HUD on or around November 10, 2017;

NOW, therefore, it is hereby

RESOLVED, that the draft amendment of the Plan, in the form presented to this meeting, is hereby approved for release for public comment; and

FURTHER RESOLVED, that the Executive Director and his designees are each hereby authorized, empowered and directed, for and on behalf of the Department, to cause notice of the draft amendment of the 2017 State of Texas Consolidated Plan: One-Year Action Plan to be published in the *Texas Register* and, in connection therewith, to make such non-substantive grammatical and technical changes as they deem necessary or advisable.

BACKGROUND

The Texas Department of Housing and Community Affairs ("TDHCA"), Texas Department of Agriculture ("TDA"), and Texas Department of State Health Services ("DSHS") prepared the 2017 State of Texas Consolidated Plan: One-Year Action Plan ("Plan") in accordance with 24 CFR §91.320. TDHCA coordinates the preparation of the State of Texas Consolidated Plan documents. The Plan covers the State's administration of the Community Development Block Grant Program ("CDBG") by TDA, the Housing Opportunities for Persons with AIDS Program ("HOPWA") by DSHS, the Emergency Solutions Grant ("ESG") Program, the HOME Investment Partnerships ("HOME") Program, and the National Housing Trust Fund ("NHTF") Program by TDHCA.

The Plan reflects the intended uses of funds received by the State of Texas from HUD for Program Year 2017. The Program Year begins on February 1, 2017, and ends on January 31, 2018. The Plan also illustrates the State's strategies in addressing the priority needs and specific goals and objectives identified in the 2015-2019 State of Texas Consolidated Plan. The Plan was approved for submission to HUD at the Board meeting of June 29, 2017, submitted to HUD on July 19, 2017.

In July 2015, HUD published a Final Rule at 24 CFR Part 5 regarding the State's obligation to Affirmatively Further Fair Housing ("AFFH"). Under this Final Rule, the citizen participation requirements in 24 CFR §91.115 have been revised accordingly to support the development of the Assessment of Fair Housing ("AFH"), which is anticipated to replace the Analysis of Impediments to Fair Housing Choice ("AI"). According to HUD, the AFH planning process will help communities analyze challenges to fair housing choice and establish their own goals and priorities to address the fair housing barriers in their community. The revisions to 24 CFR §91.115 require the State to amend its citizen participation requirements, which are documented in the Plan.

As a result of the aforementioned revised requirements, staff has developed a draft amendment of the Plan which incorporates the revised citizen participation requirements in accordance with 24 CFR §91.115. Upon approval by the Board, the draft amendment of the Plan will be available for public comment on the TDHCA Public Comment Center at http://www.tdhca.state.tx.us/public-comment.htm. The public comment period will be open from September 8, 2017, through October 8, 2017.

The final version of the amended Plan is intended to be presented to the Board for approval at its meeting of November 9, 2017, and is anticipated to be submitted to HUD on November 10, 2017.

This action seeks approval to release a draft amendment of the 2017 One-Year Action Plan for public comment. Staff recommends approval of this action.

Note: Action Item 3 of this Board Book contains reference to the use of state or federal funds to serve eligible households and individuals displaced by Harvey using available HOME Investment Partnerships Program ("HOME") funding. This may be accomplished, in part, through a reallocation of PY 2017 HOME funds that are programmed in the 2017 OYAP. These updates to the 2017 OYAP funding allocations for HOME will not trigger the public comment process and will be submitted to HUD as an amendment and posted at http://www.tdhca.state.tx.us/housing-center/pubs-plans.htm.

Draft amendment of the 2017 OYAP

The following sections from the final 2017 OYAP have been amended in this document in order to add citizen participation information related to fair housing found at 24 CFR §91.115:

- **AP-05 Executive Summary**: contains minor edits explaining the purpose of the amendment and listing the public comment period dates.
- **AP-10 Consultation:** Much of the required AFH information has been added to the Narrative section at the end of AP-10, as character counts are full in other sections.
- **AP-12 Participation:** minor edits have been made in AP-12 for AFH. Much detail has been added to the annual outreach chart.

Edits made here will be carried forward to the Draft 2018 OYAP, also under development.

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

The State is committed to reaching out to and engaging in dialogue with the public in order to develop programmatic activities that are responsive to the various affordable housing needs of Texans. The State also solicits and receives input from governmental bodies, nonprofits, and community and faith-based groups. More information on the citizen participation, consultation, and public comment are included in the Consultation and Participation sections of the Plan.

The 2015-2019 Consolidated Plan, as adopted, substantial amendments, the OYAP, and the Consolidated Plan Annual Performance and Evaluation Report ("CAPER") will be available to the public online at http://www.tdhca.state.tx.us and will have materials accessible to persons with disabilities, upon request.

The State recognizes that public participation and consultation are ongoing processes. During the development of the 2015-2019 Consolidated Plan, comprehensive outreach was conducted to gather input. This outreach continues through the development of each Annual Action Plan within the 5-year consolidated planning process. Following the release of HUD's Final Rule to Affirmatively Further Fair Housing, the State is undertaking to update the Citizen Participation Plan and Language Access Plan, as the State works towards the development of the Assessment of Fair Housing, anticipated to be due to HUD in approximately May 2019. This amendment to the 2017 OYAP provides an update of the Citizen Participation Plan to describe consultation and citizen participation actions to affirmatively further fair housing per 24 CFR §91.110 and §91.115.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

Following the release of the Draft 2017 OYAP, the Public Comment period was open from November 11, 2016, through December 15, 2016, and a public hearing was held on December 6, 2016, in Austin, TX. Public comment was solicited in person at the public hearing, in writing by email, fax, or mail. The State received three total comments from the following 10 organizations: Accessible Housing Austin!, Accessible Housing Resources, Inc., ADAPT of Texas, Coastal Bend Center for Independent Living, Coalition of Texans with Disabilities, Lifeworks, Motivation, Education & Training, Inc., Personal Attendants Coalition of Texas, Texas Association of Community Development Corporations, and the Texas State Independent Living Council. A summary of the comments received and reasoned responses are provided in *Attachment A: Public Comment and Reasoned Responses*.

A revised Draft 2017 OYAP was released for public comment from May 12, 2017, through June 12, 2017. Public comment was solicited in writing by email, fax, or mail. No public comments were received during the second round of public comment.

An Amended 2017 OYAP will be released for public comment from September 8, 2017, through October 8, 2017. A summary of any comments received and reasoned responses will be provided in *Attachment A: Public Comment and Reasoned Responses.*

6. Summary of comments or views not accepted and the reasons for not accepting them

A summary of the comments received and reasoned responses are provided in *Attachment A: Public Comment and Reasoned Responses.*

7. Summary

The consolidated planning process occurs once every five years, so creating a comprehensive 2015-2019 Consolidated Plan was vital for CDBG, HOME, ESG, HOPWA, and NHTF. Because of the Consolidated Plan's authority to govern these programs, research from multiple sources, including other government plans, peer-reviewed journals, news sources, and fact sheets were used; valuable public input was gathered through roundtable meetings, council/workgroup meetings, public hearings, online surveys, and an online forum; and an expansive public input process was included in the development of the Consolidated Plan. The 2015-2019 Consolidated Plan is now carried out through Annual Action Plans, which provide a concise summary of the actions, activities, and the specific federal and non-federal resources that the State plans to use each year to address the priority needs and specific goals identified by the Consolidated Plan.

AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

In an effort to gather information from diverse audiences, TDHCA uses different forms of technology to communicate efficiently, including online surveys, forums, social media, and email distribution. Online surveys foster an increased response rate of participants as well as facilitating data analysis, as illustrated in the ESG electronic survey, described below. Also, online forums are used in the development of program rules and distribution methods. Online forums are advertised at workgroups and committees as well as on social media. The availability of all these methods is communicated primarily via the TDHCA website, opt-in email distribution lists, ~~and~~ social media, and through announcement at meetings and conferences.

An online presence allows TDHCA to reach out to encourage participation and consultation. The Policy and Public Affairs Division of TDHCA has implemented a social media presence, specifically through Twitter, Facebook, YouTube, and Flickr. Numerous tweets and posts were sent out during the public input process on the development of the Plan. Furthermore, TDHCA sends out notices via voluntary email lists, where subscribed individuals and entities can receive email updates on TDHCA information, announcements, and trainings. Use of technology allows fast communication to a large audience.

In the consolidated planning process, the State encourages the participation of public and private organizations, including broadband internet service providers, organizations engaged in narrowing the digital divide, agencies whose primary responsibilities include the management of flood prone areas, public land or water resources, and emergency management agencies in the process of developing the consolidated plan.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(l)).

The Texas Legislature has created the Housing and Health Services Coordinating Council which meets not less than quarterly and carries out a variety of coordinating, educational, analytical, and training efforts. This council is chaired by TDHCA's executive director and has representation from a wide array of agencies that provide health related services, as well as developers and advocates in different relevant sectors. It is supported administratively by TDHCA staff.

The State works to enhance coordination between public and assisted housing providers, and private and governmental health, mental health, and service agencies. For example, TDHCA staff routinely attends inter- and intra-agency meetings to educate and coordinate housing and services, as described in the following sections of the 2015-2019 Consolidated Plan: Strategic Plan Section 35, Anticipated Resources, and Action Plan Section 65, Homeless and Other Special Needs. The State is also a subrecipient of Money Follows the Persons funds via the Department of Aging and Disability Services

and of Section 811 funds – in both programs intensive coordination and collaboration is occurring relating to the interplay between health services and housing.

DSHS contracts with seven AAs across the State to provide administrative support in implementing the State's HOPWA formula program. AAs work with HIV Planning Councils in major metropolitan areas and with other organizations and stakeholders outside the major metropolitan areas to develop comprehensive HIV Services plans and needs assessments, which are developed through consultation with clients and other stakeholders through interviews, surveys, focus groups, and/or public hearings. AAs must communicate with stakeholders through disseminating written copies of services plans, posting the plans on the internet, town hall meetings, and advisory groups. Project Sponsors work closely with the local public housing authority offices to identify and establish relationships with other organizations that may have available resources. This ongoing collaboration provides access to organizations and programs, such as the housing choice vouchers; Continuum of Care ("CoC"); community health clinics; churches and private foundations; and Ryan White and HIV Planning Councils.

TDHCA launched its ~~new~~ fair housing email list in July 2014. This email list is for persons and organizations who wish to be updated on fair housing-related TDHCA news, event information, and announcements. Because of the time needed to sign up to the email list, other email lists were used to advertise consultations. However, fair housing organizations received notice of the consultations, as evidenced by their participation in the Online Forum and Single Family Roundtables.

TDA consults with local governments both in person and through web-based meetings. As a part of the traditional CDBG planning process, public hearings were held in each of the 24 Council of Government planning regions. Each Regional Review Committee, composed of local elected officials, discussed local funding priorities for the Community Development Fund and adopted scoring criteria to implement those priorities. Additionally, the Texas Rural Health and Economic Development Advisory Council (TRHED) met on September 16, 2015, and May 25, 2016, to discuss rural policy issues, as well as receive updates and proposed program changes for the state CDBG program.

Provide a concise summary of the state's activities to enhance coordination with local jurisdictions serving Colonias and organizations working within Colonias communities.

There are two main methods in which TDHCA coordinates its work with other colonia-serving entities. One relates to the Colonia SHC Program which funds specific Texas-border county governments with four-year contracts. Awards and funding associated with this program are reviewed and recommended by a Colonia Resident Advisory Group ("C-RAC"). The other coordination effort relates to a cross-agency effort organized by the Texas Secretary of State that generates structured communications and data collection in conjunction with other state agencies serving colonias with their respective programs. On a very frequent basis—weekly or more often—TDHCA provides guidance and oversight to the county governments with which TDHCA has executed SHC contracts. Somewhat less often, TDHCA provides guidance and technical assistance to the housing subgrantees with whom respective counties have contracted to achieve specific deliverables per their individualized SHC subcontracts. Every one to two

years, TDHCA organizes and implements a workshop for all eligible counties and their subgrantees to review rules and best practices and to exchange other program updates. Periodically, TDHCA convenes a meeting with the C-RAC, which is a group of colonia residents who live in the specific colonias served by the centers. This grass-roots-style committee approves contracts, evaluates county recommendations and provides TDHCA and the counties with guidance on programming and activities in the colonias. Lastly, approximately every two years, TDHCA updates its SHC Program rules, and initiates this process by first soliciting comment from the public at large for critiques of the current rules and suggestions for changes.

As a part of the processes discussed above, TDA met with elected officials from counties serving colonia areas. The local leaders discussed funding priorities for the Community Development Fund, including projects that could serve colonia areas.

On a quarterly basis, TDHCA and TDA convene with several other state agencies that directly serve colonia residents in the areas of utilities infrastructure, transportation infrastructure, water/water water, health services, housing, and consumer issues. This group is called the Colonia Interagency Infrastructure Coordination Work Group and is organized by the Texas Office of the Secretary of State's Colonia Initiatives Program. This group has been meeting regularly since approximately 2007 when Texas passed legislation requiring the systematic identification and classification of Texas colonias, and the tracking of colonia-serving state-funded projects. The overarching goal of the workgroup is to stop the proliferation of colonias and improve the health, safety, and quality of life for colonia residents in the Texas-Mexico border region. By classifying colonias based on their level of infrastructure and access to public health services, various state agencies, and the Texas Legislature are able to prioritize funding and target colonias with critical needs (Texas Office of the Secretary of State, 2010). Besides TDHCA and TDA, other agency members of this work group include the Texas Water Development Board ("TWDB"), the Texas Commission on Environmental Quality, the Texas Department of Transportation, HHSC, and the DSHS.

Further, to promote greater supply of rental housing for colonia residents and to enhance the availability of municipal services to colonias, TDHCA has scoring criteria in its Qualified Allocation Plan for properties proposed in colonias.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

ESG funds are released by Notice of Funding Availability ("NOFA") for an amount of available funding within each Continuum of Care ("CoC") region. Applicants within each CoC region either submit an application for ESG funding directly to TDHCA or to their CoC Lead Agency; if submitted to their CoC Lead, it is the CoC Lead that recommends ESG awards to TDHCA for their region. The CoC and ESG Subrecipients are required to interact on a number of levels. For example, the ESG Subrecipient is required to access the CoC's coordinated access which, per 24 CFR §578 is "designed to coordinate

program participant intake assessment and provision of referrals." In this way, CoCs and ESG Subrecipients work together to address the needs of persons experiencing or at-risk of homelessness.

In 2016, TDHCA held a roundtable in the Wichita Falls/Wise, Palo Pinto, Wichita, and Archer Counties' CoC with CoC member agencies and anti-poverty service providers to determine how ESG funding could be used. For 2015 and 2016 ESG application cycles, TDHCA received no applications from this CoC. Specifically for youth, the CoCs member agencies worked for several months in 2015 and 2016 to count and assess the needs of youth experiencing or at-risk of homelessness. Per the 84(R) Texas Legislative Session House Bill 679, TDHCA was required to conduct a count of youth experiencing homelessness. TDHCA contracted with the Texas Network of Youth Services ("TNOYS") to engage communities to conduct the counts in conjunction with the HUD-required point in time counts or as a stand-alone youth count. As a result of the outreach, the CoC lead agencies or member agencies in 13 Texas communities focused on determining the number of youth experiencing homelessness or housing instability in their communities. The counts resulted in the submission of 1,007 surveys and were part of the statewide initiative called Youth Count Texas! ("YCTX"), conducted from October 2015 to March 2016.

The next phase of YCTX includes the analysis of the data collected by YCTX, along with Texas Education Agency ("TEA"), and Department of Family Protective Services ("DFPS"). TDHCA has contracted with the University of Houston to analyze the data and develop a strategic plan to address youth homelessness, per House Bill 679. As part of the outreach to develop the strategic plan, the University of Houston participated in sessions at the TNOYS conference in August 2016, and at the Texas Conference on Ending Homelessness ("TCEH") in September 2016. The TCEH has the participation of many CoC member agencies.

Specifically for Veterans, TDHCA is conducting a study on Homelessness among Veterans, which is required per 84(R) Texas Legislative Session Senate Bill 1580. The study includes input received from roundtables at the TCEH in 2015 and at the Texas Veterans Commission Summit in 2016, during which over 100 participants gave recommendations on how to address Veteran homelessness.

In addition, the Texas Interagency Council for the Homeless ("TICH") meets at least once a year with CoCs. The TICH was created in 1989 by the Texas Legislature to coordinate the State's homeless resources and services. The TICH created a Youth Workgroup to give input into YCTX and a Veterans Workgroup to provide input into the Study on Homelessness among Veterans. The TICH Youth Workgroup includes DFPS, TEA, Texas Homeless Education Office, Texas Department of Juvenile Justice, and the Texas Health and Human Services Commission. The TICH Veteran Workgroup includes TDHCA, Texas Veteran Commission, Texas Health and Human Services enterprise agencies, Texas State Affordable Housing Corporation, and Texas Homeless Network. The TICH membership as a whole receives regular updates on YCTX and the Study on Homelessness among Veterans.

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects

and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

In October 2016, TDHCA released a draft 2017 ESG NOFA for public comment. During the public comment period, TDHCA anticipates input from the CoCs and ESG subrecipients on how to allocate ESG funds and prioritize scoring, develop performance standards and evaluate outcomes, and develop funding, policies and procedures for HMIS.

The draft 2017 ESG NOFA may include additional points for domestic violence and legal service providers that work to integrate their programs into the CoCs coordinated access/centralized entry system. Several CoC member agencies have communicated to TDHCA that their coordinated access systems function through HMIS. Because domestic violence and legal service providers are not permitted to use HMIS per 24 CFR §576.400(f), those service providers could be excluded from the coordinated access system without a workaround of the current system. Additional points may be available for the purpose of integrating the domestic violence and legal service providers in coordinated access, with the understanding that information entered into an HMIS-comparable database must not be entered directly into or provided to an HMIS.

TDHCA hosted a roundtable to discuss the possibility of instituting sub-regions in the Balance of State CoC region. The Balance of State CoC is the largest CoC with over 200 counties. Through analysis of the last three years of ESG funding cycles, some areas in west and mid Texas have not received State ESG funding as they are competing against all counties in the BoS region. Currently the Balance of State CoC is the most competitive CoC region for ESG applications, with both the largest number of applicants and the highest-scoring applications. The implementation of regions within the Balance of State may encourage local providers in those areas to apply for ESG funding if the competition was limited to local areas.

TDHCA is working with the CoCs to revise the ESG scoring metrics in conjunction with the CoCs. TDHCA has received feedback that the CoC Program has certain targets for similar activities that are higher than ESG's targets. ESG Subrecipients that are CoC members are getting mixed messages by the HUD CoC Program giving different targets of acceptable percentages of goals reached than TDHCA. TDHCA will reevaluate its ESG Subrecipient performance and compare that performance to HUD's CoC targets to determine scoring criteria for the ESG awards.

Last year, TDHCA released a survey seeking program input from the CoCs. TDHCA plans to host an online forum instead of a survey for the 2017 ESG Program. Notice of the online forum will be sent out via email list announcement.

For 2016 ESG funds, TDHCA identified five CoC Lead Agencies that met specific pre-Application criteria and were used to manage a local competition for 2016 ESG funding: Metro Dallas Homeless Alliance for the Dallas City and County CoC; Tarrant County Homeless Coalition for the Fort Worth/Arlington/Tarrant

County CoC; El Paso Coalition for the Homeless for the El Paso City and County CoC; the City of Amarillo for Amarillo CoC; and Coalition for the Homeless of Houston/Harris County for City of Houston/Harris County CoC. TDHCA plans to release a Request for Applications for 2017 ESG Coordinators, which are lead agencies at the CoC that will run a local competition on behalf of TDHCA for ESG funds. In this way, the CoC lead agencies have authority to recommend allocations for ESG program funds and evaluate outcomes for ESG.

TDHCA consults with CoCs through involvement in the TICH and through participation in the TCEH. The TICH held a quarterly meeting on September 21, 2016, in conjunction with this conference. At the meeting, TDHCA sought public input from the TICH and CoC members on coordinated planning around homelessness issues.

2. Agencies, groups, organizations and others who participated in the process and consultations

Table 1 – Agencies, groups, organizations who participated

1	**Agency/Group/Organization**	TICH
	Agency/Group/Organization Type	Housing Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services-Employment Service-Fair Housing Services - Victims Health Agency Child Welfare Agency Other government - Federal Other government - State Other government - County Other government - Local
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Input on the 2017 OYAP will be sought at the January 2017 quarterly meeting of the Texas Interagency Council for the Homeless (TICH). The function of the TICH is to coordinate the state's resources and services to address homelessness. TICH serves as an advisory committee to TDHCA. Representatives from eleven state agencies sit on the council along with members appointed by the governor, lieutenant governor, and speaker of the house of representatives.

2	**Agency/Group/Organization**	Rural Health and Economic Development Advisory Council
	Agency/Group/Organization Type	Housing Services - Housing Services-Health Other government - State Other government - County Other government - Local Regional organization Planning organization Business and Civic Leaders
	What section of the Plan was addressed by Consultation?	Economic Development Anti-poverty Strategy CDBG Method of Distribution
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Details on the Rural Health and Economic Development Advisory Council fall meeting will be included in the final 2017 OYAP. Consisting of nine members, this council is tasked with identifying rural policy priorities and reviewing the effectiveness of existing rural programs. The council's Rural Policy plan focused on strategic initiatives for economic and community development, improvements to existing rural health care systems and recommendations for the use and allocation of Community Development Block Grant funding, which is used to make improvements in rural communities across Texas.

Identify any Agency Types not consulted and provide rationale for not consulting

As indicated in the Introduction, during the ongoing consultation and public participation process, Texas seeks input from a wide range of agency types.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Texas Homeless Network	Texas Homeless Network (THN) is a non-profit membership-based organization helping Texas communities prevent and end homelessness. THN provides training and technical assistance around the state of Texas helping service providers and communities better serve the homeless population with the end goal of preventing and ending homelessness.

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Pathways Home	TICH	Pathways Home presents findings which indicate that greater coordination of employment and health service resources with local housing programs would expand the State's capacity to prevent and end episodes of homelessness. In response to the study findings, Pathways Home proposes a framework to help more of the State's most vulnerable citizens to enter and remain in safe housing. A report is generated annually by the TICH that serves as a supplement to Pathways Home.

Table 2 – Other local / regional / federal planning efforts

Narrative

Since the consolidated planning process is an ongoing effort, the State continues to consult with agencies, groups, and organizations through the program year cycles for CDBG, ESG, HOME, NHTF and HOPWA, and the development of HUD required fair housing documents.

In the development of HUD required fair housing documents, the State plans to consult with housing agencies administering public housing, Public Housing Authorities ("PHAs"), state-based and regionally-based organizations that represent protected class members and organizations that enforce fair housing laws, including agencies that participate in HUD's Fair Housing Initiatives Program ("FHIP") and HUD's Fair Housing Assistance Program ("FHAP"). Further, the State will make available on TDHCA's website HUD-provided data and supplemental information which the State intends to incorporate into these documents. At least three public hearings will be held before a HUD required Fair Housing document is published for comment.

If a material amendment of a HUD required fair housing documents is needed as described in 24 CFR 5.164, reasonable notice by publication on TDHCA's website will be given, comments will be received for no less than 30 days after notice is given, and a public hearing will be optional, and will be held within the public comment period.

Language needs

The State conducted an analysis of eligible program participants with Limited English Proficiency ("LEP"). The analysis was performed for households at 200% poverty, roughly equivalent to 80% area median income statewide in Texas. The overwhelming need, at 74% of LEP persons, was for Spanish language translation. The state will translate vital documents into Spanish. The state will analyze market areas for program beneficiaries to determine if documents should be translated into additional languages. The state will apply four-factor analysis to consider the resources available and costs considering the frequency with which LEP persons come into contact with the program and the nature and importance of the program, activity, or service. The State will make reasonable efforts to provide language assistance to ensure meaningful access to participation by non-English speaking persons.

AP-12 Participation - 91.115, 91.300(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

Encouragement of Public Participation

To reach minorities and non-English speaking residents, the Plan outreach follows ~~TDHCA's~~ the State's Language Access Plan. Also, the notices are available in Spanish and English, per Tex. Gov't Code Chapter 2105. Translators will be made available at public meetings, if requested.

The State encourages the involvement of individuals of low incomes and persons with disabilities in the allocation of funds and planning process through regular meetings, including community-based institutions, consumer workgroups, and councils (many of these meetings are listed in the Strategic Plan Section 35 of the 2015-2019 Consolidated Plan). All public hearing locations are accessible to all who choose to attend. Comments can be submitted either at a public hearing or in writing via mail, fax, or email. Reasonable notice by publication on TDHCA's website at http://www.tdhca.state.tx.us will be given, and comments will be received for no less than 30 days after notice is given.

The State notifies residents in areas where CDBG funds are proposed for use by distributing information on public hearings through the CDBG email list from TDA. Information related to the Plan and opportunities for feedback are provided through webinars and web discussions that allowed participation by residents of rural areas without requiring travel to a central location. Regional public hearings held as part of the Regional Review Committee process also encouraged participation by CDBG stakeholders.

Public hearings

~~The Draft 2017 OYAP was released for a 30-day public comment period from November 11, 2016, to December 12, 2016. A public hearing was held in Austin on November 16, 2015. Constituents were encouraged to provide input regarding all programs in writing or at the public hearing.~~

~~The p~~Public hearing schedule~~s was~~ are published in the Texas Register and on TDHCA's website at http://www.tdhca.state.tx.us, and ~~is~~ are advertised by opt-in email distribution and during various workgroups and committee meetings. During the public comment period, printed copies of ~~the~~ draft ~~P~~plans are available from TDHCA, and electronic copies may be available for download from TDHCA's website. Constituents are encouraged to provide input regarding all programs in writing or at the public hearings. See the Citizen Participation Outreach table below for details of annual outreach.

Criteria for Amendment to the Consolidated Plan

Substantial amendments will be considered if a new activity is developed for any of the funding sources or there is a change in method of distribution. If a substantial amendment is needed, reasonable notice by publication on TDHCA's website at http://www.tdhca.state.tx.us will be given, and comments will be received for no less than 30 days after notice is given. A public hearing will be optional.

Performance Report
The 2017 CAPER will analyze the results of the 2016 OYAP. Due to the short 90-day turnaround time of the end of the State's Program Year (1/31) and the due date of the CAPER, the public will be given reasonable notice by publication on TDHCA's website at http://www.tdhca.state.tx.us. Comment will be accepted for a minimum of 15 days. A public hearing will be optional.

One Year Action Plan
The draft One Year Action Plan ("OYAP") is released for public comment prior to HUD's release of actual annual allocation amounts, and the draft OYAP reflects estimated allocation amounts. Once HUD releases actual annual allocation amounts and prior to submission to HUD, proposed activities' budgets will be increased or decreased from the estimated funding levels to match actual allocation amounts, and proposed program goals will be adjusted proportionally or as otherwise described in the 2017 Action Plan.

Complaints related to the Consolidated planning process follow the TDHCA complaint process, as defined by 10 Texas Administrative Code §1.2.

For details on the development of or amendments to HUD required Fair Housing document, see the AP-10 Narrative section above.

2. Summary citizen participation process and efforts made to broaden citizen participation in Colonias

There are two main methods in which TDHCA coordinates its work with other colonia-serving entities. One relates to the Colonia Self Help Center Program which funds El Paso, Cameron/Willacy, Hidalgo, Starr, Webb, Maverick, and Val Verde counties with four-year contracts. Awards and funding associated with this program are reviewed and recommended by a Colonia Resident Advisory Group ("C-RAC"), which is a group of colonia residents who live in the specific service area served by the centers. The other coordination effort relates to a cross-agency effort organized by the Texas Secretary of State that generates structured communications and data collection in conjunction with other state agencies serving colonias with their respective programs.

TDHCA provides guidance, technical assistance and oversight to the units of local government with which TDHCA has executed SHC contracts. Technical assistance includes program administration, guidelines, requirements needed to fulfill contractual requirements in serving colonia residents with CDBG funding. Every one to two years, TDHCA organizes and implements a workshop for all eligible counties and their subgrantees to review rules, best practices, and exchange other program updates. Periodically, TDHCA convenes a meeting with C-RAC. This grass-roots-style committee considers contract proposals, approves contracts, evaluates county recommendations, and provides TDHCA and the

counties guidance on programming and activities in the colonias. Lastly, approximately every two years, TDHCA updates its SHC Program rules, and initiates this process by first soliciting comment from the public at large for critiques of the current rules and suggestions for changes.

As a part of the process discussed above, TDA met with elected officials from counties serving colonia areas. The local leaders discussed funding priorities for the Community Development Fund, including projects that could serve colonia areas.

On a quarterly basis, TDHCA and TDA convene with several other state agencies that directly serve colonia residents in the areas of utilities infrastructure, transportation infrastructure, water/water water, health services, housing, and consumer issues. This group is called the Colonia Interagency Infrastructure Coordination Work Group and is organized by the Texas Office of the Secretary of State's Colonia Initiatives Program. This group has been meeting regularly since approximately 2007 when Texas passed legislation requiring the systematic identification and classification of Texas colonias, and the tracking of colonia-serving state-funded projects. The overarching goal of the workgroup is to stop the proliferation of colonias and improve the health, safety, and quality of life for colonia residents in the Texas-Mexico border region. By classifying colonias based on their level of infrastructure and access to public health services, various state agencies, and the Texas Legislature are able to prioritize funding and target colonias with critical needs (Texas Office of the Secretary of State, 2010). Besides TDHCA and TDA, other agency members of this work group include the Texas Water Development Board ("TWDB"), the Texas Commission on Environmental Quality, the Texas Department of Transportation, HHSC, and DSHS.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Meeting – TDHCA Board Meeting	Non-targeted/broad community	The Draft 2017 OYAP was presented at the TDHCA Board meeting of November 10, 2016, and the Board approved its release for public comment.	Public comments are accepted at each meeting of the TDHCA Board in accordance with §2306.032(f) and §2306.066(d) of the Tex. Gov't Code. No public comments were received for the Draft 2017 OYAP at the TDHCA Board meeting of November 10, 2016.		TDHCA's board agenda and information is filed with the Texas Office of the Secretary of State ("SOS") in advance of each meeting, in accordance with the Texas Open Meetings Act. Board materials are posted at http://www.tdhca.state.tx.us/board/meetings.htm.
2	Public Comment Period #1	Non-targeted/broad community	The Draft 2017 OYAP was released for a 30-day public comment period from November 14, 2016, to December 15, 2016.	The State received 3 total comments from 10 organizations. A summary of public comments and reasoned responded are provided in Attachment A.		Texas Register Announcement of public hearing and public comment period: https://www.sos.texas.gov/texreg/archive/November252016/In%20Addition/In%20Addition.html#117

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
~~1~~4	Public Hearing	Non-targeted/broad community	The State held a public hearing on ~~November 12, 2015~~December 6, 2016 to receive comments on the Draft 201~~6~~7 OYAP. Three individuals attended and no public comment was provided.	No public comments were received at the public hearing.		http://www.tdhca.state.tx.us/events/index.jsp?eventID=2328
5	Public Meeting – TDHCA Board Meeting	Non-targeted/broad community	A summary of revisions was presented at the TDHCA Board meeting of March 23, 2017.	No public comments were received for proposed revisions to the Draft 2017 OYAP at the TDHCA Board meeting of March 23, 2017.		http://www.tdhca.state.tx.us/board/meetings.htm
6	Public Comment Period #2	Non-targeted/broad community	A Revised Draft 2017 OYAP was released for a 30-day comment period from May 12, 2017, to June 12, 2017.	No public comments were received.		http://www.tdhca.state.tx.us/public-comment.htm

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
7	Public Meeting – TDHCA Board Meeting	Non-targeted/broad community	The Final 2017 OYAP was presented at the TDHCA Board meeting of June 22, 2017.	No public comments were received for the Final 2017 OYAP at the TDHCA Board meeting of June 22, 2017.		http://www.tdhca.state.tx.us/board/meetings.htm
8~~2~~	Internet Outreach	Non-targeted/broad community	TDHCA has a centralized webpage for public comment on all plans, reports, and program rules.	All public comments and reasoned responses are provided in the Public Comment Attachment.		http://www.tdhca.state.tx.us/public-comment.htm

Table 3 – Citizen Participation Outreach

1h

BOARD ACTION REQUEST

HOME AND HOMELESS PROGRAMS DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action on awards for the 2017 HOME Investment Partnerships Program ("HOME") Single Family Programs Homebuyer Assistance ("HBA") and Tenant-Based Rental Assistance ("TBRA") Open Cycle Notice of Funding Availability ("NOFA")

RECOMMENDED ACTION

WHEREAS, through Board action on January 26, 2017, the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") made available approximately $3,000,000 from de-obligated 2015 HOME Single Family funds in an Open Application Cycle NOFA;

WHEREAS, eight applicants requesting 13 contract awards totaling $2,362,000 have been awarded funds and $638,000 remains available to be awarded;

WHEREAS, four additional applicants requesting four contract awards totaling $495,000 have received complete reviews for compliance with program and previous participation requirements;

WHEREAS, the Executive Award and Review Advisory Committee ("EARAC") has recommended the approval of all four awards; and

WHEREAS, following Board approval of the applications presented herein, funding remaining to be awarded under the NOFA will total $143,000;

NOW, therefore, it is hereby

RESOLVED, that awards of HOME funding from the Single Family Programs HBA and TBRA Open Cycle NOFA totaling $495,000 are hereby approved in the form presented at this meeting.

BACKGROUND

On December 2, 2016, HUD published an interim final rule making changes with respect to HOME Program commitment and expenditure requirements. Beginning with FY 2015 HOME allocations, HUD is no longer using the cumulative method for measuring compliance with the requirement that Participating Jurisdictions ("PJs") commit HOME funds within 24 months of obligation. Instead HUD is determining compliance with the deadlines on a grant-specific basis instead of the "cumulative average" approach HUD previously employed. The rule was effective on January 3, 2017.

To ensure that to the extent feasible all HOME funding available from prior year grant funds could be re-committed timely, and in an effort to avoid the potential for a significant amount of funds to be returned to HUD treasury accounts, staff began pursuing several different strategies as outlined in a prior Board Action Request presented on January 26, 2017. That action resulted in the authorization of an Open Application Cycle NOFA, specifically for HBA and TBRA activities that was later amended on May 25, 2017, to extend the deadline and make the remaining funds available for all HBA and TBRA Applicants. Under the NOFA, the selection of Applicants occurs on a first-come, first-served basis, based on Application receipt date and time. Funds in an amount not to exceed $100,000 in project funds per application are authorized to be awarded for HBA activities, and funds in an amount not to exceed $200,000 in project funds per Application are authorized to be awarded for TBRA activities. Applicants can apply for up to three awards total, provided that separate Applications are submitted for each request, and the service areas are mutually exclusive and do not overlap.

EARAC met on August 28, 2017, and recommended approval of these awards.

Staff recommends the following administrator receive a total of four awards as follows.

Award Recommendation Log

App #	HOME Applicant	Activity	Award	Region	Area Served
2017-1016	Concho Valley Community Action Agency	TBRA	$75,000	12	Counties of Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton, and Tom Green
2017-1018	Rolling Plains Management Corporation	TBRA	$200,000	2	Counties of Archer, Baylor, Clay, Cottle, Ford, Hardeman, Jack, Montague, Shackelford, Stephens, Taylor, Wilbarger, Wichita, and Young
2017-1021	Sabine Valley Regional MHMR dba Community Healthcore	TBRA	$200,000	4	City of Texarkana
2017-1022	Rockwall Housing Development Corporation	HBA	$20,000	3, 4	Counties of Collin, Delta, Fannin, Hunt, Kaufman, Lamar, Red River, and Rockwall
		TOTAL	**$495,000**		

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BOARD ACTION REQUEST

TEXAS HOMEOWNERSHIP DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action on the Single Family Mortgage Loan and Mortgage Credit Certificate ("MCC") Programs Participating Lender Lists.

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.149, the Board has the specific duty and power to compile a list of approved mortgage lenders; and

WHEREAS, the Department has compiled a Participating Lender List for the Single Family Mortgage Loan and MCC Programs;

Now, therefore, it is hereby

RESOLVED, that the attached Participating Lender List is approved for use in conjunction with the Single Family Mortgage Loan and MCC Programs.

BACKGROUND

Attached is the current Participating Lender List for both the Single Family Mortgage Loan and MCC Programs. The process to request to become a Participating Lender is open, ongoing, and non-competitive. New mortgage lenders are able to submit documentation for consideration at any time. To date, 165 lending institutions providing mortgage options throughout the state have signed documents to participate in one or both of the programs. Of the list below, 33 are new participants to the program.

In an effort to maintain a well trained and knowledgeable lender network, online lender trainings are available year round on demand by our program administrator on any current mortgage loan program to any existing and/or new participating lender. Additionally, Department staff conducts webinars or on-site lender trainings upon request.

In accordance with Tex. Gov't Code §2306.149, staff is requesting the Board approve a list of mortgage lenders for use in conjunction with the Single Family Mortgage Loan and MCC Program(s).

Approved Lenders	Program(s)
Academy Mortgage Corporation	MFTH/MCC
Affiliated Bank	MFTH/MCC
Affiliated Mortgage Company	MCC
Alterra Group, LLC *	MFTH/MCC
Amarillo National Bank	MCC
AMCAP Mortgage LLC dba Gold Financial Services	MFTH/MCC
AMEC (American Mortgage & Equity Consultants, Inc.)	MCC
American Financial Network, Inc.	MFTH/MCC
American Southwest Mortgage	MCC
America's Choice Home Loans *	MFTH/MCC
AmeriPro Funding, Inc.	MCC
Annie-Mac Home Mortgage (Am Neighborhood Mtg Acceptance Co.)	MCC
ARK-LA-TEX Financial Services, LLC – dba Benchmark Mortgage	MFTH/MCC
Aspire Financial, Inc.	MCC
BancorpSouth Bank *	MFTH/MCC
Bank of America	MCC
Bank of Oklahoma dba Bank of Texas	MCC
Barton Creek Lending Group, LLC *	MCC
Bay Equity LLC	MFTH/MCC
BBMC Mortgage, a division of Bridgeview Bank Group	MFTH/MCC
BlueSky Lending, LLC *	MCC
Bluewater Mortgage, LLC dba Upward Home Loans *	MCC
Broker Solutions Inc., dba New American Funding	MFTH/MCC
CalAtlantic Mortgage, Inc.	MCC
CalCon Mutual Mortgage, LLC dba OneTrust Home Loans	MFTH/MCC
Caliber Home Loans, Inc	MFTH/MCC
Caltex Funding, LP *	MCC
Capstar Lending, LLC	MFTH/MCC
Castle & Cooke Mortgage, LLC.	MFTH/MCC
Cendera Funding, Inc.	MFTH/MCC
City Bank Mortgage	MCC
Citywide Home Loans	MCC
CLM Mortgage, LLC	MCC
CMG Mortgage, INC DBA CMG Financial	MFTH/MCC
Colonial National Mortgage , a Division of Colonial Savings, F.A.	MCC
Columbus Capital Lending *	MFTH/MCC
Commonwealth Mortgage of Texas, LP	MCC
Compass Mortgage, Inc.	MCC
Cornerstone Home Lending, Inc.	MFTH/MCC
Counselors Mortgage Corp	MCC
Crestmark Mortgage Company, Ltd. (Cornerstone is the General Partner)	MFTH/MCC
CrossCountry Mortgage, Inc.	MFTH/MCC
DAS Acquisition Company, LLC *	MFTH

Approved Lenders	Program(s)
DHI Mortgage Co., Ltd.	MFTH/MCC
Diamond Residential Mortgage Corp. *	MFTH/MCC
Draper and Kramer Mortgage Corp dba 1st Advantage Mortgage *	MFTH/MCC
Elite Financing Group, LLC.	MCC
Eagle Home Mortgage, LLC (f/k/a Universal American Mortgage Co)	MFTH/MCC
Envoy Mortgage, Ltd	MFTH/MCC
Eustis Mortgage Corporation dba Finance Home America *	MFTH/MCC
Everett Financial, Inc., dba Supreme Lending	MFTH/MCC
Fairway Independent Mortgage Corp	MFTH/MCC
Finance of America Mortgage, LLC	MFTH/MCC
First American Mortgage	MCC
First California Mortgage DBA FirstCal	MFTH/MCC
First Choice Loan Services, Inc.	MFTH/MCC
First Community Bank	MCC
First Continental Mortgage, LTD.	MFTH/MCC
First National Bank of Trenton	MCC
FNBT dba First Community Mortgage	MFTH/MCC
Freedom Mortgage Corporation *	MFTH
Gardner Financial Services, Ltd. dba Legacy Mutual Mortgage	MFTH/MCC
Gateway Mortgage Group, LLC	MFTH/MCC
GenEquity Mortgage, Inc. *	MFTH/MCC
Geneva Financial, LLC *	MFTH/MCC
Georgetown Mortgage, LLC	MFTH/MCC
Global Home Finance, Inc. *	MFTH/MCC
Gold Standard Mortgage *	MCC
Gold Star Mortgage Financial Group	MCC
Great Plains National Bank	MCC
Guild Mortgage Company	MFTH/MCC
Hamilton Group Funding, Inc	MCC
Hancock Mortgage	MCC
Highlands Residential Mortgage	MFTH/MCC
HomeBridge Financial Services, Inc (prev REMN)	MFTH/MCC
Hometown Lenders, LLC *	MFTH/MCC
Hometrust Mortgage Company	MFTH/MCC
Homeway Mortgage	MCC
Homewood Mortgage, LLC	MCC
Houstonian Mortgage Group, Inc. (HMG Mtg now part of AmCap Mtg).	MFTH/MCC
IberiaBank Mortgage Company	MCC
IHS Mortgage, LLC	MCC
Impact Capital Mortgage *	MCC
Independent Bank (Northstar Bank of Texas) *	MFTH/MCC
Infinity Mortgage Holdings, LLC	MCC
Integrity First Financial Group, Inc.	MCC
InterLinc Mortgage Services, LLC	MFTH/MCC

Approved Lenders	Program(s)
International City Mortgage, Inc.	MCC
JP Morgan Chase	MCC
K. Hovnanian American Mortgage, LLC.	MFTH/MCC
KBHS Home Loans, LLC *	MCC
Keller Mortgage LLC (dba's Primero Home Loans, Smarter Mortgages) *	MFTH
LeaderOne Financial Corp.	MFTH/MCC
Liberty Bank and Trust Co.	MCC
Liberty Mortgage (Wendeburg Interests)	MCC
Loan Simple Inc.	MFTH
LoanDepot LLC dba iMortgage	MFTH/MCC
LoanStar Home Loans, LLC dba LoanStar Home Lending	MFTH/MCC
Mann Mortgage	MCC
Maria Development, Inc. dba Peoples Mortgage Company *	MFTH
MI Financial Corporation *	MFTH/MCC
Mid America Mortgage, Inc.	MFTH/MCC
Mission Mortgage of Texas, Inc.	MFTH/MCC
MLD Mortgage, Inc. DBA The Money Store	MCC
Mortgage Financial Services, LLC.	MFTH/MCC
Mortgage Pros, Inc	MCC
Mortgage Services, Inc.	MCC
Mountain West	MFTH/MCC
Nations Reliable Lending	MFTH/MCC
Nationstar Mortgage, LLC	MCC
Network Funding, L.P.	MFTH/MCC
New ERA Mortgage Services, Inc. *	MCC
New Penn Financial, LLC	MFTH/MCC
Oak Mortgage Group	MCC
On Q Financial, Inc.	MFTH/MCC
Open Mortgage, LLC	MFTH/MCC
Pacific Union Financial, LLC.	MFTH/MCC
Paramount Residential Mortgage Group (PRMG)	MCC
Patriot Bank Mortgage, Inc.	MCC
PNC Mortgage	MCC
Precious Realty & Mortgage, LLC	MCC
Premier Nationwide Lending (NTFN, Inc.)	MFTH/MCC
Primary Residential Mortgage	MFTH/MCC
PrimeLending	MFTH/MCC
PrimeWest Mortgage Corp.	MCC
Princess Palace, LLC dba Impact Mortgage *	MCC
Prodigy, Inc.	MCC
Prospect Mortgage	MCC
Pulte Mortgage LLC	MFTH/MCC
RANLife,Inc.	MCC
Republic State Mortgage Company	MFTH/MCC

Approved Lenders	Program(s)
Residential Bancorp	MCC
Rocky Mountain Mortgage Company	MFTH
Secure Financial Services, Inc. dba Secure Mortgage Company *	MCC
Security American Mortgage	MCC
Security National Mortgage Company	MFTH/MCC
Sente Mortgage	MFTH/MCC
SFMC, LP dba Service First Mortgage Co	MFTH/MCC
Southwest Funding, LP *	MFTH/MCC
Stearns Lending, Inc. *	MFTH/MCC
Success Mortgage Partners, Inc.	MFTH/MCC
SWBC Mortgage Corporation	MFTH/MCC
Texana Bank *	MCC
Texas Bank Financial dba Texas Bank Mortgage Co.	MCC
The Home Lending Group (Modern Mortgage)	MFTH/MCC
The Lending Partners, LLC	MCC
Top One Mortgage LLC	MCC
Town Square Mortgage & Investments, Inc. dba Town Square Financial *	MFTH/MCC
Tri-State Mortgage Company	MFTH/MCC
TXL Mortgage Corporation	MCC
Union Home Mortgage Corporation *	MCC
US Bank Home Mortgage	MFTH
Veterans United Home Loans	MCC
Victorian Finance, LLC	MCC
W.J. Bradley Mortgage Capital	MCC
Wallick & Volk, Inc.	MFTH/MCC
Waterstone Mortgage *	MFTH/MCC
Wells Fargo Home Mortgage	MCC
WestStar Bank	MFTH
Weststar Mortgage Corporation	MCC
Whitney Bank	MFTH/MCC
Willow Bend Mortgage	MFTH/MCC
Wolfe Financial, Inc. dba Integrity Mortgage Group	MCC
Woodside Mortgage Corporation	MCC
WR Starkey Mortgage, LLP	MFTH/MCC

* Approved within last 12 months

MFTH - My First Texas Home (Single Family Loan Program)

MCC - Texas Mortgage Credit Certificate Program

1j

BOARD ACTION REQUEST

COMMUNITY AFFAIRS DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action on the Section 8 Program 2018 Streamlined Annual Public Housing Agency ("PHA") Plan for the Housing Choice Voucher Program and update on revisions to the Section 8 Administrative Plan

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") Department operates as a PHA; and

WHEREAS, 42 U.S.C §1437(c-1) (a) and (b) requires PHAs to submit an annual PHA Plan that has been made available for public comment;

Now, therefore, it is hereby

RESOLVED, that the Department's 2018 Annual PHA Plan is hereby approved in the form presented to this meeting to be made available for public comment and allows the Department to identify Project Access as a preference;

FURTHER RESOLVED, that if there are not substantive public comments received requiring reconsideration of the plan, staff is authorized and directed to file the plan as final with the U.S. Department of Housing and Urban Development ("HUD") with no further Board review; and

FURTHER RESOLVED, that if there are material public comments, staff is directed to bring the plan, with such comments and any recommended revisions, back to this Board for reconsideration.

BACKGROUND

Section 511 of the Quality Housing and Work Responsibility Act of 1998 created the requirement for submission of PHA plans. The PHA Plan is a brief guide to PHA policies, programs, and strategies for meeting local housing needs and goals for the upcoming fiscal year. The Annual Plan, which is prepared and submitted to HUD every year, provides information about the program operations and services for the upcoming fiscal year.

The 2018 Annual Plan will not be adopting any additional preferences for Project Access or the Housing Choice Voucher Section 8 Program. The Department will continue to focus its efforts expanding supply of affordable units; implementing HUDs revised guidance on utility payments schedules, guidance on asset verification, and inspection of dwelling units for initial inspections.

In addition, the Department is making revisions to Administrative Plan regarding Violence against Women Act ("VAWA") and HUD's Lead Safe Housing Rule ("LSHR"). The 2013 Violence Against Women Act ("VAWA") reauthorization law provides enhanced protections and options for victims of domestic violence, dating violence, sexual assault, and stalking. The Department recognizes the

importance of providing housing protections and rights to victims of domestic violence, dating violence, sexual assault and stalking.

HUD requires the Department to give tenants a notice of their rights under VAWA, to develop an emergency transfer plan and to utilize a new certification form for documenting incidents of domestic violence, dating violence, sexual assault and stalking.

The VAWA Notice of Occupancy Rights must be provided to Adult applicants/ participants of Public Housing Authority program and each adult participant. The VAWA Notice of Occupancy Rights must be provided no later than each of the following times for applicants at the time the individual is provided assistance or admission and at the time the applicant is denied assistance or admission.

VAWA Notice of Occupancy Rights must be provided to tenants/participants with any PHA notification of eviction or termination of assistance; and by December 16, 2017, at the time of their annual recertification or lease renewal process. If there will be no recertification or lease renewal during the first year, through other means within the first year as determined by the PHA.

The other administrative plan revision is regarding HUD's LSHR guidance for public housing agencies (PHAs) on the required actions the Department must take when a child in a family receiving public housing assistance is identified as having an elevated blood lead level ("EBLL"). The notice focuses on (but is not limited to) recent changes to HUD's LSHR as it relates to children identified as having an EBLL. The Lead Safe Housing Rule is codified as 24 CFR Part 35, subparts B – R.

To ensure public participation, the Department will appoint annually a Resident Advisory Board, which will consist of all tenants with active Section 8 contracts, to review and comment on the proposed 2018 Annual Plan. The Plan will also be available at 221 East 11th Street, Austin, TX 78701, for review at the Department's Administrative Office on weekdays between 8:00 am and 5:00 pm Austin Local Time; and the Department's website at: www.tdhca.state.tx.us.

Upon Board approval, the Department will publish a notice 45 days prior to scheduling a public hearing to receive public comment on the Plan. If there are no substantive comments, the Plan will be submitted as approved today to HUD. If substantive comments are received, the Plan will be resubmitted to the Board for final approval.

Certification by State or Local Official of PHA Plans Consistency with the Consolidated Plan or State Consolidated Plan *(All PHAs)*

U. S Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 2/29/2016

Certification by State or Local Official of PHA Plans Consistency with the Consolidated Plan or State Consolidated Plan

I, Brooke Boston, the Deputy Executive Director
Official's Title *Official's Name*

certify that the 5-Year PHA Plan and/or Annual PHA Plan of the

Texas Department of Housing and Community Affairs
PHA Name

is consistent with the ~~Consolidated Plan or~~ State Consolidated Plan and the Analysis of Impediments (AI) to Fair Housing Choice of the

Texas Department of Housing and Community Affairs
Local Jurisdiction Name

pursuant to 24 CFR Part 91.

Provide a description of how the PHA Plan is consistent with the Consolidated Plan or State

Staff examined county fair market rents (ªFMRsº), small area fair market rents (ªFMRsº) and hypothetical small area fair market rents by zip code to determine if FMRs in the Department©s Section 8 service area needed to be adjusted to expand tenant housing choice. Higher FMRs provide additional choices and opportunities to tenants in highly competitive rental markets. Staff created a series of maps of housing opportunities within the Department's PHA jurisdiction. The maps show housing opportunities including TDHCA properties and local schools mapped by median rent, median income, and poverty rate. The maps are available by county for each of the 34 counties in the PHA service area.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official	Title
Brooke Boston	Deputy Executive Director
Signature	Date

Streamlined Annual PHA Plan *(HCV Only PHAs)*	**U.S. Department of Housing and Urban Development Office of Public and Indian Housing**	**OMB No. 2577-0226 Expires 02/29/2016**

Purpose. 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, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families

Applicability. Form HUD-50075-HCV is to be completed annually by **HCV-Only PHAs**. PHAs that meet the definition of a Standard PHA, Troubled PHA, High Performer PHA, Small PHA, or Qualified PHA do not need to submit this form. Where applicable, separate Annual PHA Plan forms are available for each of these types of PHAs.

Definitions.

(1) ***High-Performer PHA*** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.

(2) ***Small PHA*** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.

(3) ***Housing Choice Voucher (HCV) Only PHA*** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment, and does not own or manage public housing.

(4) ***Standard PHA*** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS and SEMAP assessments.

(5) ***Troubled PHA*** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.

(6) ***Qualified PHA*** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined, and is not PHAS or SEMAP troubled.

A. PHA Information.

A.1

PHA Name: Texas Department of Housing and Community Affairs **PHA Code**: TX-901
PHA Plan for Fiscal Year Beginning: (MM/YYYY): 01/2018
PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above)
Number of Housing Choice Vouchers (HCVs) 1709
PHA Plan Submission Type: ☑ Annual Submission ☐ Revised Annual Submission

Availability of Information. In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information of the PHA policies contained in the standard Annual Plan, but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at the main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website.

☐ **PHA Consortia**: (Check box if submitting a joint Plan and complete table below)

Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program
Lead HA:				

Progress Report

Expanding supply of affordable units
The Department implemented payment standards between 90% and 110% in areas where market rents were high and there is high demand for rental units it can be challenging for a voucher holder to find a unit. Increased FMRs will aid in areas where voucher holders have had difficulty in finding acceptable units or affording units in more desirable areas. Higher FMRs provide additional choices and opportunities to tenants in highly competitive rental markets. In areas where market rents are higher than 110%, poverty levels are lower, schools are better and there are more opportunities for employment. Ensuring that a household's voucher provides enough assistance to house them and the vouchers is not over-subsidized.

Utility Payment Schedules (HCV)
The policy regarding utility payment schedules was modified to include HUD's mandated language under the administrative streamlining guidance. The established utility allowance schedule is used in determining family share and the Departments subsidy. The Department is using the appropriate utility allowance for the lesser of the size of dwelling unit actually leased by a family or the voucher size issued for which the family qualifies using the Departments subsidy standards.
In cases where the unit size leased exceeds the family's unit size as determined under subsidy standards as a result of a reasonable accommodation, the Department will use the utility allowance for the size of the dwelling unit actually leased by the family.

ASSETS [24 CFR 5609(b)(3), and 24 CFR 5603(b) and 24 CFR 960259]
On March 8, 2016, HUD published the Streamlining Rule in the Federal Register. This rule made permanent changes to the way assets were verified, although with modifications to the process outlined in Notice PIH 2013-03. The approved method to reduce administrative burden and streamline income re-certification efforts states the (1) Applicants must provide full third party verification (i.e. bank statements) at the time of determination of income eligibility. (2) For a resident family with net assets equal to or less than $5,000, a PHA may accept, for purposes of re-certification of income, a family's declaration that it has net assets equal to or less than $5,000, without taking additional steps to verify the accuracy of the declaration. The declaration must state the amount of income the family expects to receive from such assets; this amount must be included in the family's income. However, the PHA must obtain full third-party verification of assets every three years.

VAWA
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.
The Department implemented HUD revised guidance regarding Violence Against Women and Department of Justice Re-authorization Act 2013 (VAWA) comply with the Violence Against Women Act to support and assist victims of domestic violence, dating violence, sexual assault, or stalking.
The Administrative Plan has been updated to reflect the Departments Eligibility policy prohibiting denial of assistance to victims of domestic violence, dating violence, and stalking as required by VAWA. In addition to the transfer and termination of assistance policies reflective in the VAWA objectives and requirements. The Department implemented HUD published guidance regarding major provisions of the Housing Opportunity Through Modernization Act (HOTMA). Provisions of this notice was effective April 18, 2017.

Housing Opportunity through Modernization Act (HOTMA)
On July 29, President Obama signed into law Housing Opportunity through Modernization Act (HOTMA)
Inspection of Dwelling Units for *Initial Inspections*
The PHA will approve tenancy and commence HAP payments when a unit fails HQS, but only if it has non-life-threatening deficiencies. Alternative Housing Quality Standards inspections methods. HUD streamlined rule (FR 5743-F-03), the Department may rely on alternative inspection results for certain units in its annual inspections. Any annual inspections conducted at HOME or LIHTC units can be used as an inspection within the HCV Program.

B. Annual Plan.

B.1 **Revision of PHA Plan Elements.**

(a) Have the following PHA Plan elements been revised by the PHA since its last Annual Plan submission?

Y	N	
☑	☐	Housing Needs and Strategy for Addressing Housing Needs.
☐	☑	Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.
☐	☑	Financial Resources.
☐	☑	Rent Determination.
☐	☑	Operation and Management.
☐	☑	Informal Review and Hearing Procedures.
☐	☑	Homeownership Programs.
☐	☑	Self Sufficiency Programs and Treatment of Income Changes Resulting from Welfare Program Requirements.
☐	☑	Substantial Deviation.
☐	☑	Significant Amendment/Modification.

(b) If the PHA answered yes for any element, describe the revisions for each element(s):

See attachment Housing Needs

B.2 **New Activities**

(a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?

Y	N	
☐	☑	Project Based Vouchers.

(b) If this activity is planned for the current Fiscal Year, describe the activities. Provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan.

B.3 **Most Recent Fiscal Year Audit.**

(a) Were there any findings in the most recent FY Audit?

Y	N	N/A
☐	☑	☐

(b) If yes, please describe:

B.4 **Civil Rights Certification**

Form HUD-50077 *PHA Certifications of Compliance with the PHA Plans and Related Regulations,* must be submitted by the PHA as an electronic attachment to the PHA Plan.

B.5 **Certification by State or Local Officials.**

Form HUD 50077-SL *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan.

B.6 **Progress Report.**

Provide a description of the PHA's progress in meeting its Mission and Goals described in its 5-Year PHA Plan.

See attachment Progress Report

B.7 **Resident Advisory Board (RAB) Comments.**

(a) Did the RAB(s) provide comments to the PHA Plan?

Y	N
☐	☑

(a) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.

Public Hearing held will be held September 15, 2017.

Housing Need.

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.

Housing Need Analysis- Section 8

June 2017

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.

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.

The measure of physical inadequacy is the number of units lacking complete kitchen and/ or plumbing facilities. While this is not a complete measures of physical inadequacy, the lack of plumbing and/ or kitchen facilities can serve as a strong indication of one type of housing inadequacy.

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.

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 2015 levels based on population growth estimates.

Housing Needs for Section 8	**Number**
Population	2,141,577
Number of Individuals in Poverty	377,363
Number of Cost Burdened Households	139,047
Number of Overcrowded Households	19,358
Number of Substandard Housing Units	6,016

2015 American Community Survey 5 year estimate

The TDHCA waiting list is approximately 700 applications. The waiting list figure is a composite of several statewide jurisdictional waiting lists, as well as the Project Access waiting list. There is no waiting list for the Project-Based VASH program.

Instructions for Preparation of Form HUD-50075-HCV
Annual PHA Plan for HCV Only PHAs

A. PHA Information. All PHAs must complete this section. (24 CFR §903.23(4)(e))

A.1 Include the full **PHA Name**, **PHA Code**, **PHA Type**, **PHA Fiscal Year Beginning** (MM/YYYY), **Number of Housing Choice Vouchers (HCVs), PHA Plan Submission Type**, and the **Availability of Information**, specific location(s) of all information relevant to the public hearing and proposed PHA Plan.

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table. (24 CFR §943.128(a))

B. Annual Plan. All PHAs must complete this section. (24 CFR §903.11(c)(3))

B.1 Revision of PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the "yes" box. If an element has not been revised, mark "no."

☑ **Housing Needs and Strategy for Addressing Housing Needs.** Provide a statement addressing the housing needs of low-income, very low-income families who reside in the PHA's jurisdiction and other families who are on the Section 8 tenant-based waiting list. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income), (ii) elderly families and families with disabilities, and (iii) households of various races and ethnic groups residing in the jurisdiction or on the waiting list based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. (24 CFR §903.7(a)(1) and 24 CFR §903.7(a)(2)(i)). 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. 24 CFR §903.7(a)(2)(ii)

☐ **Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.** A statement of the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for HCV. (24 CFR §903.7(b))

☐ **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA HCV funding and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support 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. (24 CFR §903.7(c))

☐ **Rent Determination.** A statement of the policies of the PHA governing rental contributions of families receiving tenant-based assistance, discretionary minimum tenant rents , and payment standard policies. (24 CFR §903.7(d))

☐ **Operation and Management.** A statement that includes a description of PHA management organization, and a listing of the programs administered by the PHA. (24 CFR §903.7(e)(3)(4)).

☐ **Informal Review and Hearing Procedures.** A description of the informal hearing and review procedures that the PHA makes available to its applicants. (24 CFR §903.7(f))

☐ **Homeownership Programs**. A statement describing any homeownership programs (including project number and unit count) administered by the agency under section 8y of the 1937 Act, or for which the PHA has applied or will apply for approval. (24 CFR §903.7(k))

☐ **Self Sufficiency Programs and Treatment of Income Changes Resulting from Welfare Program Requirements.** A description of any PHA programs relating to services and amenities coordinated, promoted, or provided by the PHA for assisted families, including those resulting from the PHA's partnership with other entities, for the enhancement of the economic and social self-sufficiency of assisted families, including programs provided or offered as a result of the PHA's partnerships with other entities, and activities under section 3 of the Housing and Community Development Act of 1968 and under requirements for the Family Self-Sufficiency Program and others. Include the program's size (including required and actual size of the FSS program) and means of allocating assistance to households. (24 CFR §903.7(l)(i)) Describe how the PHA will comply with the requirements of section 12(c) and (d) of the 1937 Act that relate to treatment of income changes resulting from welfare program requirements. (24 CFR §903.7(l)(iii)).

☐ **Substantial Deviation.** PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan. (24 CFR §903.7(r)(2)(i))

☐ **Significant Amendment/Modification**. PHA must provide its criteria for determining a "Significant Amendment or Modification" to its 5-Year and Annual Plan. Should the PHA fail to define 'significant amendment/modification', HUD will consider the following to be 'significant amendments or modifications': a) changes to rent or admissions policies or organization of the waiting list; or b) any change with regard to homeownership programs. See guidance on HUD's website at: Notice PIH 1999-51. (24 CFR §903.7(r)(2)(ii))

If any boxes are marked "yes", describe the revision(s) to those element(s) in the space provided.

B.2 New Activity. If the PHA intends to undertake new activity using Housing Choice Vouchers (HCVs) for new Project-Based Vouchers (PBVs) in the current Fiscal Year, mark "yes" for this element, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake this activity, mark "no." (24 CFR §983.57(b)(1) and Section 8(13)(C) of the United States Housing Act of 1937.

☐ **Project-Based Vouchers (PBV).** Describe any plans to use HCVs for new project-based vouchers. If using PBVs, provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan.

B.3 **Most Recent Fiscal Year Audit.** If the results of the most recent fiscal year audit for the PHA included any findings, mark "yes" and describe those findings in the space provided. (24 CFR §903.11(c)(3), 24 CFR §903.7(p))

B.4 **Civil Rights Certification.** Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulation*, must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the 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. (24 CFR §903.7(o))

B.5 **Certification by State or Local Officials.** Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, including the manner in which the applicable plan contents are consistent with the Consolidated Plans, must be submitted by the PHA as an electronic attachment to the PHA Plan. (24 CFR §903.15)

B.6 **Progress Report.** For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year PHA Plan. (24 CFR §903.11(c)(3), 24 CFR §903.7(r)(1))

B.7 **Resident Advisory Board (RAB) comments**. If the RAB provided comments to the annual plan, mark "yes," submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations. (24 CFR §903.13(c), 24 CFR §903.19)

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 the Annual PHA Plan. The Annual PHA Plan provides 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 for serving the needs of low- income, very low- income, and extremely low- income families.

Public reporting burden for this information collection is estimated to average 4.5 hour 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 thereunder 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

1k

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit ("HTC") Application and a change in the ownership structure of the Development Owner, Developer, and Guarantors prior to issuance of IRS Form(s) 8609 for Decatur-Angle Apartments (HTC #13608)

RECOMMENDED ACTION

WHEREAS, Decatur-Angle Apartments (the "Development") received an award of 4% HTCs and TDHCA-issued bonds in 2014 for the new construction of 302 multifamily units in Fort Worth, Tarrant County;

WHEREAS, the Development Owner has submitted a request for approval for a reduction in the common area from a total of 4,316 square feet to 4,046 square feet (a decrease of 6.26%) and a request for a reduction to the area of the development site from 15.18 acres to 13.65 acres, which results in an increase of 11.17% to the residential density of the Development;

WHEREAS, Board approval is required for a reduction of three percent or more in the square footage of the units or common area under Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(D) and for a modification of the residential density of at least five percent under Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(F);

WHEREAS, the Development Owner has complied with the amendment requirements in 10 TAC §10.405(a);

WHEREAS, the changes do not negatively affect the Development or impact the viability of the transaction;

WHEREAS, the Development Owner has also requested approval for changes to the ownership structure of the Development Owner, Developer, and Guarantors;

WHEREAS, there was a change in the ownership structure of NRP Decatur-Angle SLP LLC, the Class B Special Limited Partner of Decatur-Angle Ltd., the Development Owner, that involves the removal of one of its original principals and the addition of a new affiliated entity but no new principals;

WHEREAS, Alan F. Scott ("Scott"), one of the principals, has retired and sold his interest to the remaining principals, J. David Heller ("Heller") and T. Richard Bailey, Jr. ("Bailey"), which impacts the Development Owner, Developers, and Guarantors in the transaction;

WHEREAS, Scott, in addition to Heller and Bailey, was used to meet the Department's Experience Requirement in the Application; and

WHEREAS, the transfer of ownership is being requested prior to the issuance of IRS Form(s) 8609 and 10 TAC §10.406(e) requires that parties reflected in the Application that have control must remain in the ownership structure and retain such control, unless approved otherwise by the Board, and changes in Developers or Guarantors are considered amendments under 10 TAC §10.405(a)(3)(C) requiring approval;

NOW, therefore, it is hereby

RESOLVED, that the material application amendment, ownership transfer and amendments in the Developer and Guarantor for Decatur-Angle Apartments are 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

Decatur-Angle Apartments (also known as The Landings at Marine Creek) was submitted for a 4% HTC award and TDHCA-issued bonds in 2013 and approved in 2014 to construct 302 units in Fort Worth, Tarrant County. Construction of the Development has been completed, and the cost certification documentation is currently under review by the Department. NRP, the representative of NRP Decatur-Angle SLP LLC, the Class B Special Limited Partner of the Development Owner, Decatur Angle Ltd., has submitted requests for approval for changes to the common area and acreage of the Development Site and for changes to the ownership structure of the Development Owner, Developer, and Guarantors prior to issuance of IRS Form(s) 8609.

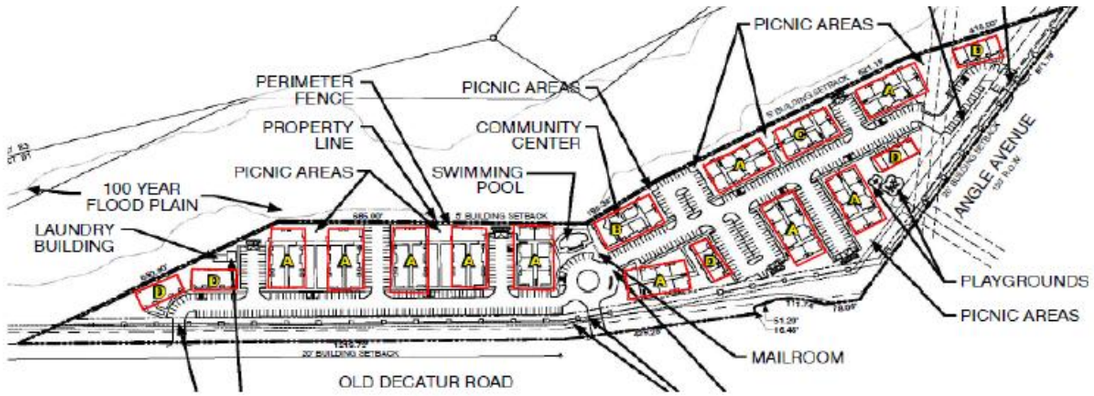
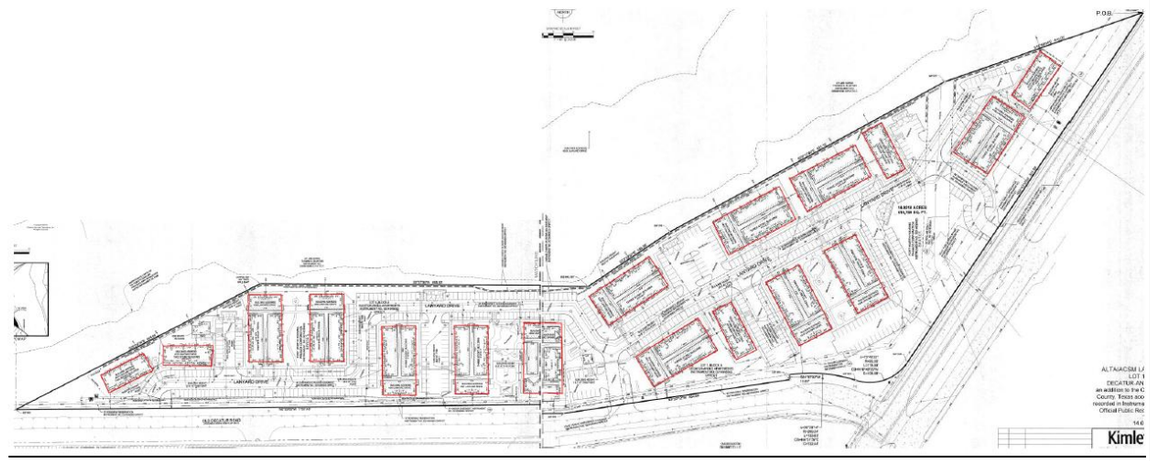
In a letter dated May 8, 2017, the Development Owner requested approval for a correction and a reduction to the common area square footage. The Owner provided a letter dated April 12, 2017, from Alamo Architects, stating that the common area square footage was reported incorrectly in the Application but also acknowledging that the as-built square footage is lower than what was originally anticipated. The common areas in the Application included a community center, a laundry building, and a maintenance building, which were reported to have areas of 3,346 square feet, 436 square feet, and 534 square feet, respectively, for a total of 4,316 square feet. The REA report identified total common area to be 4,320 square feet. However, according to the architect, the correct area for the community center should have been 3,276 square feet, while the area of the laundry building should have been 424 square feet. The square footage of the maintenance building was reported correctly, and therefore, the total common area should have been 4,234 square feet. The Development as-built has a community center of 3,160 square feet and a laundry and maintenance building of 886 square feet, for a total common area of 4,046 square feet. This represents a reduction of 188 square feet (4.44%) from the corrected square footage reported by the Owner and architect, and a reduction of 270 square feet (6.26%) from the common area identified in the Application. The architect explained that 72 square feet of the reduction is due to combining the laundry and maintenance spaces into one building for increased efficiency of the site, construction, maintenance and functionality of the spaces. The remaining 116 square feet of the reduction occurred when the community center was redesigned to relocate the storage, mechanical, and electrical closets away from the adjacent apartment unit front doors in the main breezeway corridor. Board approval is required for a reduction of three percent or more in the square footage of the units or common area under 10 TAC §10.405(a)(4)(D). The Owner indicated that the changes to the common area did not have any financial impact on the project.

The cost certification documentation indicates that the final development costs increased approximately $430,000 (1%) from the Owner's estimate at Application. The final credit recommendation will be determined once the cost certification review is finalized.

The Owner's letter dated May 8, 2017, also requested approval for a reduction to the acreage of the Development site, which resulted in an increase to the residential density of the Development. At Application, a Development site of 15.18 acres was proposed. Based on the as-built survey submitted at cost certification, the area of the Development site is 14.0218 acres. The Owner explained that this reduction of 1.15 acres (7.63%) is due to right-of-way dedication that occurred during the platting process. Staff reviewed the final plat for the Development and confirmed that it reflects the dedication of a mostly 30-foot wide strip along Old Decatur Road. This change in acreage results in an 8.26% increase to the residential density of the Development. Furthermore, during the platting process, the City changed the future ultimate roadway section of Old Decatur Road by including an additional 10-foot wide strip along Old Decatur Road as a Roadway Reservation. This Roadway Reservation allows the City to take an additional 0.3676 acre as right-of-way when needed in the future, which will ultimately reduce the area of the Development site to 13.6542 acres (a 10.05% reduction from the acreage proposed in the Application). As a result, the residential density of the Development increased 11.17%. Board approval is required for a modification of the residential density of at least 5% under 10 TAC §10.405(a)(4)(F).

Although not mentioned in the Owner's amendment request, staff's review of the as-built survey at cost certification revealed a slight re-arrangement of the buildings and drives within the site compared to what was proposed in the Application. However, the number of residential buildings, units, and square footage of the units did not change. These changes are considered Notification Items under 10 TAC §10.405(a)(2)(B), but are disclosed in this board action request. A comparison of the site plan and square footages between Application and as built is provided on the next page.

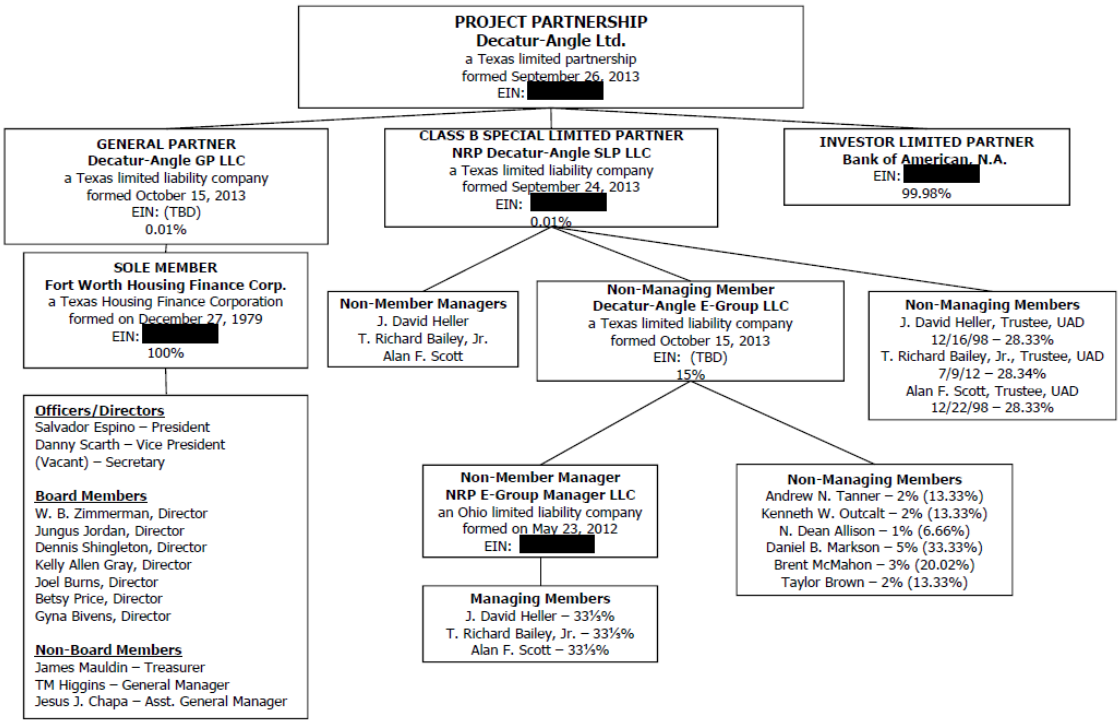
13608- Decatur Angle
Material Alterations as defined in Tex Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(D) and (F)

Application	Amendment
Site acreage = 15.18 acres Units: 302 Density = 19.9 units/acre 17 Residential Buildings & 1 community building 303,834 Net Rentable Square Feet 4,320 Common Area Square Feet	Site acreage = 13.65 acres Unit: 302 Density = 22.1 units/acre 17 Residential Buildings & 1 community building 303,834 Net Rentable Square Feet 4,046 Common Area Square Feet (-26% difference)
	

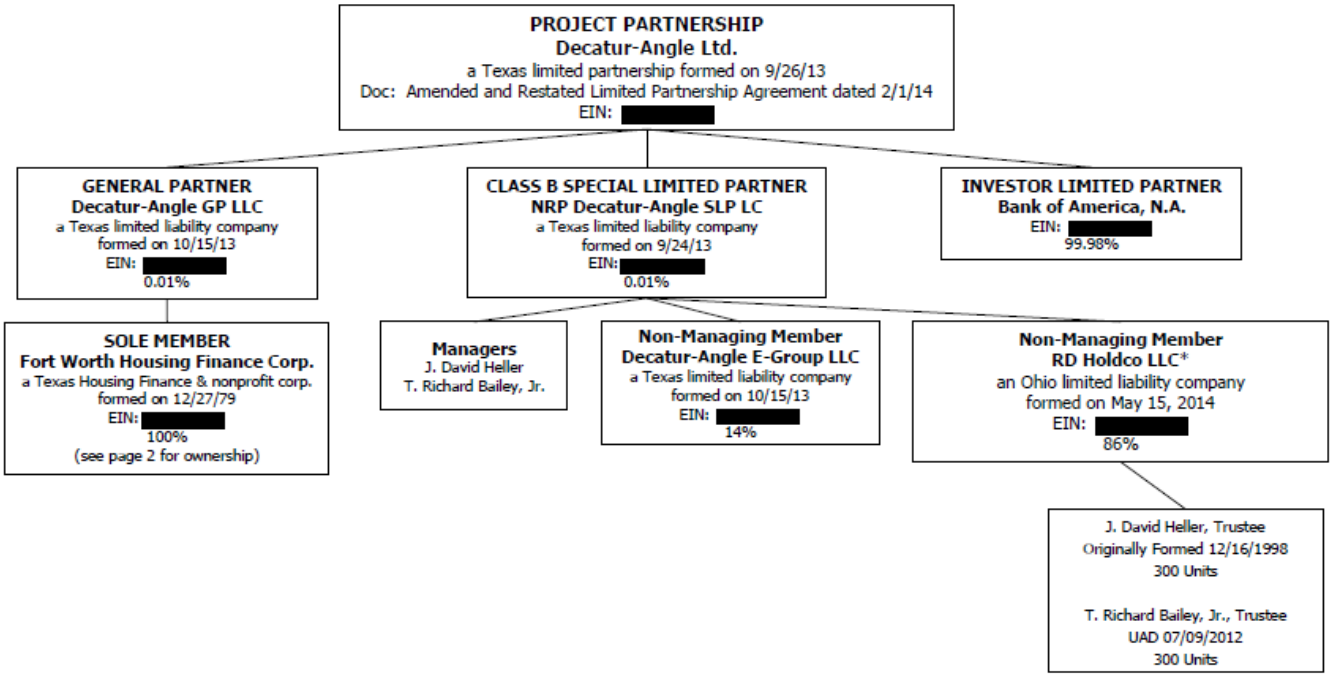
In a letter dated July 26, 2017, NRP has also requested approval for changes in the ownership structure of the Development Owner, Developer, and Guarantors. The changes involve the removal of a principal and the addition of new affiliated entities but no new principals.

The changes to the Development Owner are for the ownership structure of the Class B Special Limited Partner, NRP Decatur-Angle SLP LLC (the "SLP"). At Application, the SLP was anticipated to be owned by Decatur-Angle E-Group, LLC and J. David Heller ("Heller"), T. Richard Bailey, Jr. ("Bailey"), and Alan F. Scott ("Scott"). Heller, Bailey, and Scott were proposed as the managers for this entity and ultimately also controlled Decatur-Angle E-Group, LLC. The ownership transfer request letter from the Owner explains that Scott retired from NRP in 2014 and sold his interest in the various NRP entities and projects to Heller and Bailey. In addition, RD Holdco LLC was added to the ownership structure of the SLP. The organization chart submitted by the Owner identifies RD Holdco LLC as a non-managing member of the SLP. Heller and Bailey own and control this entity and also control the SLP. The revised organization chart for the Development Owner does not identify the ownership structure of Decatur-Angle E-Group LLC, the other non-managing member of the SLP. When questioned about it, the owner contact explained that the common ownership in the E-Group is owned by certain employees of NRP. However, the E-Group is managed by an NRP entity, so those employees have no control. Although Scott was used to meet the Experience Requirement in the Application, Heller and Bailey were also used and remain owners in the Development. As these changes are occurring prior to issuance of IRS Form(s) 8609, Board approval is required under 10 TAC §10 TAC §10.406(e).

Ownership Structure Approved at Application



Revised Ownership Structure



The letter dated July 26, 2017, also explains changes to the Developer and Guarantor and requests approval for those changes. The letter states that in addition to Scott exiting the transaction, Bailey was bought out of NRP's operating companies, including NRP Holdings LLC, NRP Investments LLC, and NRP Contractors LLC. While Bailey retained a non-economic interest in certain entities, he does not exercise any control over these entities. Additionally, several NRP-affiliated entities were added to the ownership structure of NRP Lone Star Development LLC (co-Developer), but no new principals were added.

Finally, the HTC Application identified NRP Holdings LLC and NRP Contractors LLC as co-Guarantors. In addition to Scott and Bailey exiting the transaction as controlling members of the co-Developer and co-Guarantors, The NRP Group LLC was added as co-Guarantor. This entity is owned by several NRP-affiliated entities and ultimately controlled by Heller.

Staff recommends approval of the material application amendments, ownership transfer and amendments to the Developer and Guarantor for Decatur-Angle Apartments as presented.

Asset Management Division

Amendment Request Form

Completed forms and supporting materials can be emailed to asset.management@tdhca.state.tx.us

TYPE OF AMENDMENT REQUESTED

Date Submitted:

Amendment Requested:
Application and LURA Amendment,

Has the change been implemented? *Yes*

Award Stage: *Cost Certification (Prior to 8609s)*

NOTE: *Material Application or LURA Amendment requests must be received* ***45 days before the Board Meeting****.*

Contact your Asset Manager if you are unsure what type of Amendment to request: https://www.tdhca.state.tx.us/asset-management/contacts.htm

DEVELOPMENT INFORMATION

Dev. Name: Decatur Angle Apartments

File No. / CMTS No.: 13608 /4973

CONTACT INFORMATION

Request Submitted By: Jessica Ludwig

Phone #/Email: (216) 584-0628

/

SECTION 1: COVER LETTER

A cover letter ***MUST*** be submitted with your request. Review your cover letter to ensure it includes:

☒ The change(s) requested ☒ The reason the change is necessary ☒ The good cause for the change

☒ An explanation of whether the amendment was reasonably foreseeable or preventable at the time of Application

SECTION 2: REQUIRED DOCUMENTATION

Entering an Amendment conveys to the Department that representations in the Application have changed. You ***MUST*** provide information about any and all changes made from the time of Application (or as last approved by the Department) in your request, including any items that will be impacted by the requested change. Failure to represent or properly document all changes may result in delays, denials, or a request for re-submission. The following is attached:

☐ Revised Development Financing Exhibits – if sources, terms, conditions, or amounts of financing will be impacted or changed by your amendment request, revised Application exhibits and term sheets (or executed Loan documents and LPA, if the loan has closed) must be submitted

☒ Signed Statement of No Financial Impact – if no sources, terms, conditions, or amount of financing will be impacted or changed by your amendment request, the Owner must sign and submit a statement to this effect

☐ Revised Application Exhibits/Documents Reflecting or Supporting All Requested Changes – revised site plans, surveys, Building and Unit Configuration exhibit, etc.

☒ Material Amendment fee of $2,500 for first amendments, $3,000 for second amendments, $3,500 for third or more. (Applicable to Non-Material Amendments only if changes have been implemented prior to Amendment approval) – *N/A for Developments only funded by a Direct Loan program (HOME, NSP, HTF)*

SECTION 3A: MATERIAL APPLICATION AMENDMENT ITEMS

Check all items that have been modified from the original application (see ***Subchapter E, §10.405(a)(3)***):

☐ Site plan
☐ Scope of tenant services
☐ Exclusion of reqs in Subchapters B & C
☐ Number of units*
☐ Reduction of 3%+ in unit sq ft
☐ Other
☐ Bedroom mix
☒ Reduction of 3%+ common area
☐ Architectural design
☒ Residential density (5%+ change)

If "Number of units" is selected above and the total LI units or LI units at any rent or income level will be reduced, also:

☐ Written confirmation from the lender *and* syndicator that the development is infeasible without the adjustment in units

☐ Evidence supporting the need for the adjustment in units

NOTE: **The approved amendment may carry a penalty in accordance with* ***§10.405(a)(6)(b).***

SECTION 3B: MATERIAL LURA AMENDMENT ITEMS

Check all items that require a material LURA amendment (see Subchapter E, ***§10.405(b)(2)***):

☐ Reductions in the number of LI units
☐ Change in Target Population
☐ Changes to income or rent restrictions
☐ Removal of Non-profit
☒ Other
☐ Change in ROFR period or other ROFR provisions

The following additional items are attached for consideration or will be forthcoming:

☐ Draft Notice of Public Hearing*
☐ Evidence of public hearing*

NOTE: **Draft Notices of Public Hearing must be provided with the Amendment materials 45 days prior to the Board meeting. *The Public Hearing must be held at least 15 business days prior to the Board meeting and evidence in the form of attendance sheets and a summary of comments made must be submitted to TDHCA within 3 days of the hearing.*

SECTION 4A: NON-MATERIAL APPLICATION AMENDMENT SUMMARY

Identify all non-material changes that have been or will be made (Contact your Asset Manager if you are unsure of whether your request is non-material):

Short Summary Regarding Application Changes

☐ Amendment is requesting a change in Developer(s) or Guarantor(s) and Previous Participation forms are attached.

SECTION 4B: NON-MATERIAL LURA AMENDMENT SUMMARY

Identify non-material amendments requested to the LURA:

There are two corrections to the LURA. The legal description and the Bin Number's. See the attached letter as well as back up documentation to support these changes.

SECTION 4C: NOTIFICATION ITEM SUMMARY

Identify any notification items from the time of application:

Short Summary Regarding LURA Changes

Decatur-Angle Ltd.
200 Texas St. · Fort Worth, TX 76102
office 817-392-5804 · Fax 817-392-2431

May 8, 2017

Rosalio Banuelos
Asset Manager
Texas Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Re: **TDHCA # 13608- Decatur Angle Apartments**

Dear Mr. Banuelos

Per our conversation on April 28, 2017, this letter will be covering two Amendment requests in which to change both the initial Application and the LURA.

First, during the time of application, the common area included a community center (3,346 sq. ft), a laundry building (436 sq. ft) and maintenance building (534 sq. ft.). The placed-in service numbers are different and are now, community center (3,160 sq. ft.) and the laundry/maintenance combined (886 sq. ft.). The total different between these is 188 sq. ft. which is a 4.44% reduction. Of the 188 sq. ft. difference, the reduction is due to combining the laundry and maintenance spaces into one building. This allowed for increased efficiency of the site, construction, maintenance and functionality of the spaces. The remaining 116 sq. ft. decrease of common space occurred when the community center was re-designed to relocate the storage, mechanical and electrical closets away from the adjacent apartment unit front doors in the main breezeway corridor. In addition to concealing the "back of house" items, the additional separate breezeway crated a secondary access point to the Community Center and pool area amenities while also contributing to the overall constriction and building efficiency. The changes did not have any financial impact to the project.

Please refer to the architect's letter submitted with the deficiency response on 4/20/2017 for confirmation.

Second, we submitted the LURA with an incorrect legal description. Per the initial response by the surveyor, "the delta in acreage is due to the final plat including area that was dedicated as public right- of- way. The post-construction ALTA survey

Decatur-Angle Ltd.
200 Texas St. · Fort Worth, TX 76102
office 817-392-5804 · Fax 817-392-2431

was done after the right-of-way was dedicated by the plat, therefore, was excluded from the total site acreage". After additional review, the surveyor was also able to determine that during the platting process, the City changed the future ultimate roadway section of Old Decatur Road. The City felt that it would be easiest to allow a "Roadway Reservation" rather than ask us to dedicate more right-of-way in 2014, as the updated Master Thoroughfare Plan was not adopted until 2016. Although not specifically referenced in the subdivision ordinance or on the plat, this reservation allows the City to take this as right-of-way when needed in the future. Since this acreage is a change of greater than 5%, we understand that board approval is necessary. If possible, we would like the approval to be considered for the upcoming meeting on June 29, 2017.

In addition, the bin numbers on lines 10-17 of Addendum F did not match up with what was listed in the Determination Notice. Please see the attached, corrected Addendum F.

Subsequently along with this request letter, a check for $2,500.00 was overnighted UPS, to your attention, to cover the required fee.

Respectfully,

Decatur-Angle Ltd., a Texas limited Partnership.

By: Decatur-Angle GP LLC, a Texas limited liability company, its general partner.

By: Fort Worth Housing Finance Corporation, a Texas Housing Finance Corporation

By: _____ PTM

Aubrey Thagard, Assistant General Manager

ALAMO ARCHITECTS

1512 South Flores
San Antonio, Texas 78204
www.alamoarchitects.com
telephone 210.227.2612
facsimile 210.227.9457

April 12, 2017

Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

Re: Decatur Angle Apartments – Response to TDHCA Cost Cert Deficiency Notice

To whom it may concern,

It is our understanding that the Application is being amended to show the correct common area square footage calculations as follows:

- Community Center - 3,276 sq. ft. (3,346 sq. ft. per original Application)
- Laundry building - 424 sq. ft. (436 sq. ft. per original Application)
- Maintenance building - 534 sq. ft. (same as original Application)
- Community building area total - 4,234 sq. ft. (4,316 sq. ft. per original Application)

As an amendment to the Ex. 5A – Development Summary with Architect's Certification, dated June 22, 2016, and to the best of our knowledge, information and belief, the common area square footages in place at Decatur Angle Apartments are as follows:

- Community Center - 3,160 sq. ft. (same as Architect's Certification)
- Laundry/Maintenance building - 886 sq. ft. (not included on Architect's Certification)
- Community building area total - 4,046 sq. ft. (3,160 sq. ft. on Architect's Certification)

The difference between the corrected Application total (4,234 sq. ft.) and the total community building area placed in service (4,046 sq. ft.) is 188 sq. ft. or a 4.44% reduction in common space. Of the 188 sq. ft. difference, 72 sq. ft. of the reduction is due to combining the Laundry and Maintenance spaces into one building, as shown in the October 2013 amended site plan, which allows for increased efficiency of the site, construction, maintenance and functionality of the spaces. The remaining 116 sq. ft. decrease of common space occurred when the Community Center was redesigned to relocate the storage, mechanical, and electrical closets away from the adjacent apartment unit front doors in the main breezeway corridor. In addition to concealing the "back of house" items, the additional separate breezeway created a secondary access point to the Community Center and pool area amenities while also contributing to the overall construction and building efficiency.

Should you have any questions or need any further information, please contact me at (210) 227-2612, or email irby@alamoarchitects.com.

Sincerely,

Albert Irby Hightower, Jr., Principal
Alamo Architects

5A- Development Summary with Architect's Certification (2013 Awards)

Development Name: Decatur-Angle Apartments TDHCA #: 13608

For Developments that received a tax credit award in 2013, please fill out this form with the information requested.

DEVELOPMENT LOCATION

Address: 4250 Old Decatur Road

City: Fort Worth County: Tarrant Zip: 76106

TARGET POPULATION (mark an "x" next to the appropriate description)

Elderly:	
General:	X
Supportive Housing:	

CONSTRUCTION TYPE (mark an "x" next to the appropriate description)

New Construction:	X
Acquisition/Rehabilitation (excluding Reconstruction):	
Acquisition/Rehabilitation (including Reconstruction):	
Adaptive Reuse:	

SITE ATTRIBUTES

Total site acreage:	14.0128
Density:	21.55172414
11-digit Census Tract Number:	48439100300
Flood Zone Designation:	X and A

DEVELOPMENT ATTRIBUTES	APPLICATION	PLACED IN SERVICE
Number of units:	302	302
Number of residential buildings:	17	17
Number of non-residential buildings:	2	2
Maximum number of floors:	3	3
Number of elevators:	0	0
Net rentable area:	303,834	303,834
Community building area:	4,234	4,046
Number of Carports:	0	0
Number of Attached Garages:	0	0
Number of Detached Garages:	0	0
Number of storage spaces:	0	0

EXTERIOR - ROOF (mark an "x" next to the appropriate description)

Architectural Shingle (25-year):	
Architectural Shingle (30-year):	X
Metal Roofing:	
Built-Up Rock:	
Clay Tile:	
Wood Shingle/Shake:	
Other (describe):	

5A- Development Summary with Architect's Certification (2013 Awards)

Development Name: Decatur-Angle Apartments TDHCA #: 13608

EXTERIOR - WALLS (indicate the percentage of each as appropriate)

Hardiplank:	67 %	
Masonry/Brick:	33 %	
Stucco:	%	
Wood Siding:	%	
Other (describe):	%	

INTERIOR - FLOORS (indicate the percentage of each as appropriate)

Carpet:	20 %	
Ceramic Tile:	%	
Resilient Floor Cover:	%	
Other (describe):	80 %	vinyl flooring

AIR SYSTEM (mark an "x" next to the appropriate description)

Central (12 SEER):	
Central (13 SEER):	X
Central (14 SEER):	
Evaporative Cooler:	
Heat Pump:	
Other (describe):	

COMMON AMENITIES (mark an "x" next to each amenity that exists)

	Accessible walking/jogging path separate from a sidewalk and in addition to required accessible routes to Units or other amenities
X	Barbecue grill and picnic table - at least one of each for every 50 Units
X	Common area Wi-Fi
	Community dining room with full or warming kitchen furnished with adequate tables and seating
X	Community laundry room with at least one washer and dryer for each 25 Units
	Community theater room equipped with a 52 inch or larger screen with surround sound equipment; DVD player; and theater seating
X	Controlled gate access
	Covered pavilion that includes barbecue grills and tables - at least one grill and table for every 50 Units
	Dog Park area that is fully enclosed and intended for tenant owned dogs to run off leash or a dog wash station with plumbing for hot and cold water connections and tub drainage (requires that the Development allow dogs)
X	Enclosed community sun porch or covered community porch/patio
X	Equipped and functioning business center or equipped computer learning center. Must be equipped with 1 computer for every 30 Units loaded with basic programs, 1 laser printer for every 3 computers (minimum of one printer) and at least one scanner which may be integrated with printer.
X	Full perimeter fencing
	Furnished and staffed Children's Activity Center that must have age appropriate furnishings and equipment. Appropriate levels of staffing must be provided during after-school hours and during school vacations.

5A- Development Summary with Architect's Certification (2013 Awards)

Development Name: Decatur-Angle Apartments TDHCA #: 13608

X Furnished community room

Furnished fitness center. Equipped with fitness equipment options with at least one option per every 40 Units or partial increment of 40 Units: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, sauna, stair-climber or other similar equipment. Equipment shall be commercial use grade or quality. All Developments must have at least two equipment options but are not required to have more than five
X equipment options regardless of number of Units.

____ Gazebo w/sitting area

____ Health screening room

____ Horseshoe pit, putting green or shuffleboard court

____ Library with an accessible sitting area (separate from the community room)

____ One children's playscape equipped for 5 to 12 year olds, or one Tot Lot

____ Rooftop viewing deck

X Secured bicycle parking

____ Secured Entry (applicable only if all Unit entries are within the building's interior)

____ Senior activity room stocked with supplies (Arts and Crafts, etc.)

____ Service coordinator office in addition to leasing offices

____ Splash pad/water feature play area

____ Sport court (tennis, basketball or volleyball)

X Swimming pool

____ Twenty-four hour monitored camera/security system in each building

X Two children's playscapes equipped for 5 to 12 year olds, two Tot Lots, or one of each

____ Other (describe): _____

____ Other (describe): _____

____ Other (describe): _____

____ Other (describe): _____

GREEN BUILDING AMENITIES (mark an "x" next to each amenity that exists)

at least 20% of the water needed annually for site irrigation is from a rain water harvesting/collection system and/or locally approved greywwater collection system. This can include rainwater harvested from gutters and downspouts to a storage tank or cistern where it can be treated or filtered for potable uses; untreated rainwater may be used for non-
____ potable uses.

native trees and plants installed that are appropriate to the Development Site's soil and microclimate and located to
X allow for shading in the summer and heat gain in the winter.

installation of water-conserving fixtures that meet the EPA's WaterSense Label. Such fixtures must include low-flow or high efficiency toilets, bathroom lavatory faucets, showerheads and kitchen faucets. Rehabilitation Developments
X may install compliant faucet aerators instead of replacing the entire faucets.

all of the HVAC condenser units are located so they are fully shaded 75% of the time during summer months (May
____ through August).

installation of Energy-Star qualified hot water heaters or install those that are part of an overall Energy-Star efficient
____ system.

installation of individual or sub-metered utility meters. Rehabilitation Developments may claim sub-meter only if not
X already sub-metered at the time of Application.

5A- Development Summary with Architect's Certification (2013 Awards)

Development Name: Decatur-Angle Apartments TDHCA #: 13608

healthy finish materials including the use of paints, stains, adhesives and sealants consistent with the Green Seal 11
X standard or other applicable Green Seal standard.

installation of daylight sensor, motion sensors or timers on all exterior lightling and install fixtures that include automatic switching on timers or photocell controls for all lighting not intended for 24-hour operation or required for
X security.

X recycling service provided throughout the compliance period

____ Enterprise Green Communities

____ LEED Certification (Certified, Silver, Gold or Platinum levels)

____ National Green Building Standard.

UNIT AMENITIES (mark an "x" next to each amenity that exists)

All Units must be wired with RG-6/U COAX or better and CAT3 phone cable or better, wired to each bedroom, dining
X room and living room. (Not required for Rehabilitation Developments)

All Units must have central heating and air-conditioning (Packaged Terminal Air Conditioners meet this requirement
X for SRO or Efficiency Units in Supportive Housing Developments only)

X Blinds or window coverings for all windows

Disposal and Energy-Star rated dishwasher (not required for USDA; Rehabilitation Developments exempt from
X dishwasher if one was not originally in the Unit)

X Energy-Star rated refrigerator

X At least one Energy-Star rated ceiling fan per Unit

X Energy-Star rated lighting in all Units, which may include compact fluorescent or LED light bulbs.

X Exhaust/vent fans (vented to the outside) in bathrooms

Adequate parking spaces consistent with local code, unless there is no local code, in which case the requirement would be one and a half (1.5) spaces per Unit for non-Qualified Elderly Developments and one (1) space per Unit for
X Qualified Elderly.

X Laundry connections (not required of Rehabilitation Developments)

X Oven/Range

X Plumbing fixtures (toilets and faucets) must meet design standards at 30 TAC §290.252 (relating to Design Standards)

X Screens on all operable windows

X 100% masonry on exterior

14 SEER HVAC (or greater) or evaporative coolers in dry climates for New Construction, Adaptive Reuse, and
____ Reconstruction or radiant barrier in the attic for Rehabilitation (excluding Reconstruction)

X Covered entries

____ Covered parking (including garages) of at least one covered space per Unit

X Covered patios or covered balconies

____ Desk or computer nook

____ Greater than 75% masonry on exterior

5A- Development Summary with Architect's Certification (2013 Awards)

Development Name: Decatur-Angle Apartments TDHCA #: 13608

____ High Speed Internet service to all Units at no cost to residents

____ Laundry equipment (washers and dryers) for each individual Unit including a front loading washer and dryer in required UFAS compliant Units

__X__ Microwave ovens

__X__ Nine foot ceilings in living room and all bedrooms (at minimum)

__X__ R-15 Walls / R-30 Ceilings (rating of wall/ceiling system)

__X__ Refrigerator with icemaker

__X__ Self-cleaning or continuous cleaning ovens

____ Storage room or closet, of approximately 9 square feet or greater, separate from and in addition to bedroom, entryway or linen closets and which does not need to be in the Unit but must be on the property site

____ Structural Insulated Panel construction with wall insulation at a minimum of R-20 and roof at a minimum R-30

__X__ Thirty (30) year shingle or metal roofing

____ Other (describe): _____

____ Other (describe): _____

____ Other (describe): _____

____ Other (describe): _____

____ Other (describe): _____

Certification of the Architect: Architect hereby certifies that the Development information as set forth in this exhibit is, to the best of his/her knowledge, true and accurate for the subject property.

Alamo Architects
Architect Firm Name

Albert Irby Hightower, Jr.
Name of Architect

Albert J Hightower Jr
Signature

Principal
Title

4.18.2017
Date

LEGAL DESCRIPTION

All of Lot 1 in Block A of DECATUR-ANGLE APARTMENTS, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in Instrument No. D214045003 of the Official Public Records of Tarrant County, Texas and embracing a portion of the 15.182 acre tract described in the deed to Fort Worth Housing Finance Corporation, as recorded in Instrument No. D214038483 of said Official Public Records and being more particularly described by metes and bounds as follows:

BEGINNING at a capped 5/8" iron rod found for the south corner of said Lot 1, a southwesterly corner of the remainder of a 271.286 acre tract described in the deed to Thomas B. Blanton, as recorded in Instrument No. D208415098 of said Official Public Records and being in the northeasterly right-of-way line of Angle Avenue, (having a 120 foot right-of-way);

THENCE North 55°42'35" West, along the southwesterly line of said Lot 1 and said northeasterly right-of-way line of Angle Avenue, a distance of 831.58 feet to a capped 5/8" iron rod recovered marked "KHA" for the southwesterly corner of said Lot 1 at southerly corner the intersection of said northeasterly right-of-way line of Angle Avenue and the easterly right-of-way line of Old Decatur Road (having a variable width right-of-way) and the beginning of a tangent curve to the right;

THENCE northerly along the westerly line of said Lot 1 and said easterly right-of-way line of Old Decatur Road the following:

in a northerly direction, with said curve to the right having a central angle of 73°48'22", a radius of 90.00 feet, an arc length of 115.93 feet and a long chord bearing and distance of North 18°48'25" West, 108.08 feet capped 5/8" iron rod recovered marked "KHA" at the beginning of a reverse curve to the left;
in a northerly direction, with said curve to the left, having a central angle of 26°28'14", a radius of 289.24 feet, an arc length of 133.63 feet and a long chord bearing and distance of North 4°51'39" East, 132.44 feet to a capped 5/8" iron rod recovered marked "KHA";
South 81°37'32" West, a distance of 10.00 feet to a capped 5/8" iron rod recovered marked "KHA";
North 8°22'12" West, a distance of 454.69 feet to a capped 5/8" iron rod set marked "KHA";
North 0°29'05" West, a distance of 1157.46 feet to a capped 5/8" iron rod set marked "KHA" for the north corner of said Lot 1, a southwesterly corner of a tract of land described in the deed to Green Equity Partners, LLC as recorded in Instrument No. D213308911 of said Official Public Records and being in a northwesterly line of said 271.286;

THENCE southerly along the easterly line of said Lot 1 for a westerly line of said 271.286 acre tract the following:

South 26°58'34" East, a distance of 583.64 feet to a capped 5/8" iron rod found marked "PATE RPLS 5647";
South 0°27'35" West, a distance of 685.00 feet to a 60d nail set;
South 33°22'57" East, a distance of 195.38 feet to a capped 5/8" iron rod set marked "KHA";
South 28°17'46" East, a distance of 621.18 feet to a 5/8" iron rod found;
South 18°59'04" East, a distance of 416.00 feet to the **POINT OF BEGINNING** and containing 14.0218 acres or 610,789 square feet of land.

Bearing system based on the Texas Coordinate System of 1983, North Central Zone (4202), North American Datum of 1983.

Jessica Ludwig

From: Rosalio Banuelos <rosalio.banuelos@tdhca.state.tx.us>
Sent: Thursday, May 4, 2017 10:21 AM
To: Middleton, Brandon; Jessica Ludwig
Cc: Ward, Paul
Subject: RE: Decatur Angle

Follow Up Flag: Follow up
Flag Status: Flagged

Brandon,

Thank you for looking into this issue. Your explanation is very helpful.

Rosalio Banuelos
Senior Asset Manager
Texas Department of Housing and Community Affairs
221 E. 11th Street | Austin, TX 78701
Office: 512.475.3357
Fax: 512.475.4420
rosalio.banuelos@tdhca.state.tx.us

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)).

For more information about TDHCA, please visit www.tdhca.state.tx.us.

From: Middleton, Brandon [mailto:brandon.middleton@kimley-horn.com]
Sent: Thursday, May 04, 2017 8:59 AM
To: Jessica Ludwig; Rosalio Banuelos
Cc: Ward, Paul
Subject: RE: Decatur Angle

Jessica / Rosalio –

After additional review of project correspondence, it appears that during the platting process the City changed the future ultimate roadway section of Old Decatur Road. Rather than making you guys dedicate more right-of-way in 2014 as the updated Master Thoroughfare Plan wasn't adopted until 2016 , the City allowed a 'Roadway Reservation'. Although not specifically referenced in the subdivision ordinance or on the plat, this reservation allows the City to take this as right-of-way when needed in the future. For the purposes you described on the call, I would recommend you deduct this total reservation area from the total acreage.

Gross Site Acreage = 14.0218
Roadway Reservation Acreage = 0.3676
Net Site Acreage = 13.6542

Please call with questions.

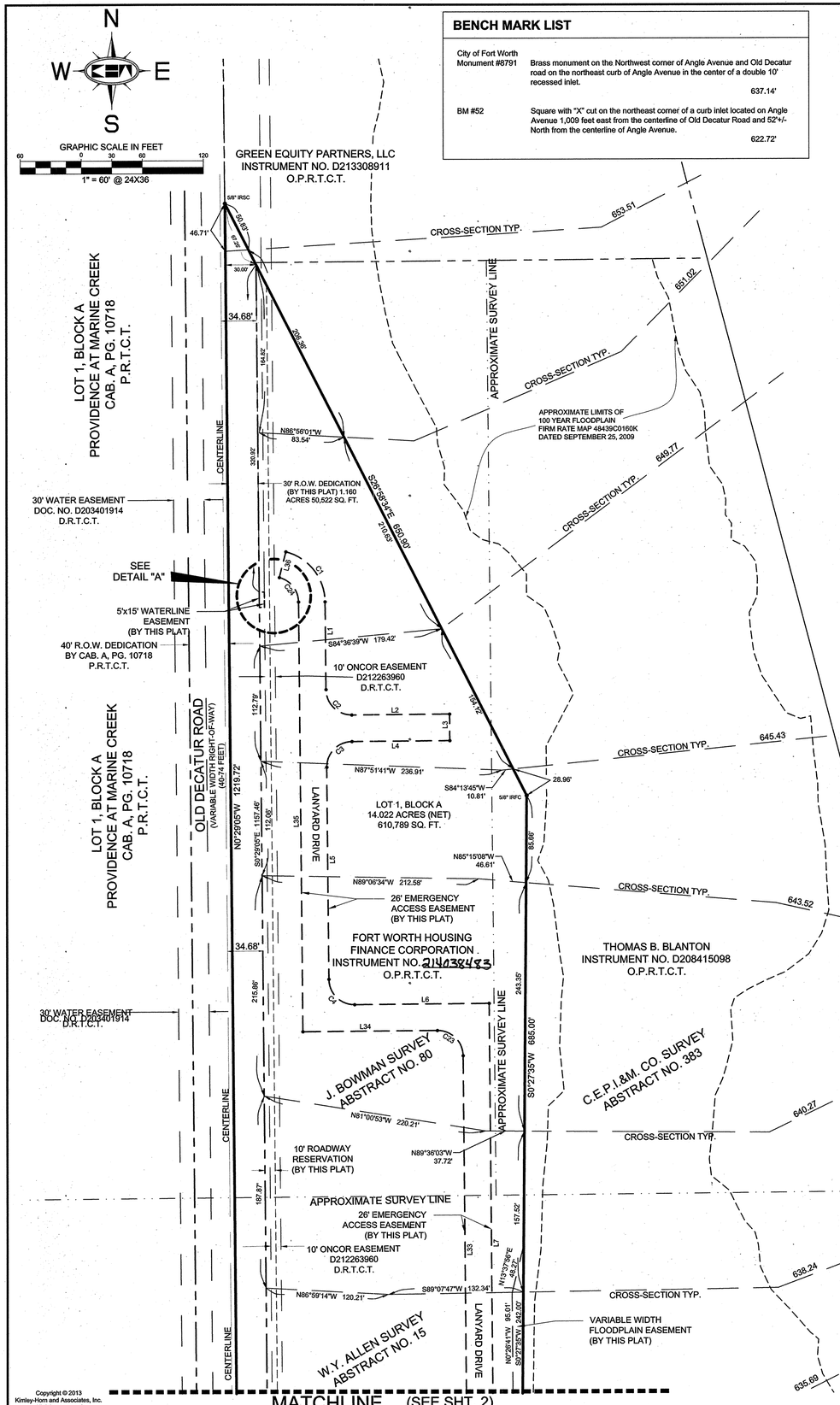
Brandon Middleton, P.E.
Kimley-Horn | 801 Cherry Street, Suite 950, Fort Worth, TX 76102
Direct: 817.339.2275 | Mobile: 817.773.0653

-----Original Appointment-----
From: Jessica Ludwig [mailto:JLudwig@nrpgroup.com]
Sent: Monday, May 01, 2017 3:51 PM
To: Jessica Ludwig; Rosalio Banuelos; Middleton, Brandon
Subject: Decatur Angle
When: Tuesday, May 02, 2017 2:00 PM-2:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: 216-475-8900 meet me 5235

Let me know if this does not work for either of you.

APPENDIX E- MINIMUM APPLICABLE FRACTION BY BUILDING

Building Number	Building Identification Number (BIN)	Minimum Applicable Fraction
1.	TX-13-60801	100%
2.	TX-13-60802	100%
3.	TX-13-60803	100%
4.	TX-13-60804	100%
5.	TX-13-60805	100%
6.	TX-13-60806	100%
7.	TX-13-60807	100%
8.	TX-13-60808	100%
9.	TX-13-60809	100%
10.	TX-13-60810	100%
11.	TX-13-60811	100%
12.	TX-13-60812	100%
13.	TX-13-60813	100%
14.	TX-13-60814	100%
15.	TX-13-60815	100%
16.	TX-13-60816	100%
17.	TX-13-60817	100%
18.	TX-	
19.	TX-	
20.	TX-	
21.	TX-	
22.	TX-	
23.	TX-	
24.	TX-	
25.	TX-	
26.	TX-	
27.	TX-	
28.	TX-	
29.	TX-	
30.	TX-	
31.	TX-	
32.	TX-	
33.	TX-	
34.	TX-	
35.	TX-	
36.	TX-	
37.	TX-	
38.	TX-	



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BENCH MARK LIST

City of Fort Worth Monument #8791	Brass monument on the Northwest corner of Angle Avenue and Old Decatur road on the northeast curb of Angle Avenue in the center of a double 10' recessed inlet. 637.14'
BM #52	Square with "X" cut on the northeast corner of a curb inlet located on Angle Avenue 1,009 feet east from the centerline of Old Decatur Road and 52'+/- North from the centerline of Angle Avenue. 622.72'

OWNER'S CERTIFICATION

STATE OF TEXAS §
COUNTY OF TARRANT §

KNOW all men by these presents that FORT WORTH HOUSING FINANCE CORPORATION , is the owner of the following described property:

BEING a tract of land situated in the Y. W. Allen Survey, Abstract No. 15, the J. Bowman Survey, Abstract No. 80, and the C.E.P.I. & M. Survey, Abstract No. 383, City of Fort Worth, Tarrant County, Texas and being a part of a 271.256 acre tract describe in deed to Thomas B. Blanton as recorded in Instrument No. D208415098 of the Official Property Records of Tarrant County, Texas, being all of the 15.182 acre tract of land described in deed to Fo rt Worth Housing Finance Corporation recorded in Instrument No. D 214038483 and being more particularly described as follows:

BEGINNING at a 3/4" iron rod found at the intersection of the easterly right of way of Old Decatur Road (a variable width right-of-way) with the northerly right-of-way of Angle Avenue (a 120' right-of-way), said rod being the southwest corner of said Blanton tract;

THENCE with the westerly line of said Blanton tract and the easterly right-of-way of Old Decatur Road the following courses and distances to wit:

North 8°09'11" West, a distance of 78.06 feet to a 5/8" iron rod found with plastic cap at the beginning of a non-tangent curve to the left having a central angle of 27°50'04", a radius of 230.00 feet, a chord bearing and distance of North 5°51'25" East, 110.64 feet;

Continuing in a northeasterly direction, with said curve to the left, an arc distance of 111.73 feet to a 5/8" iron rod with "PATE" cap found at the end of said curve;

North 20°27'59" West, a distance of 51.20 feet to a 5/8" iron rod with "PATE" cap found;

South 81°56'31" West, a distance of 16.46 feet to a "PK nail" found;

North 8°22'12" West, a distance of 429.28 feet to a "PK nail" found;

North 0°29'05" West, a distance of 1219.72 feet to a 5/8" iron rod with "KHA" cap set for the southwest corner of a 5.001 acre tract described in deed to Green Equity Partners, LLC as recorded in Instrument No. D213308911 of the Official Property Records of Tarrant County, Texas;

THENCE leaving said easterly right-of-way of Old Decatur Road, S 26°58'34" E, passing at a distance of 64.84 feet the most southerly southwest corner of said Green Equity Partners, LLC tract and continuing in all a total distance of 650.90 feet to a 5/8" iron rod with "PATE" cap found;

THENCE continuing over and across said Blanton tract the following courses and distances to wit:

South 0°27'35" West, a distance of 685.00 feet to a 5/8" iron rod with "KHA" cap set;

South 33°22'57" East, a distance of 195.38 feet to a 5/8" iron rod with "IDS" cap found;

South 28°17'46" East, a distance of 621.18 feet to a 5/8" iron rod with "IDS" cap found;

South 18°59'04" East, a distance of 416.00 feet to a 5/8" iron rod found with plastic cap, said rod being in the northerly right-of-way of said Angle Avenue;

THENCE with said northerly right-of-way of said Angle Avenue, North 55°42'35" West, a distance of 871.79 feet to the **POINT OF BEGINNING** and containing 15.182 acres or 661,311 square feet of land to be known as:

DECATUR-ANGLE APARTMENTS LOT 1, BLOCK A,

An addition to the City of Fort Worth, Tarrant County, Texas, and do hereby dedicate to the public use forever the easements and rights-of-way as shown hereon.

EXECUTED THIS 21st day of Feb. 2014

By: FORT WORTH HOUSING FINANCE CORPORATION, A Texas Housing Finance Corporation

Jesus J. Chapa, Assistant General Manager

STATE OF TEXAS §
COUNTY OF TARRANT §

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared Jesus J. Chapa, known to me to be the person whose name is subscribed to the foregoing instruments, and acknowledged to me that he executed the same for the purpose and considerations therein expressed and in the capacity therein stated.

GIVEN under my hand and seal of office, this the 21st day of February 2014.

Notary Public of Texas

SARAH J. COLE
MY COMMISSION EXPIRES
November 5, 2015

SURVEYOR'S CERTIFICATE

KNOW ALL MEN BY THESE PRESENTS:
I, Dana Brown, a Registered Professional Land Surveyor in the State of Texas, do hereby certify that I have prepared this plat from an actual on the ground survey of the land, and that the corner monuments shown thereon were properly placed under my personal supervision in accordance with Platting Rules and Regulations of the City Planning Commission of the City of Fort Worth, Tarrant County, Texas.

DANA BROWN
Registered Professional Land Surveyor No. 5336
KIMLEY-HORN AND ASSOCIATES, INC.
12750 Merit Drive, Suite 1000
Dallas, Texas 75251
(972) 770-1300

STATE OF TEXAS
REGISTERED
DANA BROWN
5336
PROFESSIONAL
LAND SURVEYOR
2.19.14

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared Dana Brown, known to me to be the person whose name is subscribed to the foregoing instruments, and acknowledged to me that he executed the same for the purpose and considerations therein expressed and in the capacity therein stated.

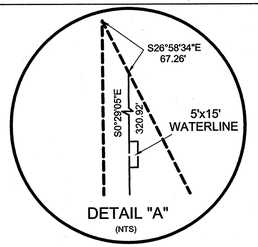
GIVEN under my hand and seal of office, this the 19 day of February 2014.

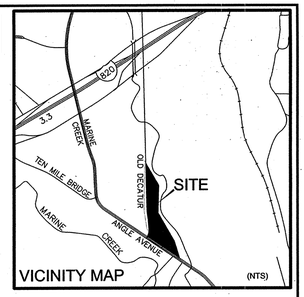
Notary Public of Texas

KASSIE L. STEELE
Notary Public, State of Texas
My Commission Expires
April 07, 2015

RECORDED IN INSTRUMENT NO. D214045003 O.P.R.T.C.T., DATED 3-7-14

Bearing System based on the Texas Coordinate system of 1983. North Central Zone (4202). North American Datum of 1983.





LEGEND

C.M.	CONTROLLING MONUMENT
IRSC	5/8" IRON ROD W/ "KHA" CAP SET
IRFC	IRON ROD WITH CAP FOUND
PKS	PK NAIL SET
PKF	PK NAIL FOUND
IRF	IRON ROD FOUND
XS	"X" CUT IN CONCRETE SET
XF	"X" CUT IN CONCRETE FOUND
P.O.B.	POINT OF BEGINNING
S.F.	SQUARE FEET
INST.	INSTRUMENT
P.R.T.C.T.	PLAT RECORDS TARRANT COUNTY TEXAS
D.R.T.C.T.	DEED RECORDS TARRANT COUNTY TEXAS
ESMT.	EASEMENT

NOTES:

1. No permanent buildings or structures shall be constructed over any existing or platted water, sanitary sewer, drainage, gas, electric, cable or other utility easement of any type.
2. No building permits shall be issued for any lot in this Subdivision until an appropriate CFA or other acceptable provisions are made for the construction of any applicable water, sewer, storm drain, street lights, sidewalks, or paving improvements; and approval is first obtained from the City of Fort Worth.
3. Sidewalks are required adjacent to both sides of all public and private streets, in conformance with the *Sidewalk Policy* per City Development Design Standards".
4. Any public utility, including the City of Fort Worth, shall have the right to move and keep moved all or part of any building, fence, tree, shrub, other growth or improvement which in any way endangers or interferes with the construction, maintenance, or efficiency of its respective systems on any of the easements shown on the plat; and they shall have the right at all times to ingress and egress upon said easements for the purpose of construction, re-contruction, inspection, patrolling, maintaining, and adding to or removing all or part of its respective systems without the necessity at any time of procuring the permission of anyone.
5. No construction shall be allowed within the floodplain easement, without the written approval of the Director of Transportation and Public Works. In order to secure approval, detailed engineering plans and/or studies for the improvements, satisfactory to the Director, shall be prepared and submitted by the party(s) wishing to construct within the flood-plain. Where construction is permitted, all finished floor elevations shall be a minimum of two (2) feet above the 100 year flood elevation. Cross-sections shown on plat indicate Minimum Finished Floor Elevations.
6. The existing creek, stream, river, or drainage channel traversing along of across portions of this addition, will remain unobstructed at all times and will be maintained by the individual lot owners whose lots are traversed by, or adjacent to, the drainage-ways. The City of Fort Worth will not be held responsible for the maintenance, erosion control, and/or operation of said drainage-ways. Property owners shall keep the adjacent drainage-ways traversing their property clean and free of debris, silt or other substances which would result in unsanitary conditions, and the City shall have the right of entry for the purpose of inspecting the maintenance work by the property owners. The drainage-ways are occasionally subject to storm water overflow and/or bank erosion that cannot be defined. The City of Fort Worth shall not be liable for any damages resulting from the occurrence of those phenomena, nor the failure of any structure(s) within the drainage-ways. The drainage-way crossing each lot is contained within the floodplain easement line as shown on the plat.
7. The City of Fort Worth shall not be responsible for maintenance of private streets, drives, emergency access easements, recreation areas, open spaces and drainage facilities, and said owners agree to indemnify and save harmless the City of Fort Worth, Texas, from claims, damages and losses arising out of or from performance of the obligations of said owners set forth in this paragraph.
8. The property is in Zone "X" per the Federal Insurance Rate Map (FIRM) No. 48439C0160 K, dated September 25, 2009, published by Federal Emergency Management Agency (FEMA) and is not in a special flood hazard area.
9. Parkway improvements such as curb and gutter, pavement tie-in, drive approaches, sidewalks and drainage inlets may be required at the time of building permit issuance via a parkway permit.
10. The Tree Preservation ordinance of the City of Fort Worth applies. The applicant is required to obtain an Urban Forestry Plan (UFP) permit as appropriate. Contact the Urban Forestry Compliance Section at the City of Fort Worth for information.
11. The City of Fort Worth has an ordinance implementing the assessment and collection of water and wastewater impact fees.The total amount assessed is established on the filing date of this plat application, based upon schedule I of the current impact fee ordinance,The amount to be collected is determined under schedule II of said ordinance, and becomes effective on the date a building permit is issued, or the connection date to the municipal water and/or wastewater system.
12. A site drainage study which will show conformance with the approved roadway drainage plan may be required before any building permit will be issued on this site (a site grading plan in some cases may be adequate to show conformance).If the site does not conform, then a drainage study may be required along with a CFA for any required drainage improvements.
13. The City of Fort Worth has an ordinance implementing the assessment and collection of transportation impact fees.The total amount assessed is established on the approval date of this plat application, based upon Schedule 1 of the impact fee ordinance in effect as of the date of the plat.The amount to be collected is determined under Schedule 2 of said ordinance, and is due on the date a building permit is issued.
14. Public Open Space Easement
No structure, object, or plant of any type may obstruct vision from a height of 24-inches to a height of 11-feet above the top of the curb, including, but not limited to buildings, fences, walks, signs, trees, shrubs, cars, trucks, etc., in the public open space easement as shown on this plat.
15. Minimum building finished flood shall be 2-feet above the 100- year frequency precipitation event under ultimate development conditions.
16. PVR REQUIRED: A private, pressure reducing valve will be required if water pressure exceeds 80 PSI.

CASE NO. FS-013-174

FINAL PLAT
DECATUR-ANGLE APARTMENTS
LOT 1, BLOCK A
BEING 15.182 ACRES OUT OF THE
Y. W. ALLEN SURVEY ABSTRACT NO. 15
J. BOWMAN SURVEY, ABSTRACT NO. 80
C.E.P.I.& M. SURVEY, ABSTRACT NO. 383
CITY OF FORT WORTH, TARRANT COUNTY, TEXAS

OWNER :
FORT WORTH HOUSING FINANCE CORPORATION
1000 Throckmorton Street
Fort Worth, Texas 76102

DEVELOPER:
The NRP Group, LLC
200 Concord Plaza, Suite 900
San Antonio, Texas 78216
Phone: (216) 475-8900
Contact: Ana Padilla

ENGINEER:
KIMLEY-HORN AND ASSOCIATES, INC.
601 NW Loop 410, Suite 350
San Antonio, TX 78216
Contact: STEPHEN GOSE, PE
Tel. No.: (210) 541-9166

SURVEYOR:
KIMLEY-HORN AND ASSOCIATES, INC.
12750 Merit Drive, Suite 1000
Dallas, Texas 75251
Contact: Dana Brown, RPLS
Tel. No.: (972) 770-1300

Kimley-Horn and Associates, Inc.
12750 Merit Drive, Suite 1000
Dallas, Texas 75251
FIRM # 101155-00
Tel. No. (972) 770-1300
Fax No. (972) 239-3820

Scale	Drawn by	Checked by	Date	Project No.	Sheet No.
1" = 60'	RSG	DAB	02/07/2014	068682806	1 OF 2

DWG NAME: K:\DAL_SURVEY\068682806-ANGLE AVE FW\DWG\068682806-ANGLE AVE FINAL PLAT.DWG PLOTTED BY: GORDON, ROBERT 2/19/2014 8:18 AM LAST SAVED 2/18/2014 9:26 AM

MATCHLINE (SEE SHT. 1)

LINE TABLE		
NO.	BEARING	LENGTH
L1	S00°29'05"E	86.00'
L2	N89°30'55"E	96.00'
L3	S00°29'05"E	26.00'
L4	S89°30'55"W	96.00'
L5	S00°29'05"E	207.75'
L6	N89°30'55"E	132.00'
L7	S00°29'05"E	458.53'
L8	S56°37'03"W	77.73'
L9	S33°22'57"E	138.00'
L10	S28°17'46"E	519.28'
L11	S55°42'06"E	180.16'
L12	S34°17'54"W	26.00'
L13	N55°42'06"W	105.85'
L14	S34°17'54"W	66.30'
L15	S34°17'25"W	20.00'
L16	N55°42'35"W	26.00'
L17	N34°17'25"E	20.00'
L18	N34°17'54"E	57.58'

LINE TABLE		
NO.	BEARING	LENGTH
L19	N28°17'46"W	104.87'
L20	S61°42'14"W	125.00'
L21	N28°17'46"W	26.00'
L22	N61°42'14"E	125.00'
L23	N28°17'46"W	206.67'
L24	S61°42'14"W	125.00'
L25	N28°17'44"W	26.00'
L26	N61°42'15"E	125.00'
L27	N28°17'46"W	90.97'
L28	N33°22'57"W	142.00'
L29	S81°37'47"W	82.12'
L30	N08°22'13"W	26.00'
L31	N81°37'47"E	92.01'
L32	N56°37'03"E	49.98'
L33	N00°29'05"W	379.78'
L34	S89°30'55"W	132.00'
L35	N00°29'05"W	420.75'
L36	N14°14'53"E	26.00'

CURVE TABLE					
NO.	DELTA	RADIUS	LENGTH	CHORD BEARING	CHORD
C1	75°16'03"	51.00'	67.00'	S38°07'06"E	62.28'
C2	90°00'00"	25.00'	39.27'	S45°29'05"E	35.36'
C3	90°00'00"	25.00'	39.27'	S44°30'55"W	35.36'
C4	90°00'00"	25.00'	39.27'	S45°29'05"E	35.36'
C5	90°00'00"	30.00'	47.12'	S11°37'03"W	42.43'
C6	27°24'20"	25.00'	11.96'	S41°59'56"E	11.84'
C7	90°00'00"	25.00'	39.27'	S79°17'54"W	35.36'
C8	66°05'28"	51.00'	58.83'	S67°20'38"W	55.62'
C9	66°05'57"	25.00'	28.84'	S67°20'24"W	27.27'
C10	66°05'57"	51.00'	58.84'	N67°20'24"E	55.63'
C11	66°05'28"	25.00'	28.84'	N67°20'38"E	27.27'
C12	62°35'40"	25.00'	27.31'	N03°00'04"E	25.97'
C13	90°00'00"	25.00'	39.27'	N73°17'46"W	35.36'
C14	90°00'00"	25.00'	39.27'	N16°42'14"E	35.36'
C15	90°00'00"	25.00'	39.27'	N73°17'46"W	35.36'
C16	90°00'01"	25.00'	39.27'	N16°42'15"E	35.36'
C17	63°51'37"	25.02'	27.88'	N66°25'48"W	26.46'
C18	54°31'38"	25.00'	23.79'	N54°21'58"E	22.90'
C19	29°30'55"	56.00'	28.85'	N41°51'36"E	28.53'
C20	57°06'08"	25.00'	24.92'	N28°03'59"E	23.90'
C21	26°28'14"	289.24'	133.63'	S04°51'39"W	132.44'
C22	73°48'22"	90.00'	115.93'	S18°48'25"E	108.08'
C23	90°00'00"	25.00'	39.27'	N45°29'05"W	35.36'
C24	75°16'02"	25.00'	32.84'	N38°07'06"W	30.53'

LEGEND

C.M.	CONTROLLING MONUMENT
IRSC	5/8" IRON ROD W/ "KHA" CAP SET
IRFC	IRON ROD WITH CAP FOUND
PKS	PK NAIL SET
PKF	PK NAIL FOUND
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S.F.	SQUARE FEET
INST.	INSTRUMENT
P.R.T.C.T.	PLAT RECORDS TARRANT COUNTY TEXAS
D.R.T.C.T.	DEED RECORDS TARRANT COUNTY TEXAS
ESMT.	EASEMENT
TYP.	TYPICAL

Bearing System based on the Texas Coordinate system of 1983. North Central Zone (4202). North American Datum of 1983.

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GRAPHIC SCALE IN FEET
60 0 30 60 120
1" = 60' @ 24X36

VICINITY MAP
(NTS)

FORT WORTH
CITY PLAN COMMISSION
CITY OF FORT WORTH, TEXAS
THIS PLAT IS VALID ONLY IF RECORDED WITHIN NINETY (90) DAYS AFTER DATE OF APPROVAL
Plat Approval Date: 3/7/2014
By: _____ Chairman
By: _____ Secretary

CASE NO. FS-013-174

RECORDED IN INSTRUMENT NO. D214045083 O.P.R.T.C.T., DATED 3-7-14

OWNER :
FORT WORTH HOUSING FINANCE CORPORATION
1000 Throckmorton Street
Fort Worth, Texas 76102

DEVELOPER:
The NRP Group, LLC
200 Concord Plaza, Suite 900
San Antonio, Texas 78216
Phone: (216) 475-8900
Contact: Ana Padilla

ENGINEER:
KIMLEY-HORN AND ASSOCIATES, INC.
601 NW Loop 410, Suite 350
San Antonio, TX 78216
Contact: STEPHEN GOSE, PE
Tel. No.: (210) 541-9166

SURVEYOR:
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12750 Merit Drive, Suite 1000
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Contact: Dana Brown, RPLS
Tel. No.: (972) 770-1300

FINAL PLAT
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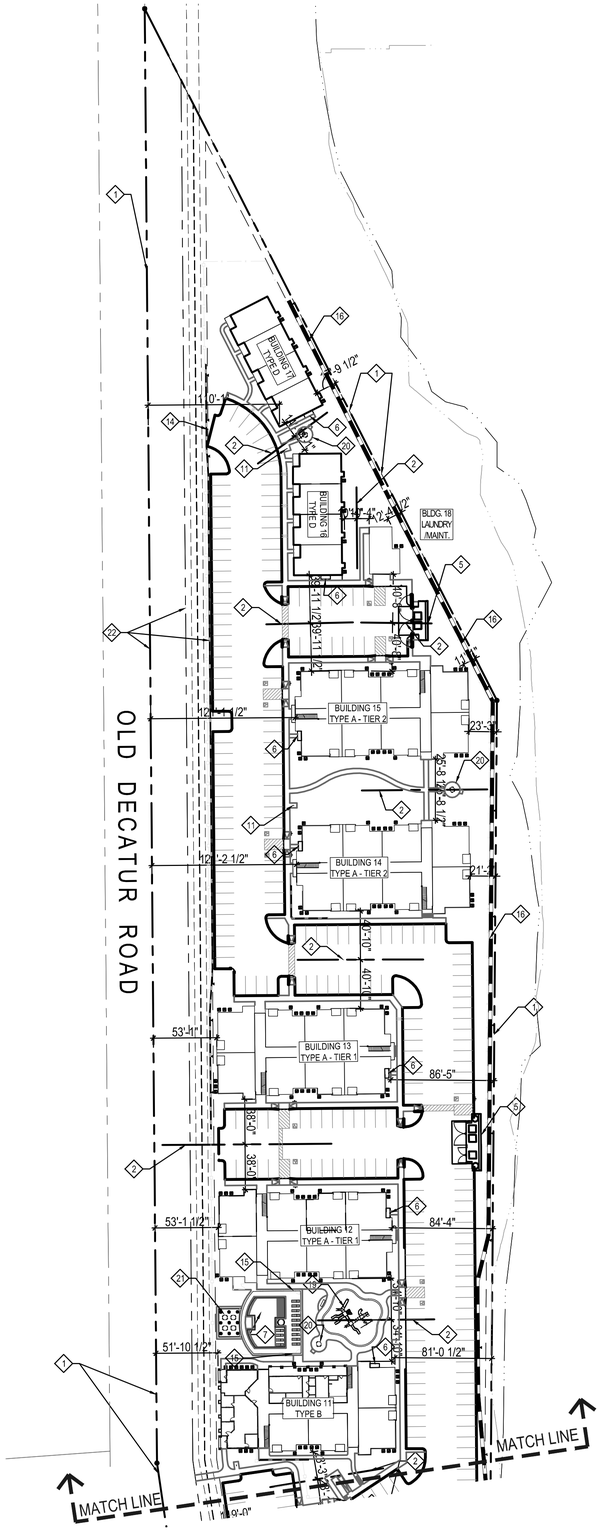
Fax No. (972) 239-3820

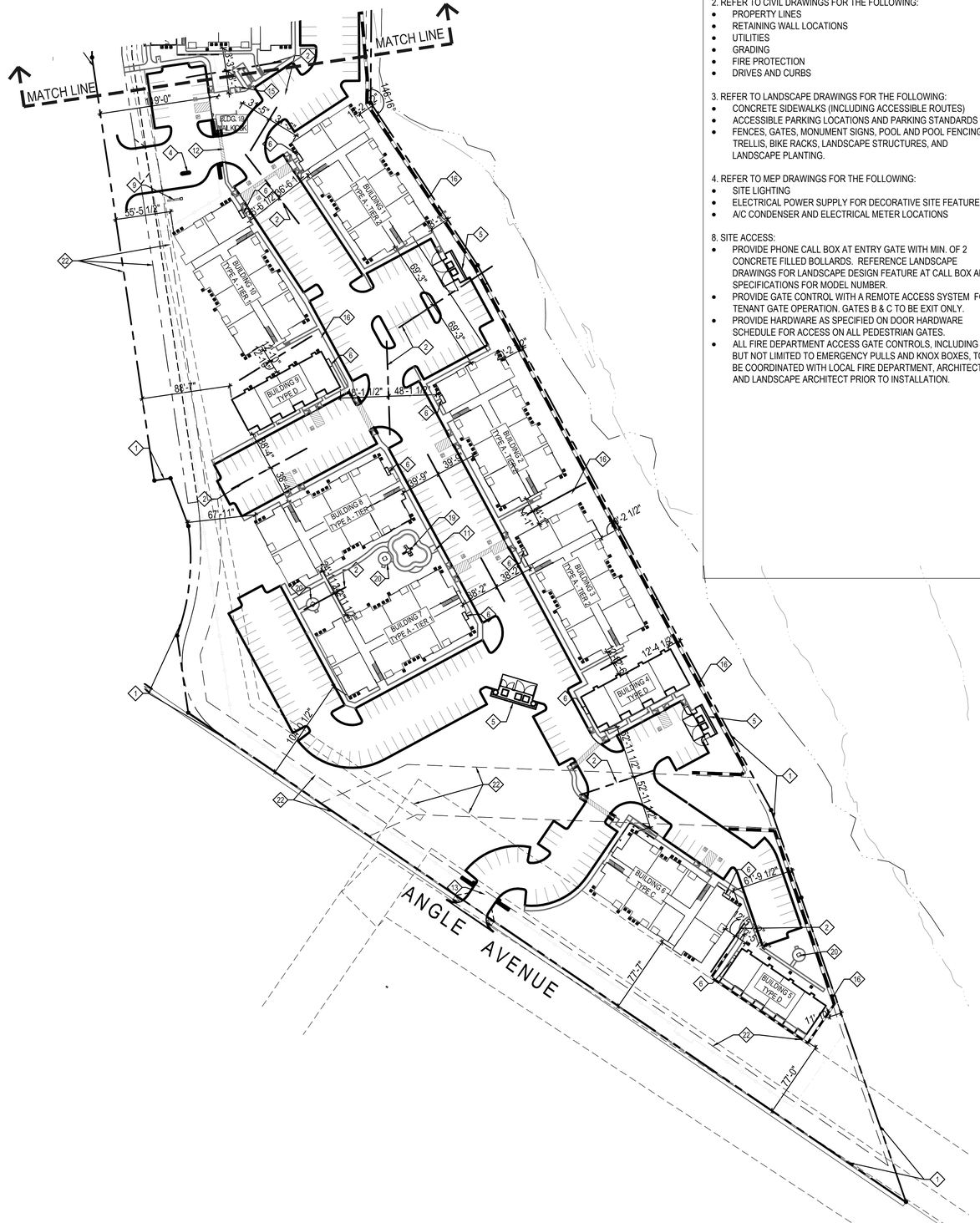
Scale	Drawn by	Checked by	Date	Project No.	Sheet No.
1" = 60'	RSG	DAB	02/07/2014	068682806	2 OF 2

DWG NAME: K:\DAL_SURVEY\068682806-ANGLE AVE FINAL PLAT.DWG PLOTTED BY: GORDON, ROBERT 2/19/2014 8:17 AM LAST SAVED: 2/18/2014 8:26 AM



A ARCHITECTURAL SITE PLAN - DECATUR - ANGLE

SCALE: 1" = 60'-0"



B ARCHITECTURAL SITE PLAN - DECATUR - ANGLE

SCALE: 1" = 60'-0"

NOTES:

1. REFERENCE SHEET A0.10 FOR GENERAL NOTES

2. REFER TO CIVIL DRAWINGS FOR THE FOLLOWING:
- PROPERTY LINES
- RETAINING WALL LOCATIONS
- UTILITIES
- GRADING
- FIRE PROTECTION
- DRIVES AND CURBS

3. REFER TO LANDSCAPE DRAWINGS FOR THE FOLLOWING:
- CONCRETE SIDEWALKS (INCLUDING ACCESSIBLE ROUTES)
- ACCESSIBLE PARKING LOCATIONS AND PARKING STANDARDS
- FENCES, GATES, MONUMENT SIGNS, POOL AND POOL FENCING, TRELLIS, BIKE RACKS, LANDSCAPE STRUCTURES, AND LANDSCAPE PLANTING.

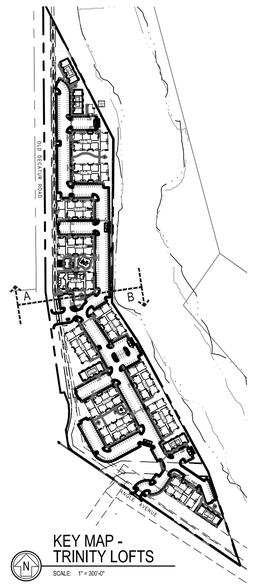
4. REFER TO MEP DRAWINGS FOR THE FOLLOWING:
- SITE LIGHTING
- ELECTRICAL POWER SUPPLY FOR DECORATIVE SITE FEATURES
- A/C CONDENSER AND ELECTRICAL METER LOCATIONS

8. SITE ACCESS:
- PROVIDE PHONE CALL BOX AT ENTRY GATE WITH MIN. OF 2 CONCRETE FILLED BOLLARDS. REFERENCE LANDSCAPE DRAWINGS FOR LANDSCAPE DESIGN FEATURE AT CALL BOX AND SPECIFICATIONS FOR MODEL NUMBER.
- PROVIDE GATE CONTROL WITH A REMOTE ACCESS SYSTEM FOR TENANT GATE OPERATION. GATES B & C TO BE EXIT ONLY.
- PROVIDE HARDWARE AS SPECIFIED ON DOOR HARDWARE SCHEDULE FOR ACCESS ON ALL PEDESTRIAN GATES.
- ALL FIRE DEPARTMENT ACCESS GATE CONTROLS, INCLUDING BUT NOT LIMITED TO EMERGENCY PULLS AND KNOX BOXES, TO BE COORDINATED WITH LOCAL FIRE DEPARTMENT, ARCHITECT, AND LANDSCAPE ARCHITECT PRIOR TO INSTALLATION.

KEYNOTE LEGEND

1	PROPERTY LINE
2	IMAGINARY PROPERTY LINE
3	LANDSCAPE WALL
4	GUEST TELEPHONE KEY PAD FOR GATE ENTRY
5	DUMPSTER ENCLOSURE SEE SHEET A1.40
6	LOCATION OF FIRE SPRINKLER RISER CLOSET WITH FIRE DEPARTMENT CONNECTION AT EXTERIOR WALL
7	SWIMMING POOL
8	ELECTRICAL METER LOCATIONS
9	MONUMENT SIGN
10	POOL EQUIPMENT (REFER TO LANDSCAPE)
11	BIKE RACK
12	VEHICULAR GATE A
13	VEHICULAR GATE B
14	VEHICULAR GATE C
15	PEDESTRIAN GATE (REFER TO LANDSCAPE)
16	RETAINING WALL SYSTEM (REFER TO CIVIL)
17	FENCE (REFER TO LANDSCAPE)
18	SIDEWALK
19	PLAYGROUND (REFER TO LANDSCAPE)
20	PICNIC AND BBQ AREA (REFER TO LANDSCAPE)
21	TRELLIS (REFER TO LANDSCAPE)
22	EASEMENT (REFER TO CIVIL)

COORDINATIED SITE PLAN WITH UPDATED CIVIL DWGS 3



KEY MAP - TRINITY LOFTS

SCALE: 1" = 300'-0"

ARCHITECTS
1512 South Flores Street
San Antonio, TX 78204
P. 210.227.2612 / F. 210.227.9457

CLIENT
NRP GROUP
111 Soledad, Suite 1220
San Antonio, TX 78205
P. 210.487.7878 / F. 210.487.7880

CIVIL ENGINEER
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San Antonio, TX 78216
P. 210.541.9166

LANDSCAPE ARCHITECT
KIMLEY-HORN & ASSOC., INC.
2201 West Royal Lane, Suite 275
Irving, TX 75063
P. 214.420.5600

STRUCTURAL ENGINEER
INTEGRITY ENGINEERING
12777 Jones Road, Suite #388
Houston, TX 77070
P. 281.894.7099 / F. 281.894.8943

MEP ENGINEERS
RAYMOND ENGINEERING
32938 Tamina Road, Suite 101
Magnolia, TX 77354
P. 281.440.7211 / F. 281.766.1977

NUM:	DATE:	ISSUE DESCRIPTION:
3	04.30.2014	ADDENDUM #1

PROJECT NAME

DECATUR - ANGLE APARTMENTS

FORT WORTH, TEXAS

SEAL

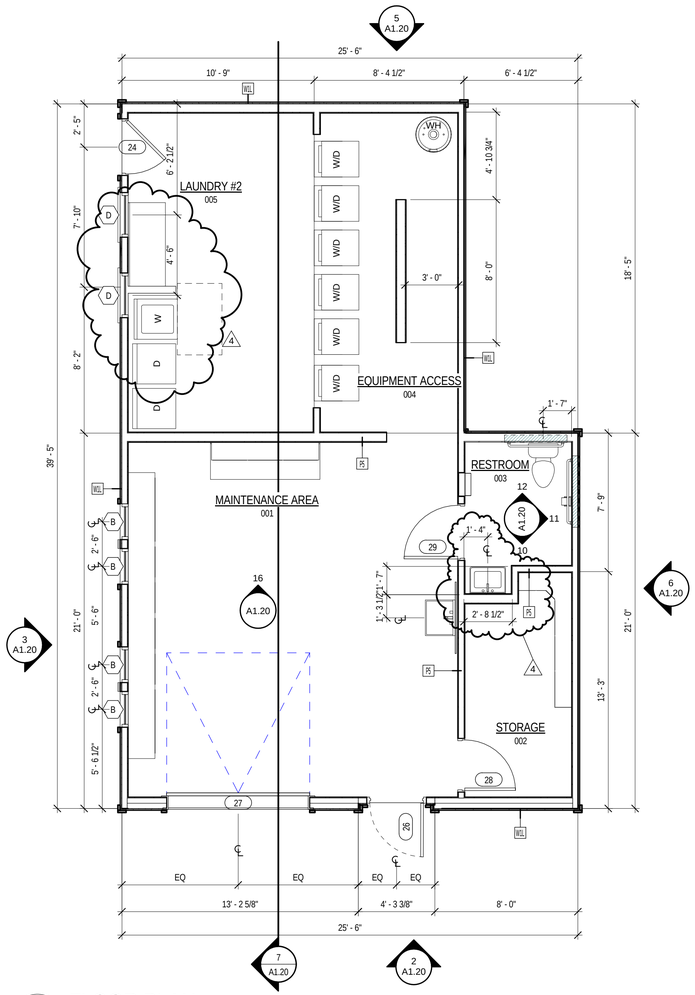
APRIL 30, 2014

PROJECT NUMBER:	2013-33
DRAWN BY:	AA
APPROVED BY:	AA
PERMIT DATE:	DEC. 6, 2013
BID DATE:	
CONSTRUCTION DATE:	JAN. 10, 2014

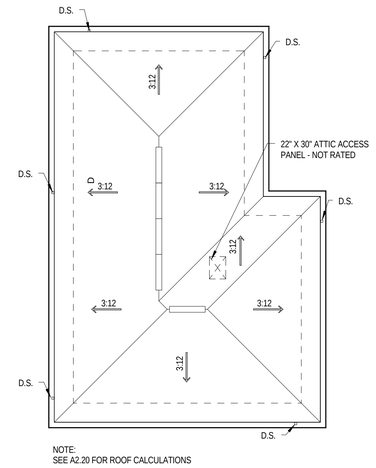
SHEET TITLE

ARCH. SITE PLAN

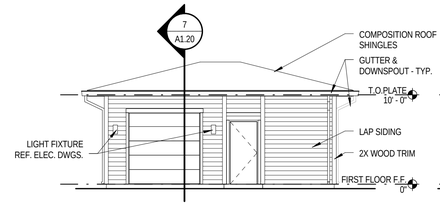
A1.10



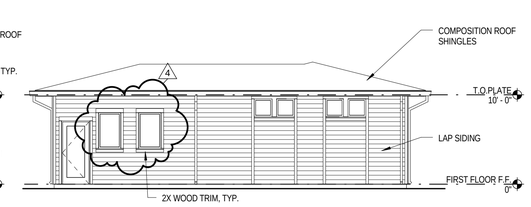
1 FLOOR PLAN
1/4" = 1'-0"



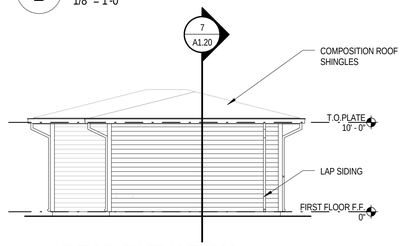
4 ROOF PLAN
1/8" = 1'-0"



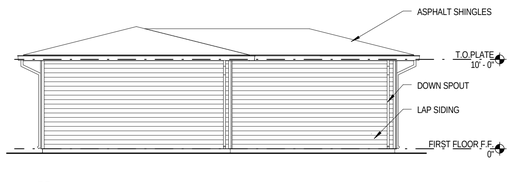
2 FRONT ELEVATION
1/8" = 1'-0"



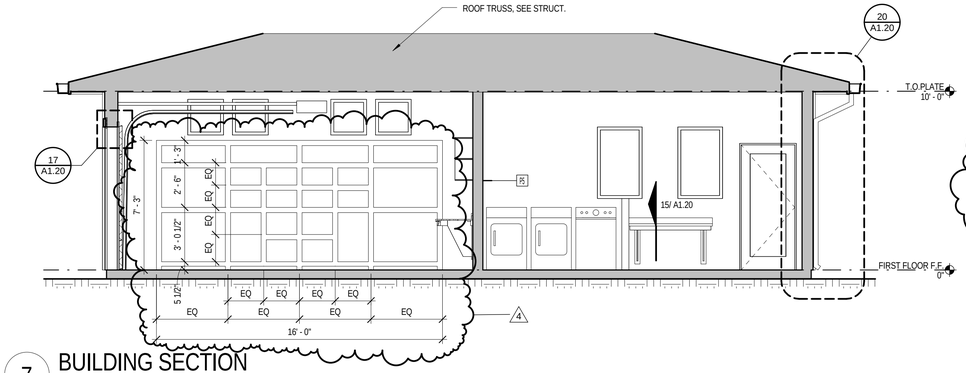
3 SIDE ELEVATION
1/8" = 1'-0"



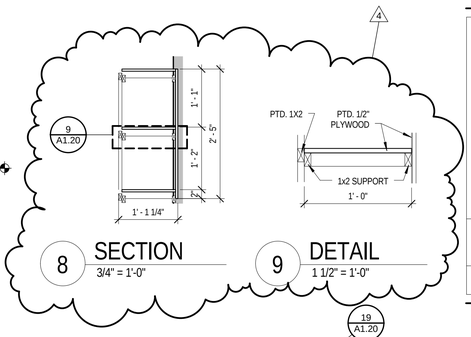
5 REAR ELEVATION
1/8" = 1'-0"



6 SIDE ELEVATION
1/8" = 1'-0"

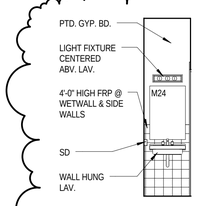


7 BUILDING SECTION
1/4" = 1'-0"

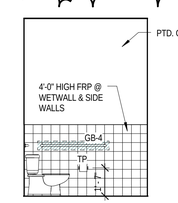


8 SECTION
3/4" = 1'-0"

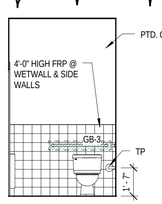
9 DETAIL
1 1/2" = 1'-0"



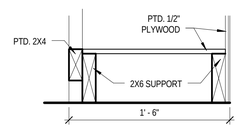
10 INT. ELEV.
1/4" = 1'-0"



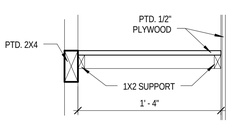
11 INT. ELEV.
1/4" = 1'-0"



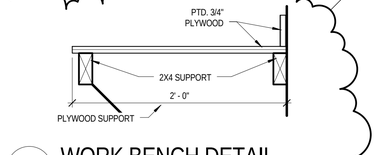
12 INT. ELEV.
1/4" = 1'-0"



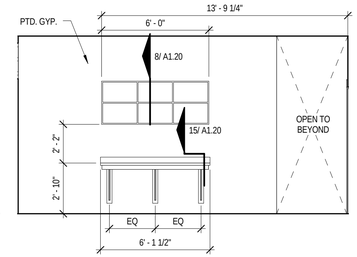
13 DETAIL
1 1/2" = 1'-0"



14 DETAIL
1 1/2" = 1'-0"



15 WORK BENCH DETAIL
1 1/2" = 1'-0"



16 INTERIOR ELEVATION
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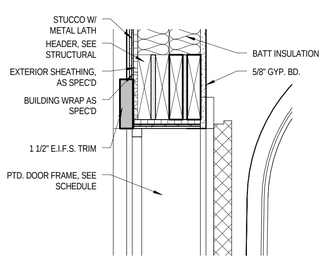
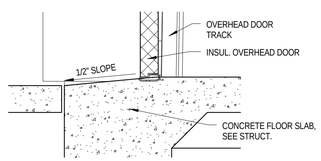
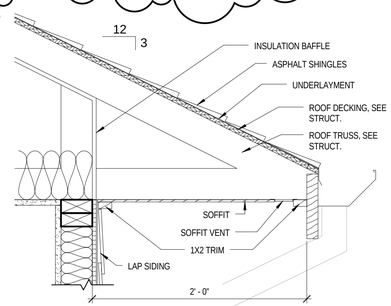


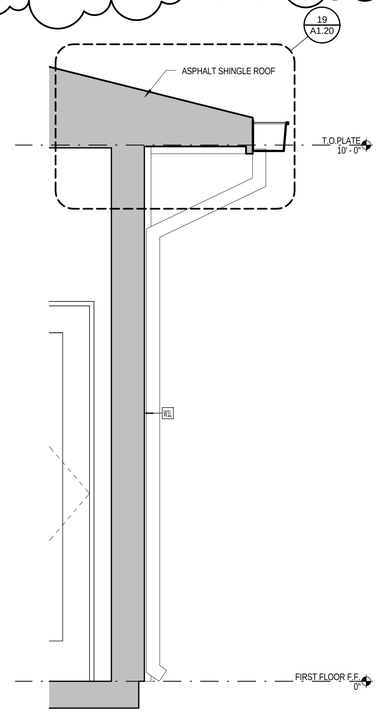
17 DETAIL - DOOR HEAD
1 1/2" = 1'-0"



18 DETAIL - OHD
1 1/2" = 1'-0"



19 DETAIL - TYPICAL EAVE
1 1/2" = 1'-0"



20 WALL SECTION
3/4" = 1'-0"

amam - 8/15/2017 2:40pm - RB

ARCHITECTS
1512 South Flores Street
San Antonio, TX 78204
P. 210.227.2612 / F. 210.227.9457

CLIENT
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San Antonio, TX 78205
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CIVIL ENGINEER
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San Antonio, TX 78216
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LANDSCAPE ARCHITECT
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STRUCTURAL ENGINEER
INTEGRITY ENGINEERING
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P. 281.894.7099 / F. 281.894.8943

MEP ENGINEERS
RAYMOND ENGINEERING
32938 Tamina Road, Suite 101
Magnolia, TX 77354
P. 281.440.7211 / F. 281.766.1977

NUM:	DATE:	ISSUE DESCRIPTION:
4	07/18/2014	ASI #1

PROJECT NAME

DECATUR - ANGLE APARTMENTS

FORT WORTH, TEXAS

REGISTERED ARCHITECT ROBERT BRUCE BOONE 19281 STATE OF TEXAS

SEAL 07/18/2014

PROJECT NUMBER:	2013-33
DRAWN BY:	AA
APPROVED BY:	AA
PERMIT DATE:	DEC. 6, 2013
BID DATE:	
CONSTRUCTION DATE:	JAN. 10, 2014

SHEET TITLE

MAINTENANCE / LAUNDRY BLDG. PLANS AND DETAILS

A1.20

8/11/2014 4:59:29 PM G:\2013\2013.33 Angle Apt\02 Current\01 Drawings\01 Sheets-Xrefs\01 BIM\02 Families and Support\01\Supplemental Revit Files\Maintenance-Laundry Building.rvt

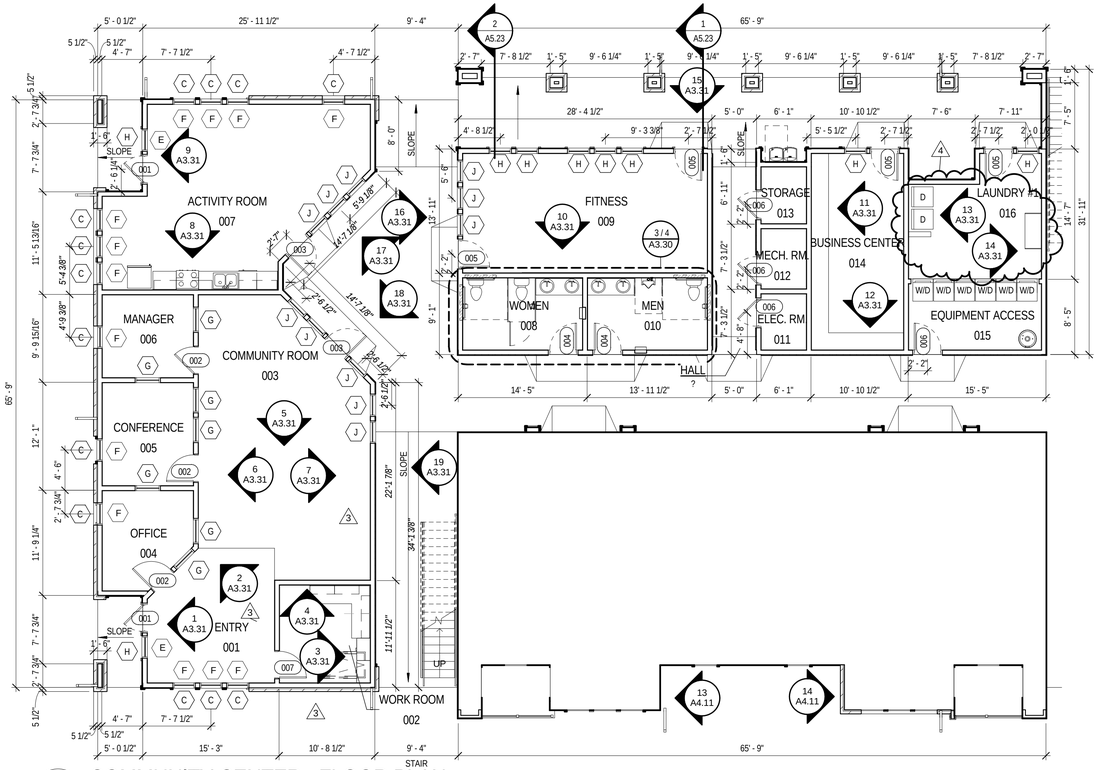
TOILET ACCESSORY SCHEDULE - COMMUNITY CENTER

NOTE:
MOUNTING HEIGHTS AS INDICATED SHOULD BE VERIFIED WITH LOCAL JURISDICTION, MANUFACTURER'S INSTALLATION INSTRUCTIONS AND ACCESSIBILITY STANDARDS PRIOR TO INSTALLING. PROVIDE/PREPARE ALL REQUIRED SUBSTRATE AND BLOCKING FOR ACCESSORIES PER ACCESSIBILITY STANDARDS AND MANUFACTURERS RECOMMENDATIONS.
TOILET PARTITION HARDWARE TO COMPLY WITH TAS

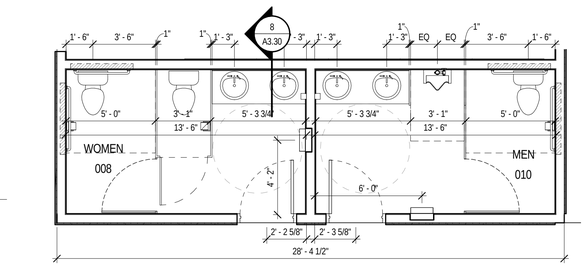
MARK	DESCRIPTION	MANUFACTURER	MODEL NO.	FINISH	MOUNTING HEIGHT
GB3	36" LONG GRAB BAR WITH FLANGE COVER	BOBRICK	B5806X36	SATIN-STAINLESS STEEL	33-36" A.F.F. AND 6" OFF OF ADJACENT WALL (EDGE OF GRAB BAR TO C.L. OF WATER CLOSET MUST OVERLAP 12"MIN.)
GB4	42" LONG GRAB BAR WITH FLANGE COVER	BOBRICK	B5806X42	SATIN-STAINLESS STEEL	33-36" AFF AND 12" OFF OF ADJACENT WALL
H1	CLOTHES HOOK	BOBRICK	B-6707	SATIN-STAINLESS STEEL	6" FROM TOP OF TOILET PARTITION DOOR
H2	ACCESSIBLE CLOTHES HOOK	BOBRICK	B-6707	SATIN-STAINLESS STEEL	38"-40" ABOVE FINISHED FLOOR TO TOP PF FLANGE AND CENTERED ON TOILET PARTITION DOOR
M1	FRAMELESS MIRROR	N/A	N/A	N/A	REFER TO INTERIOR ELEVATIONS FOR SIZE. PROVIDE SPACERS AS REQ'D TO FLUSH OUT MIRROR WITH TILE
PWD	RECESSED PAPER TOWEL AND WASTE RECEPTICAL	BOBRICK	B-3944	SATIN-STAINLESS STEEL	59 1/2" TO TOP OF CABINET
SD	SURFACE MOUNTED SOAP DISPENSER	BOBRICK	B-2111	SATIN-STAINLESS STEEL	50-7/8" ABOVE FINISHED FLOOR TO TOP OF DISPENSER AND 6" BEHIND LEADING EDGE OF LAVATORY
TP	SURFACE MOUNTED SINGLE ROLL CONTINUOUS FLOW TOILET PAPER DISPENSER	BOBRICK	B-2730	SATIN CAST ALUMINUM	FORWARD EDGE TO BE NO MORE THAN 3'-0" FROM BACK BUT HAVE VERTICAL CENTERLINE OF DISPENSER 7'-0" IN FRONT OF TOILET SEAT AND HORIZONTAL CENTERLINE 19" ABOVE FINISHED FLOOR. PROVIDE 1-1/2" CLEARANCE MIN. BETWEEN TOP OF ROLL AND BOTTOM OF GRAB BAR
WF	HI/LO ACCESSIBLE ELECTRICAL WATER COOLER	ELKAY	EZSTL8LC	STAINLESS STEEL	38-3/8" TO BE ORIFICE OF HI FOUNTAIN, AND 32-7/8" TO ORIFICE OF LOW FOUNTAIN. PROVIDE LKAPREZL APRON AT HI FOUNTAIN IF LEFT SIDE IS NOT PROTECTED BY WALL

SYMBOL KEY

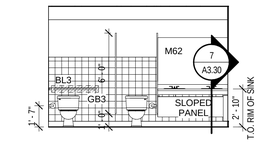
- CEILING FAN
- VICEROY PENDANT
- VICEROY CHANDELIER
- SEMI-FLUSH
- ONE LIGHT PENDANT
- CLG. FLUSH MOUNT FLUORESCENT
- RECESSED DOWN
- HANGING LANTERN
- WALL SCONCES
- EMERGENCY EGRESS
- EMERGENCY EXIT
- 12X12 SUPPLY VENT
- 14X6 SUPPLY VENT
- 12X24 RETURN AIR
- 16X24 RETURN AIR
- 18X24 RETURN AIR
- ROPE LIGHT



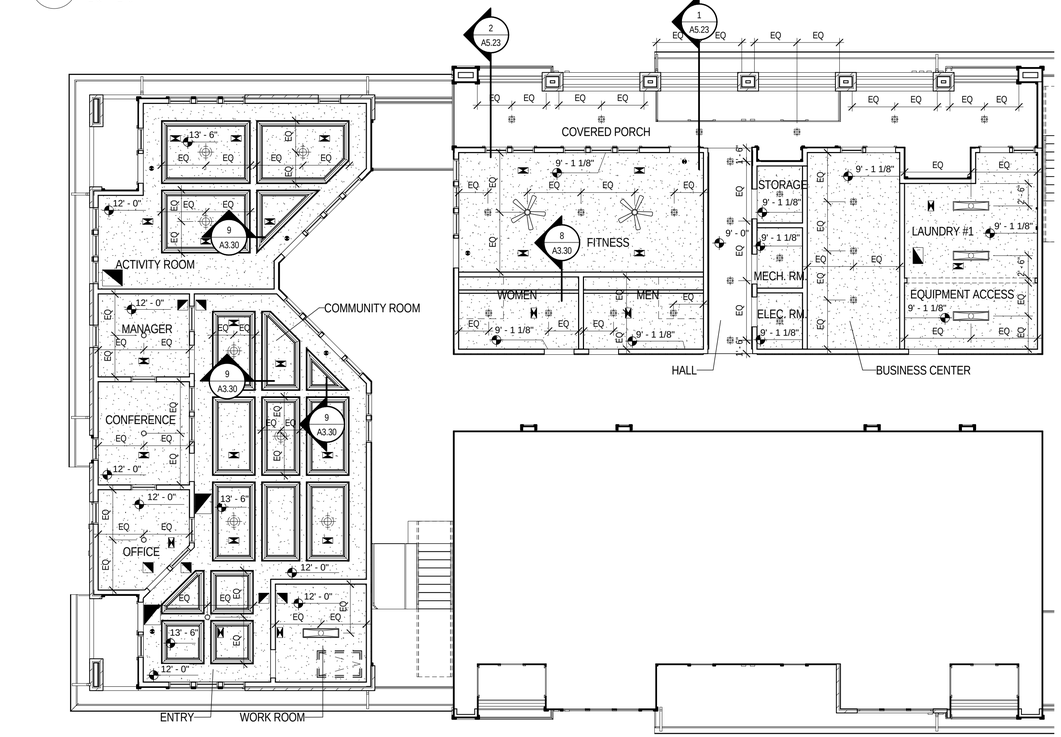
1 COMMUNITY CENTER - FLOOR PLAN
1/8" = 1'-0"



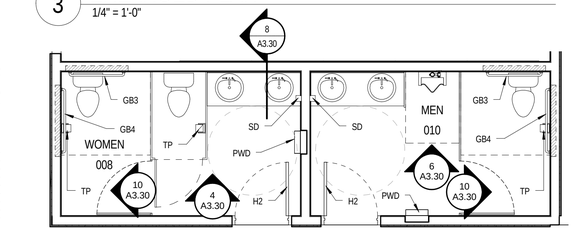
3 ENLARGED PLAN
1/4" = 1'-0"



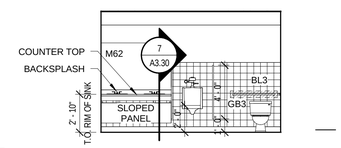
4 WOMEN 008
3/16" = 1'-0"



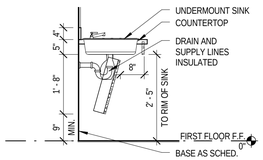
2 COMMUNITY CENTER RCP
1/8" = 1'-0"



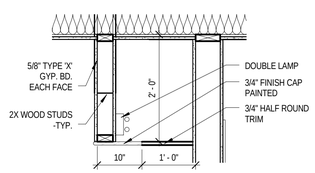
5 ENLARGED PLAN
1/4" = 1'-0"



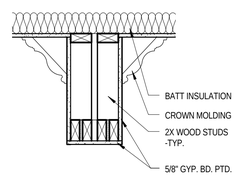
6 MEN 010
3/16" = 1'-0"



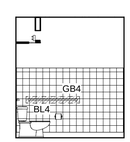
7 TYP, VANITY SECT.
1/2" = 1'-0"



8 LIGHTING COVE DETAIL
3/4" = 1'-0"



9 COFFER DTL.
1" = 1'-0"



10 MEN 010 / WOMEN 008
3/16" = 1'-0"

1512 South Flores Street
San Antonio, TX 78204
P. 210.227.2612 / F. 210.227.9457

CLIENT
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MEP ENGINEERS
RAYMOND ENGINEERING
32938 Tamina Road, Suite 101
Magnolia, TX 77354
P. 281.440.7211 / F. 281.766.1977

NUM:	DATE:	ISSUE DESCRIPTION:
3	04.30.2014	ADDENDUM #1
4	07.18.2014	ASI #1

PROJECT NAME

DECATUR - ANGLE APARTMENTS

FORT WORTH, TEXAS

SEAL

JULY 18, 2014

PROJECT NUMBER:	2013-33
DRAWN BY:	AA
APPROVED BY:	AA
PERMIT DATE:	DEC. 6, 2013
BID DATE:	
CONSTRUCTION DATE:	JAN. 10, 2014

SHEET TITLE

COMMUNITY CENTER FLOOR PLAN & RCP

A3.30

C:\Worksets\2013-33 Decatur Angle Apt\Chip-2013 33 Decatur Angle Apt-local.rvt
9/11/2014 5:25:49 PM

NRP

5309 Transportation Blvd.
Cleveland, Ohio 44125
Phone (216) 475-8900
Fax (216) 475-6101
www.nrpgroup.com

July 26, 2017

Mr. Rosalio Bauelos
Asset Manager
TDHCA
221 East 11th Street
Austin, Texas 78701-2410

Re: Decatur-Angle Apartments(Landing at Marine Creek) (TDHCA# 13608) – Ownership Transfer Request

Mr. Banuelos:

The purpose of this letter is to request the TDHCA's approval of the following changes in the ownership structure of Decatur-Angle Ltd., as it relates to the sub-structure of the Class B Limited Partner, NRP Decatur-Angle SLP LC (the "SLP") and NRP affiliate entities:

Class B Special Limited Partner
Additional entities were added to the ownership structure between the Class B Special Limited Partner and the principals of NRP. J. David Heller ("Heller") and T. Richard Bailey ("Bailey") manage/control these entities. RD Holdco LLC is an entity used to own all of Heller's and Bailey's affordable projects that closed prior to November 30, 2016. Decatur-Angle E-Group LLC is wholly owned by employees of NRP, but is controlled by Heller; the E-Group has a small economic interest in the project, but no management or control rights.

Alan F. Scott
Mr. Scott retired from NRP in 2014 and sold his interest in the various NRP entities and projects to J. David Heller and T. Richard Bailey.

T. Richard Bailey
Mr. Bailey was bought out of NRP's operating companies, including NRP Holdings LLC, NRP Investments LLC and NRP Contractors LLC; however, for tax purposes he retained a .5% non-economic interest in NRP Master L.P. (Master), the owner of NRP Direct Subsidiary LLC (Direct Sub) and the owner of NRP Enterprises LLC (Enterprises). Master, is otherwise owned by Heller through a trust and another wholly owned subsidiary. None of the economics of Enterprises or Master, flow to Bailey, nor does he exercise any control of these entities. Bailey continues to own an interest and have management rights in the affordable projects that closed prior to November 30, 2016.

NRP

5309 Transportation Blvd.
Cleveland, Ohio 44125
Phone (216) 475-8900
Fax (216) 475-6101
www.nrpgroup.com

Direct Sub, which is ultimately 99.5% owned by Heller, owns 100% of the common interest in Enterprises. AGT NRP Investor LLC (AGT), a private equity firm, recently bought into a preferred position in Enterprises. AGT has the right to convert its preferred interest into a

common interest, but at this time, AGT is only entitled to a fixed distribution from Enterprises and is not entitled to any common distributions of Enterprises. AGT does not exercise any control over the partnership.

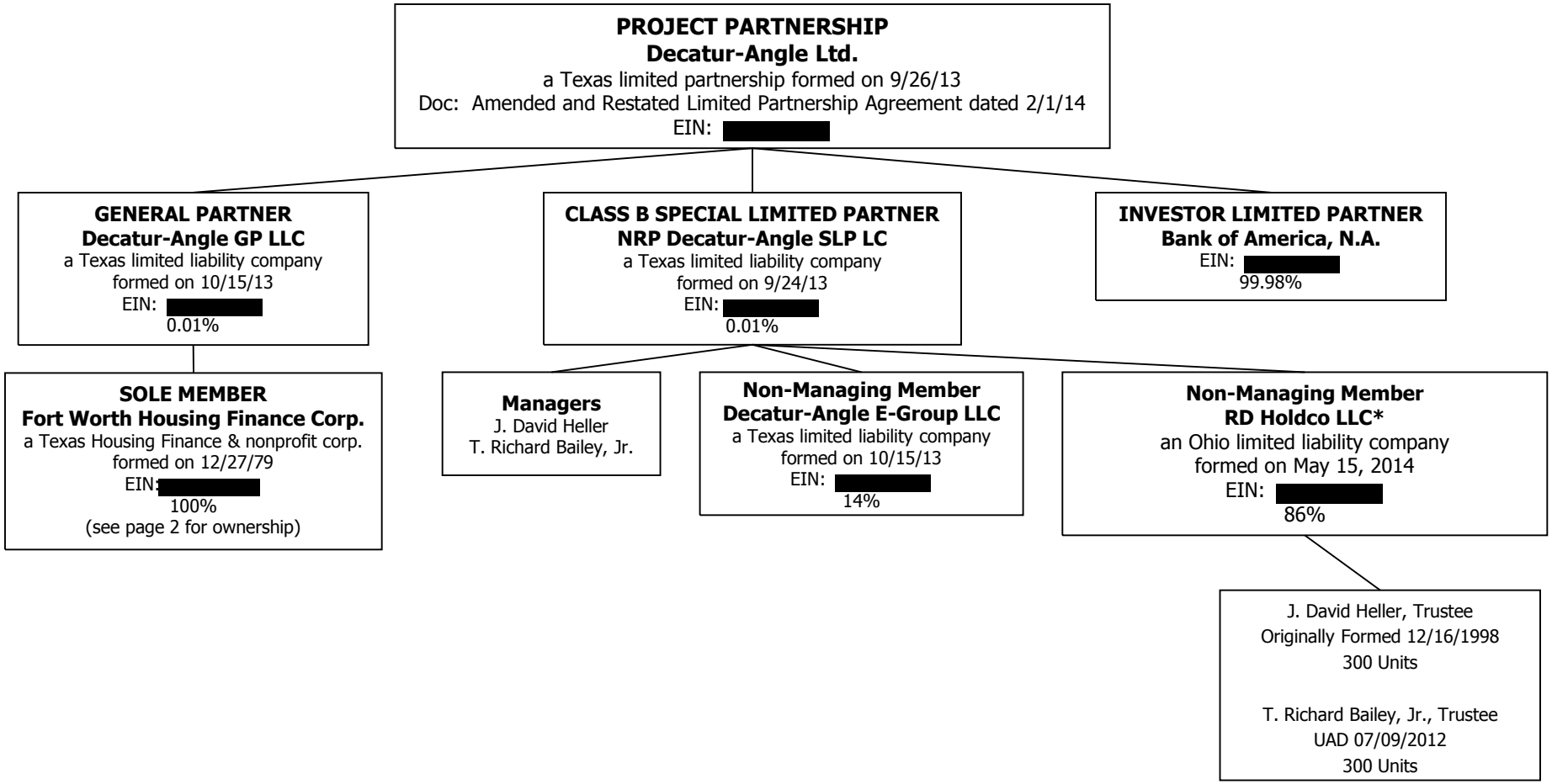
We respectfully request your consideration in this matter and have enclosed the complete Ownership Transfer Request, along with a check for $500.00 to cover the remaining fee. Originally a $500.00 check was sent along with the Cost Certification submission in April 2016, using check number 11443.

Sincerely,

By: Jessica Ludwig
Jessica Ludwig
NRP Assistant Project Manager – Development

Decatur-Angle Apartments

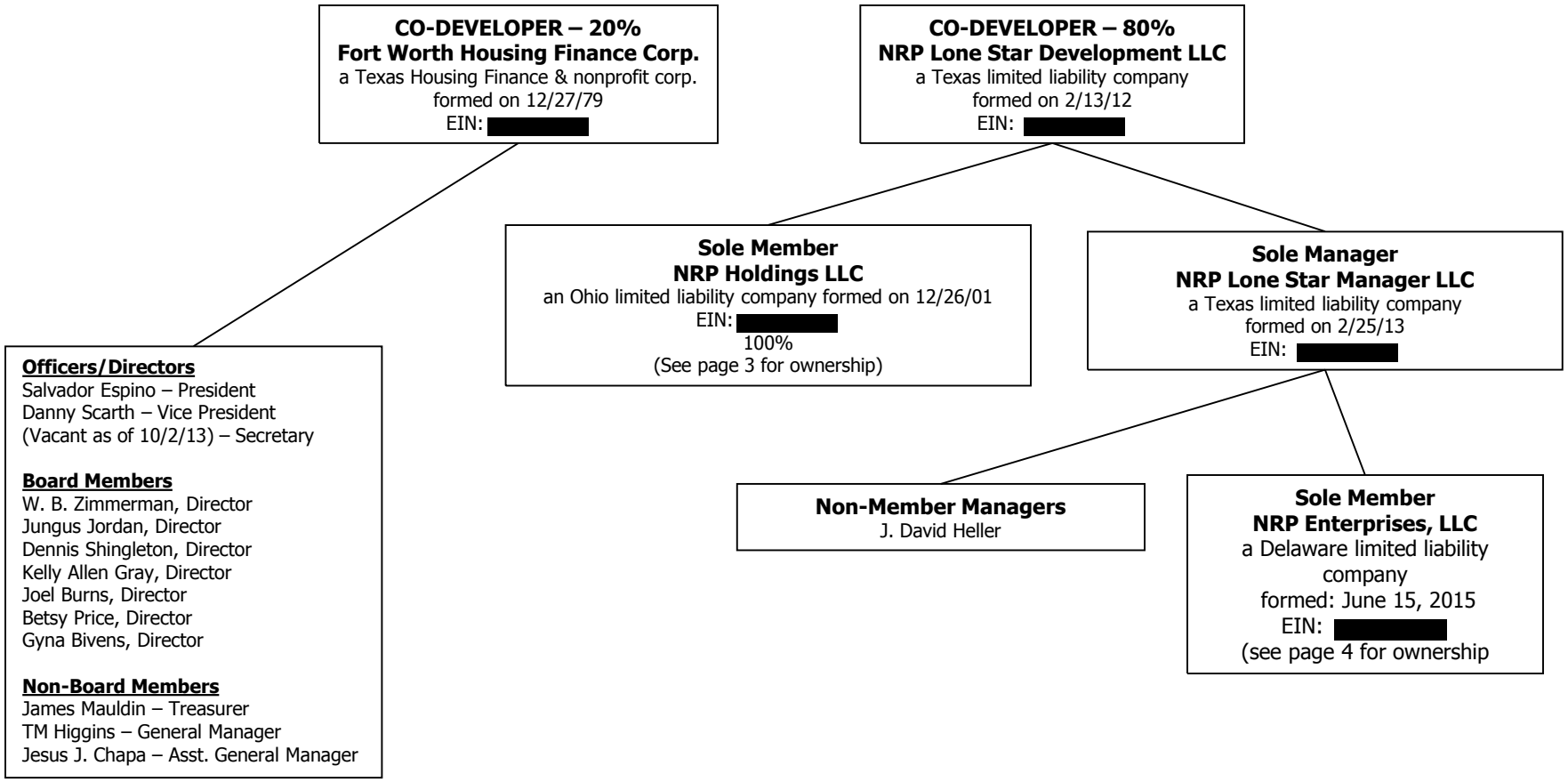
AFTER



*RD Holdco LLC (600 units = 100%)

Decatur-Angle Apartments

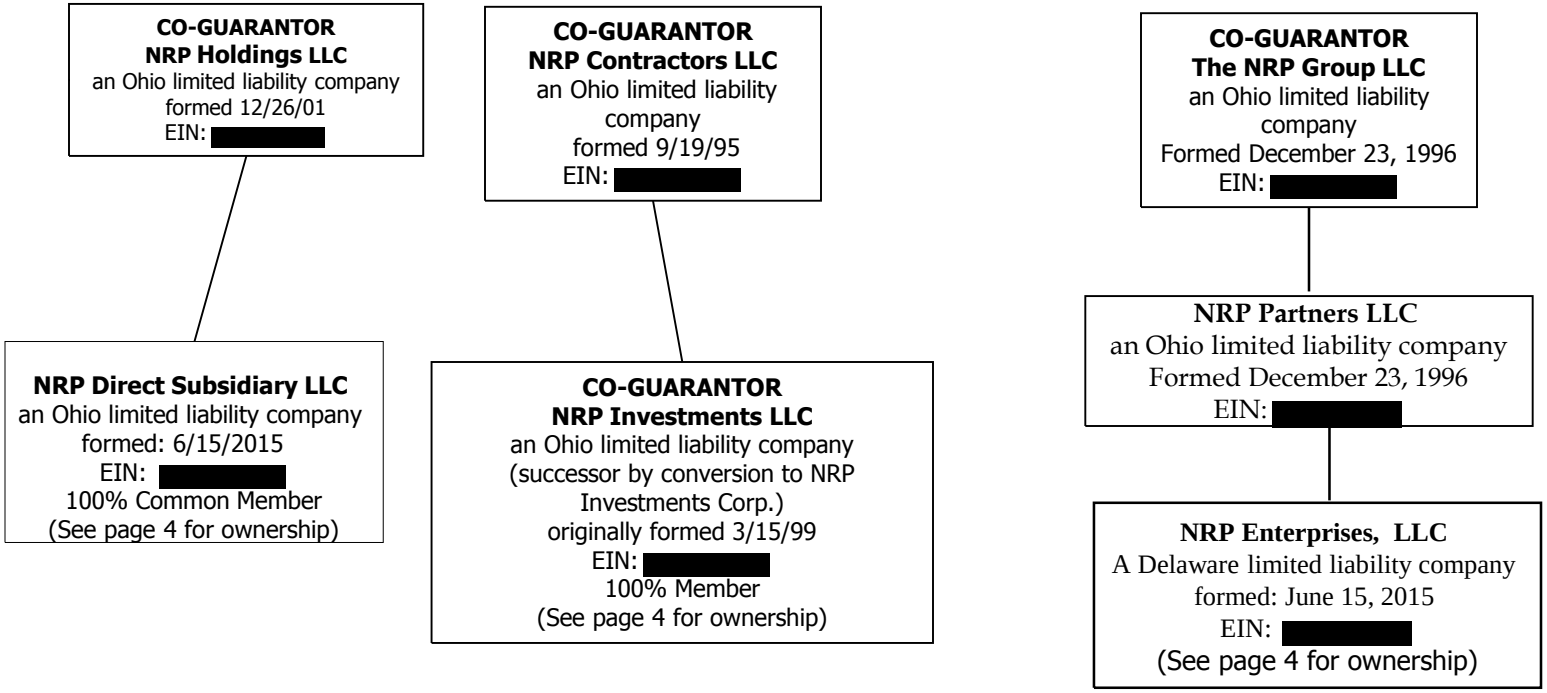
DEVELOPERS



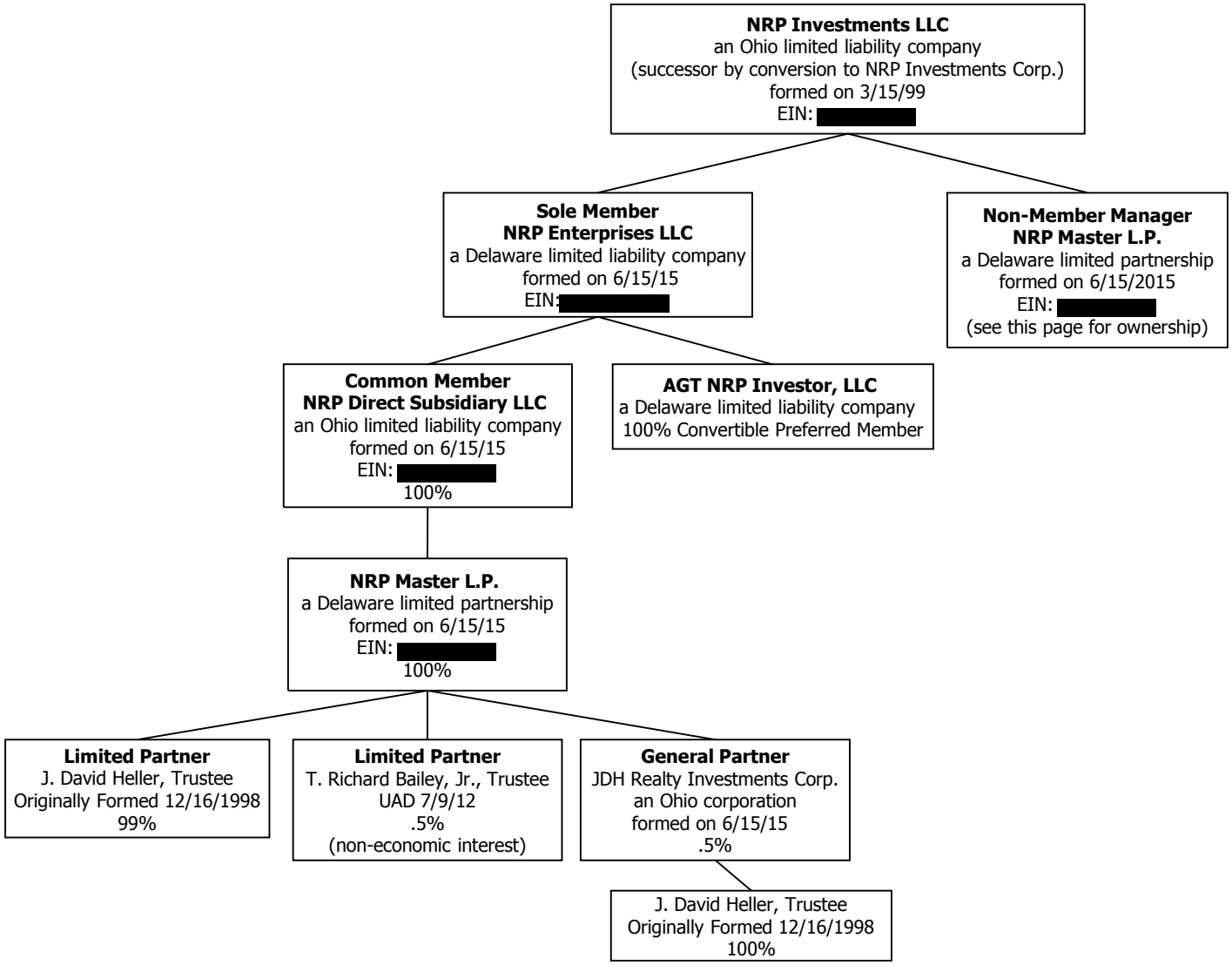
*RD Holdco LLC (600 units = 100%)

Decatur-Angle Apartments

GUARANTORS

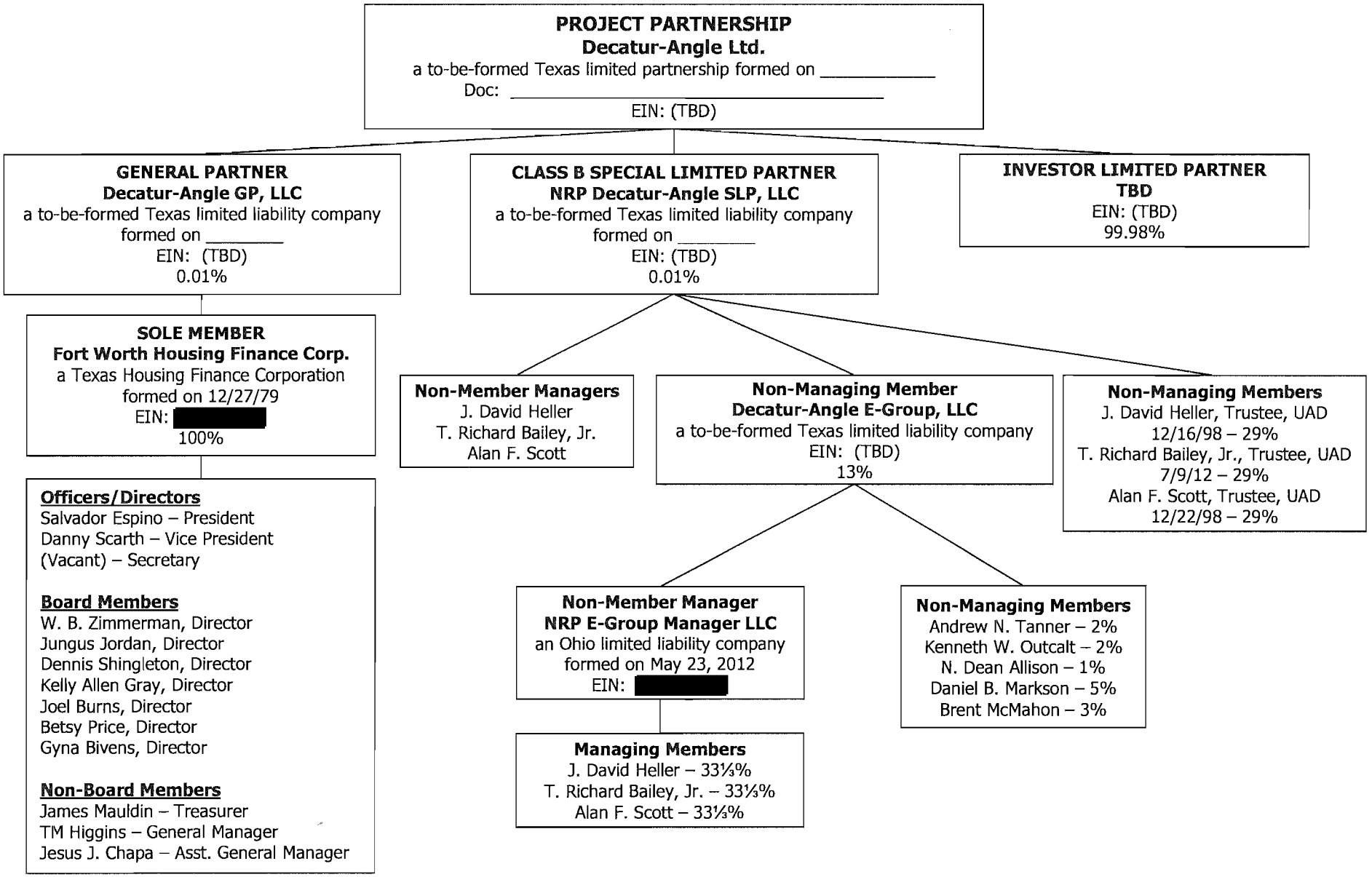


Decatur-Angle Apartments



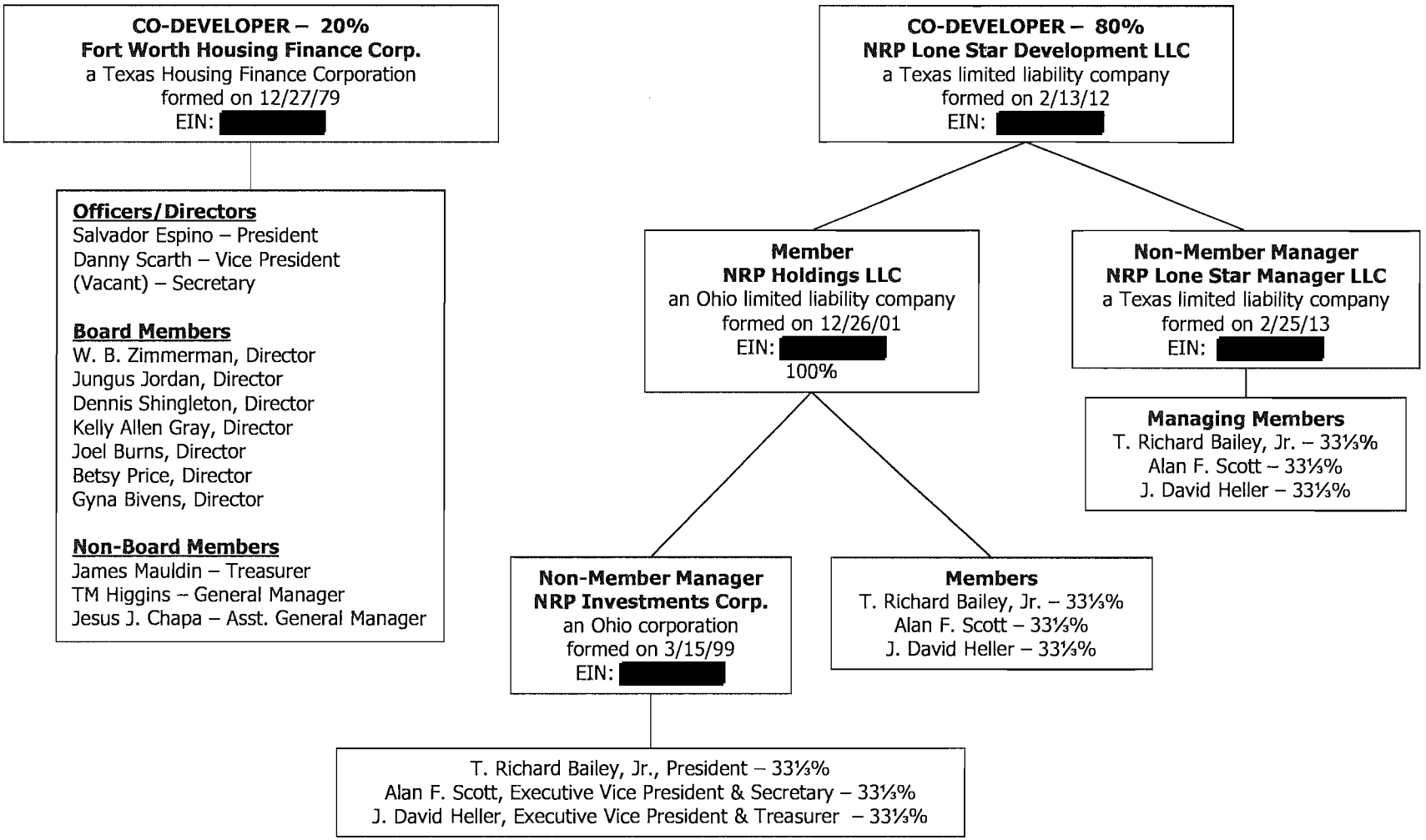
BEFORE

Decatur-Angle Apartments



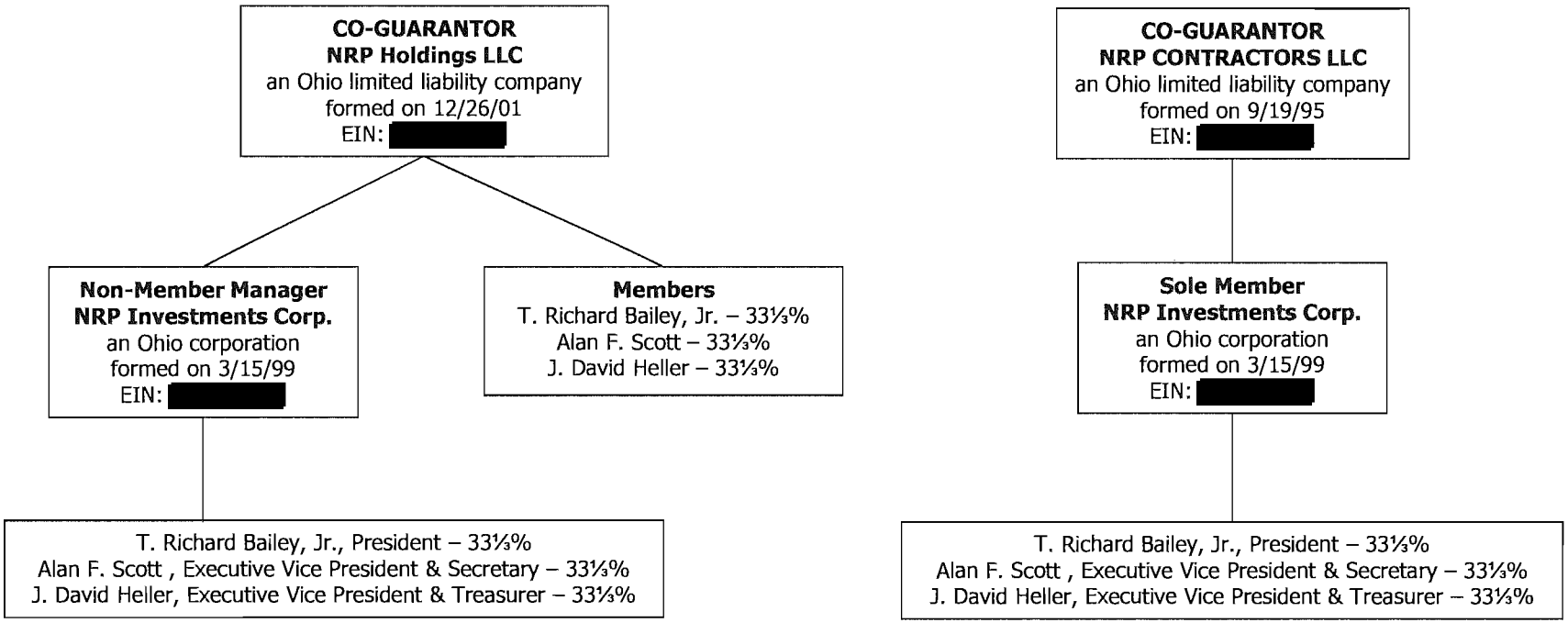
Decatur-Angle Apartments

DEVELOPERS



Decatur-Angle Apartments

GUARANTORS



11

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action to approve a material amendment to the Housing Tax Credit ("HTC") Land Use Restriction Agreement ("LURA") and Resolution No. 18-001 relating to the Second Amended and Restated Regulatory and Land Use Restriction Agreement for Providence Mockingbird (HTC #05613)

RECOMMENDED ACTION

WHEREAS, in 2005, Providence Mockingbird (the "Development") received an award of 4% Housing Tax Credits and TDHCA-issued tax-exempt bonds for the adaptive reuse and new construction of 251 total units in Dallas, Dallas County;

WHEREAS, the Development was initially approved by the Department as an Intergenerational development composed of an eight-story structure to be renovated to house 155 apartment units targeting senior households and the new construction of 96 units, in four walk-up buildings, targeting families;

WHEREAS, a compliance review conducted by the Department in 2015 resulted in a finding of noncompliance for failure to provide housing to the elderly as committed at Application;

WHEREAS, the Development, as operated, does not qualify as an Housing for Older Persons Development;

WHEREAS, the Development Owner was instructed by Department staff to seek an amendment to the HTC LURA and the Bond Regulatory Agreement to change the population served from Intergenerational to General;

WHEREAS, the Development Owner has submitted a request to change the target population of the Development from Intergenerational to General and has also requested that the $2,500 amendment fee associated with this amendment request be waived by the Department; and

WHEREAS, Board approval is required for changes to the Target Population under 10 TAC §10.405(b)(2)(C), and the Owner has complied with the amendment requirements in 10 TAC §10.405(b);

NOW, therefore, it is hereby

RESOLVED, that the request to change the Target Population from Intergenerational Housing to General and Resolution No. 17-XXX is approved, and the Executive Director

and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing; and

FURTHER RESOLVED, that the amendment fee associated with this amendment request is waived. The Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Providence Mockingbird is a 251-unit multifamily development in Dallas that received an award of 4% Housing Tax Credits and tax-exempt bonds in 2005. The Development consisted of the adaptive reuse of an eight-story hotel building into 155 apartment units targeting senior households and the new construction of 96 units in four three-story buildings targeting families. Construction of the Development was completed in 2006.

The bond documents originally required stabilization within 24 months of completion, which did not occur, and although stabilization extensions were agreed upon in an effort to allow the developer more time to achieve pro forma levels, by 2010 it became apparent that an alternate strategy would be needed to avoid potentially significant losses. In 2010, the Dallas Housing Finance Corporation ("DHFC") was approached seeking their interest in assuming the General Partner position. In doing so, the Development would be eligible for an exemption from ad valorem taxes which could presumably better position the Development financially. An agreement was reached with DHFC in 2012, and DHFC Providence at Mockingbird, LLC became the General Partner for Hines 68, LP, the Development Owner.

In October 2015, the Department conducted an onsite review of the Development, and one of the findings of noncompliance was that the Development failed to provide housing to the elderly as promised at Application. This finding remains uncorrected, and staff has also determined that, as it has been operated, the property would not have qualified for an exemption as an elderly property under the Housing for Older Persons Act ("HOPA"). To correct this finding, both the Bond Regulatory Agreement and the HTC LURA should be amended to change the population served from Intergenerational to General. Board approval is required for changes to the Target Population under 10 TAC §10.405(b)(2)(C).

In a letter dated July 13, 2017, Michael W. Harling, a representative for the Development Owner, requested approval to change the target population of the Development from Intergenerational to General. The Owner submitted the required amendment fee in the amount of $2,500, but requested that this fee be waived and reimbursed. The Owner pointed out the change in general partner that occurred in 2012 and also pointed out that Section 5(l) of the Bond Regulatory Agreement allows for less than 100% (80%) of the occupied units in the seniors section of the property to be occupied by at least one senior.

The Intergenerational Housing Policy, attached to the Amended and Restated Regulatory and Land Use Restriction Agreement as Exhibit E, requires that all tenants in the seniors section of the property must be at least 55 years of age. The Owner previously pointed out the federal requirement for defining senior developments as either having every unit occupied solely by persons who are 62 or older or having the community house at least one person who is 55 or older in at least 80% of the occupied units. The Owner believed that, because the latter definition was used for the seniors section of the Development, this would be in compliance with the federal requirement. However, based on the tenant information provided by the

Owner, staff determined that neither the seniors section of the Development nor the property as a whole met the 80% requirement. Therefore, it was determined that the property does not meet the definition of Housing for Older Persons and must be available for families with children.

Staff believes that, while the federal requirements allow for up to 20% of the units to be occupied by families, this does not comply with the requirement in Exhibit E to the Bond Regulatory Agreement to have all units in the seniors section of the property occupied by tenants age 55 or older. Furthermore, once the 80% at age 55 or older is not met, a Development may no longer rent to only seniors in an effort to meet the requirement for 80% at age 55 or older. Therefore, the Development needs to change its policies and practices to reflect neutral leasing criteria for the entire property. In addition to the change in target population and removal of the Intergenerational Housing Policy exhibit, other changes to the Bond Regulatory Agreement include correcting the common amenities on the development to indicate they are no longer specific to either the general or senior portion, but are considered property-wide amenities.

The Development Owner must comply with the amendment and notification requirements under 10 TAC §10.405(b). A public hearing regarding the requested LURA amendment occurred on August 11, 2017, at 11:00 am at the Development, and no public comment was received.

Staff recommends approval of the requested material amendment to the HTC LURA and the Bond Regulatory Agreement.

Staff further recommends that the amendment fee be waived. The Development Owner will be responsible for any recording fees due to the county once the LURA amendment and Second Amended and Restated Regulatory Agreement are recorded.

RESOLUTION NO. 18-001

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND AMENDED AND RESTATED REGULATORY AND LAND USE RESTRICTION AGREEMENT IN CONNECTION WITH MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS (PROVIDENCE MOCKINGBIRD APARTMENTS) SERIES 2005; 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 (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 individuals and families of low, very low and extremely low income (as defined in the Act) and families of moderate income (as defined in the Act and determined by the Governing Board of the Department (the "Board") from time to time); 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 individuals and families of low and very 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 multi-family residential rental project 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, the Department previously issued its Multifamily Housing Mortgage Revenue Bonds (Providence Mockingbird Apartments) Series 2005 in the original principal amount of $14,360,000 (the "2005 Bonds") pursuant to the terms and provisions of that certain Trust Indenture dated as of August 1, 2005 (as amended to date, the "Indenture"), between the Department and Wells Fargo Bank, National Association, as trustee (the "Trustee"); and

WHEREAS, the proceeds of the 2005 Bonds were loaned to Hines 68, LP (the "Borrower") for the purpose of financing a portion of the costs of a 251-unit multifamily housing development known as Providence Mockingbird Apartments and located in Dallas, Texas (the "Project"), pursuant to that certain Loan Agreement dated as of August 1, 2005, as amended to date, among the Department, the Borrower and the Trustee; and

WHEREAS, in order to assure compliance with Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), the Department required the Borrower to enter into a Regulatory and Land Use Restriction Agreement dated as of August 1, 2005 with the Department and the Trustee (the "Original Regulatory Agreement") with respect to the Project; and

WHEREAS, the Original Regulatory Agreement was amended and replaced by that certain Amended and Restated Regulatory and Land Use Restriction Agreement dated as of October 1, 2012 among the Department, the Trustee, the Borrower and the City of Dallas Housing Finance Corporation (the "Fee Owner") (the "Prior Regulatory Agreement"); and

WHEREAS, in connection with a change to the target population at the Project, the Department will require that the Borrower and the Fee Owner enter into a Second Amended and Restated Regulatory and Land Use Restriction Agreement to amend and replace the Prior Regulatory Agreement (the "Second Amended Regulatory Agreement") with respect to the Project; and

WHEREAS, the Department's execution of the Second Amended Regulatory Agreement shall be subject to receipt of the consents, opinions, approvals or notices required by the Indenture and the Prior Regulatory Agreement; and

WHEREAS, the Department now desires to take certain actions with respect to the Second Amended Regulatory Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS THAT:

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Approval, Execution and Delivery of Second Amended Regulatory Agreement. The Second Amended Regulatory Agreement, in substantially the form presented at this meeting, is hereby approved and adopted by the Department, and the Authorized Representatives of the Department named in the Resolution are each hereby authorized and empowered to execute and deliver the Second Amended Regulatory Agreement on behalf of the Department, with such changes as may be approved by the Authorized Representatives executing the same, such approval to be evidenced by such Authorized Representative's execution thereof.

Section 1.2 Execution and Delivery of Other Documents. The Authorized Representatives shall be and each is expressly authorized, empowered and directed from time to time and at any time to do and perform all acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Department all certificates, financing statements, instruments and other documents, whether or not herein mentioned, as they may determine to be necessary or desirable in order to carry out the terms and provisions of this resolution, as well as the terms and provisions of the Second Amended Regulatory Agreement, such determination to be conclusively evidenced by the performance of such acts and things and the execution of any such certificate, financing statement, instrument or other document.

Section 1.3 Consents and Approvals. The Department's execution of the Second Amended Regulatory Agreement and acceptance of the Amended Deed of Trust are expressly subject to receipt of the consents, opinions, approvals or notices required by the Indenture and the Prior Regulatory Agreement.

Section 1.4 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 Deputy Executive Directors of the Department, the Director of Bond Finance of the Department, the Director of Multifamily Finance of the Department, the Director of Texas Homeownership 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

GENERAL PROVISIONS

Section 2.1 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 2.2 Effective Date. This resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 7th day of September, 2017.

Chair, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

July 13, 2017

Megan Sylvester, Federal Compliance Officer and Raquel
Federal Compliance Counsel
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Response to your letter dated May 17, 2017 regarding your recommendation that the Providence at Mockingbird CMTS ID 4225 change its population to General.

Attached is the Amended Request Form and copy of the email from Megan Sylvester quoting the Fair Housing MAP Guide Page 56, which states that the Fair Housing Act prohibits "dual purpose housing facilities". A housing facility or community may not avail itself of the 55 and older exemption if it designates some units, sections, or buildings for persons 55 and older, while designating other units, sections or buildings for families with children. The Board of Directors of the City of Dallas Housing Finance Corporation (DHFC) met yesterday, July 11, 2017, and authorized the changing of the population at the Providence of Mockingbird to general population to be in compliance with the Fair Housing Act. This Amendment was not reasonably forseeable or preventable at the time of the application.

No sources, terms, conditions or amount of financing will be impacted or changed by our Amendment request. A check payable to the Texas Department of Housing and Community Affairs in the amount of $2,500 is enclosed. We respectfully request that the $2,500 be reimbursed to the City of Dallas Housing Finance Corporation and to have all legal fees associated with this amendment and change to be paid by the Texas Department of Housing and Community Affairs, including the legal opinion of "no adverse affect". The reasons for the DHFC's request for reimbursement of all legal costs associated with the need to Amend the Regulatory Agreement and the Tax Credit LURA to change the target population to 100% General is; 1) it was the replacement General Partner on October 12, 2012 and 2) the Property Management Company relied upon the March 22, 2012 from TDHCA allowing the (4) tenants that were under 55 years old as being in compliance with the Fair Housing Act.

In Section 3B, the box for change in target population is checked and the Draft of the Notice of Public Hearing and the Evidence of Public Hearing will be provided to TDHCA by the DHFC prior to August 17, 2017 to meet the deadline to be placed on the TDHCA Board of Directors Meeting on September 7, 2017 to consider approval to amend the Regulatory Agreement and the Tax Credit LURA to change the population from Intergenerational to General.

Please notify the City of Dallas Housing Finance Corporation of the action by TDHCA specifying the next steps. We appreciate your assistance with this matter.

Respectfully submitted;
Hines 68, L.P.
By: DHFC ProvidenceatMockingbird, LLC
By: City of Dallas Housing Finance Corporation, its sole member

Michael W. Harling, President

Office of Economic Development
1500 Marilla, 5CS
Dallas, Texas 75201
214 670 5390

Asset Management Division

Amendment Request Form

Completed forms and supporting materials can be emailed to asset.management@tdhca.state.tx.us

TYPE OF AMENDMENT REQUESTED

Date Submitted: 07/13/2017 Amendment Requested: Bond Regulatory Agreement *Select from List,* Tax Credit LURA

Has the change been implemented? *Select One* No Award Stage: *Select From List*

NOTE: *Material Application or LURA Amendment requests must be received* ***45 days before the Board Meeting.***

Contact your Asset Manager if you are unsure what type of Amendment to request: https://www.tdhca.state.tx.us/asset-management/contacts.htm

DEVELOPMENT INFORMATION

Dev. Name: Providence at Mockingbird File No. / CMTS No.: 4225,

CONTACT INFORMATION

Request Submitted By: Karen Schaffner Phone #/Email: 214 670 1539

SECTION 1: COVER LETTER

A cover letter ***MUST*** be submitted with your request. Review your cover letter to ensure it includes:

☐ The change(s) requested ☐ The reason the change is necessary ☐ The good cause for the change

☐ An explanation of whether the amendment was reasonably foreseeable or preventable at the time of Application

SECTION 2: REQUIRED DOCUMENTATION

Entering an Amendment conveys to the Department that representations in the Application have changed. You ***MUST*** provide information about any and all changes made from the time of Application (or as last approved by the Department) in your request, including any items that will be impacted by the requested change. Failure to represent or properly document all changes may result in delays, denials, or a request for re-submission. The following is attached:

☐ Revised Development Financing Exhibits – if sources, terms, conditions, or amounts of financing will be impacted or changed by your amendment request, revised Application exhibits and term sheets (or executed Loan documents and LPA, if the loan has closed) must be submitted

☐ Signed Statement of No Financial Impact – if no sources, terms, conditions, or amount of financing will be impacted or changed by your amendment request, the Owner must sign and submit a statement to this effect

☐ Revised Application Exhibits/Documents Reflecting or Supporting All Requested Changes – revised site plans, surveys, Building and Unit Configuration exhibit, etc.

X ☐ Material Amendment fee of $2,500 for first amendments, $3,000 for second amendments, $3,500 for third or more. (Applicable to Non-Material Amendments only if changes have been implemented prior to Amendment approval) – *N/A for Developments only funded by a Direct Loan program (HOME, NSP, HTF)*

Approved By: X

Hammond Peron

SECTION 3A: MATERIAL APPLICATION AMENDMENT ITEMS

Check all items that have been modified from the original application (see ***Subchapter E, §10.405(a)(3)***):

☐ Site plan ☐ Scope of tenant services ☐ Exclusion of reqs in Subchapters B & C

☐ Number of units* ☐ Reduction of 3%+ in unit sq ft ☐ Other

☐ Bedroom mix ☐ Reduction of 3%+ common area

☐ Architectural design ☐ Residential density (5%+ change)

If "Number of units" is selected above and the total LI units or LI units at any rent or income level will be reduced, also:

☐ Written confirmation from the lender *and* syndicator that the development is infeasible without the adjustment in units

☐ Evidence supporting the need for the adjustment in units

NOTE: **The approved amendment may carry a penalty in accordance with **§10.405(a)(6)(b).***

SECTION 3B: MATERIAL LURA AMENDMENT ITEMS

Check all items that require a material LURA amendment (see Subchapter E, ***§10.405(b)(2)***):

☐ Reductions in the number of LI units ☒ Change in Target Population

☐ Changes to income or rent restrictions ☐ Removal of Non-profit ☐ Other

☐ Change in ROFR period or other ROFR provisions

The following additional items are attached for consideration or will be forthcoming:

☒ Draft Notice of Public Hearing* ☒ Evidence of public hearing*

NOTE: **Draft Notices of Public Hearing must be provided with the Amendment materials 45 days prior to the Board meeting. *The Public Hearing must be held at least 15 business days prior to the Board meeting and evidence in the form of attendance sheets and a summary of comments made must be submitted to TDHCA within 3 days of the hearing.*

SECTION 4A: NON-MATERIAL APPLICATION AMENDMENT SUMMARY

Identify all non-material changes that have been or will be made (Contact your Asset Manager if you are unsure of whether your request is non-material):

Short Summary Regarding Application Changes

☐ Amendment is requesting a change in Developer(s) or Guarantor(s) and Previous Participation forms are attached.

SECTION 4B: NON-MATERIAL LURA AMENDMENT SUMMARY

Identify non-material amendments requested to the LURA:

Short Summary Regarding LURA Changes

SECTION 4C: NOTIFICATION ITEM SUMMARY

Identify any notification items from the time of application:

Short Summary Regarding LURA Changes

Schaffner, Karen

From: Megan Sylvester [mailto:megan.sylvester@tdhca.state.tx.us]
Sent: Thursday, June 08, 2017 4:54 PM
To: Schaffner, Karen <karen.schaffner@dallascityhall.com>
Cc: Raquel Morales <raquel.morales@tdhca.state.tx.us>; Wendy Quackenbush <wendy.quackenbush@tdhca.state.tx.us>
Subject: RE: Jim Harp and I would like to meet with you on Thursday, June 8, 2017 for about 30 minutes regarding the Providence at Mockingbird non-compliance with the Senior Tenants age requirements.

Karen,

Here is the information I said I'd provide to you.

From HUD's January 2016 MAP Guide p. 56 "The Fair Housing Act prohibits "dual purpose housing facilities." A housing facility or community may not avail itself of the 55 and older exemption if it designates some units, sections or buildings for persons age 55 and older, while designating other units, sections or buildings for families with children. *See* 54 Fed. Reg. 3232, 3252

https://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/guidebooks/hsg-GB4430

Megan Sylvester

Federal Compliance Counsel

Texas Department of Housing and Community Affairs

221 E. 11th Street | Austin, TX 78701

Office:512.463.2179

Fax: 512.475.3746

From: Megan Sylvester
Sent: Wednesday, June 07, 2017 9:09 AM
To: 'Schaffner, Karen'
Subject: RE: Jim Harp and I would like to meet with you on Thursday, June 8, 2017 for about 30 minutes regarding the Providence at Mockingbird non-compliance with the Senior Tenants age requirements.

I apologize I've been out of the office, and just saw this message. I am meeting with the Compliance Department this morning and will get back with you this afternoon if a time on Thursday will work.

Megan

Megan Sylvester

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
www.tdhca.state.tx.us

Rick Perry
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Lowell A. Keig
Juan S. Muñoz, PhD

March 22, 2012

512-475-4925
ahammond@tdhca.state.tx.us

Matt Harris
Hines 68, LP
5400 LBJ Freeway
Suite 975
Dallas, TX 75240

RE: Providence Mockingbird BOND: 05613B HTC: 05613 CMTS ID: 4225

Dear Mr. Harris:

The Texas Department of Housing and Community Affairs has received documentation on March 16, 2012, addressing the outstanding issues of non compliance identified during the monitoring review preformed by the Department on November 15, 2011. The following determinations have been made:

Findings that have been dropped:

- ***Household income above income limit upon initial occupancy:*** affecting unit 120 – Documentation submitted was sufficient to demonstrate household eligibility at the time of move in.

- ***Noncompliance with senior project age restrictions:*** affecting units 106, 313, 510, 707 and 414 – Documentation submitted demonstrates that the Development is using the Fair Housing Act definition of senior age restrictions and the Developments BOND Land Use Restriction (LURA) confirms the restriction.

Findings that remain uncorrected:

- ***Low-income unit occupied by nonqualified full-time student(s):*** unit 1212 – No documentation was submitted to correct the noncompliance. However, a corrective action plan was submitted. The unit has been vacated and is now pre-leased for occupancy on April 1, 2012. To correct; when the unit is occupied with an eligible household provide copies of the: application, necessary verifications, Income Certification and first page and signatory page of the lease.

- *Household income above income limit upon initial occupancy:* affecting unit 806 – No documentation was submitted to correct the noncompliance. However, a corrective action plan was submitted. The current tenant has not been offered lease renewal. To correct; 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.

- *No evidence of provision of supportive services:* property wide – Documentation received was not sufficient to correct the noncompliance. To correct, implement and submit documentation that Counseling Services, Vocational Training or Scholastic Tutoring are being offered.

Enclosed please find copies of form 8823 that have been submitted to the Internal Revenue Service for BIN TX0561301 and TX0561309, reporting the findings *Low-income units occupied by nonqualified full-time students* and *Household income above income limit upon initial occupancy* as uncorrected. The section 42 Revenue Code requires the Department to report all non compliance under the LIHTC program to the Internal Revenue Service, even if the non compliance is corrected.

On December 2, 2007, the Department adopted an Administrative Penalties rule which can be found in Title 10, Chapter 60 of the Texas Administrative Code. <u>This letter serves as your notice that the enforcement process has been initiated.</u>

Providence Mockingbird has a current noncompliance score of 18 (eighteen) for the Housing Tax Credit program and 18 (eighteen) for the BOND program. 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 fifty-one (51) to two hundred (200) Low Income Units with a noncompliance score of 50 or more are considered to be in material noncompliance with the Texas Department of Housing and Community Affairs. Owners of properties in Material Noncompliance are not eligible for additional funding from TDHCA and may be subject to sanctions and other actions by the Department. Title 10 of the Texas Administrative Code §60.102 and §60.123 explains this scoring system.

If you have any questions, please contact me at amy.hammond@tdhca.state.tx.us or by phone at (512) 475-4925. I look forward to the resolution of these issues.

Sincerely,

Amy Hammond

Amy Hammond
Compliance Monitor

cc: Shenna Jackson; Onsite Manager
Ellen C. Watson; Lane Management, LLC

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
www.tdhca.state.tx.us

Greg Abbott
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J.B. Goodwin

May 17, 2017

Writer's direct phone # 512.475.2330
Email: Stephanie.naquin@tdhca.state.tx.us

Karen Schaffner
Hines 68, LP
Dallas, Texas
karen.schaffner@dallascityhall.com

RE: PROVIDENCE MOCKINGBIRD CMTS ID: 4225

Dear Ms. Schaffner:

The Texas Department of Housing and Community Affairs (the "Department") conducted an onsite review of Providence Mockingbird on October 19, 2015. In that review there was a finding of noncompliance to the effect of **Development failed to provide housing to the elderly as promised at application** and **Failure to provide amenity as required by LURA.** Both currently remain uncorrected. Moreover, as it has been operated, the property would not have qualified for an exemption as an elderly property under the Housing for Older Persons Act ("HOPA").

The property consists of 251 total units, with 155 of those units in the "Tower," which is described as the "Senior Section" under the Bond Regulatory Agreement. Section III(3) of the Bond Review Board Intergenerational Housing Definition and Policies states that no tenants under the senior-qualifying age will be permitted to live in the age-restricted building(s). This would have meant that, any tenant that lived in the "Tower" would have been required to be at least 55 year of age. The owner's response stated:

> **Corrective Actions: Although the Fair Housing Act was amended in 1988 to prohibit discrimination on the basis of disability and familial status, Congress intended to preserve housing specifically designed to meet the needs of senior citizens. There are two options for defining senior age projected restrictions: (1) the unit is occupied solely by persons who are 62 or older, or the community houses at least one person who is 55 or older in at least 80% of the occupied units. Since Providence at Mockingbird use the latter definition for the Senior Project [Providence Towers], this should be considered a non – issue and in compliance with the HUD senior preference regulation.**

The Department finds that this is not responsive to the requirement specified in the Bond Regulatory Agreement that all tenants in the Tower must be, at least, 55 years of age. The Compliance Monitoring and Tracking System ("CMTS") now requires entry of each household member's birthday. The

most recent information provided by the property shows that, of the 155 units in the Tower, only 110 units had a household member that was 55 years of age; whereas, 80% of 155 units is 124 units. The property has not met this requirement of the regulatory agreement. Furthermore it would not have met the requirements for a HOPA exemption.

The Department expanded the analysis to the entire development to determine if the HOPA exemption was met with neutral leasing criteria. Of the 251 total units, in both the "General" and "Senior" sections, there are a total of 120 units that have, at least, one household member that is 55 year of age; whereas, 80% of 251 units is 201 units. The property does not meet the definition of housing for older persons, and, therefore, all units must be available for families with children.

The Department conducted a follow up to verify the presence of amenities required by the Bond Regulatory Agreement. The Department was not able to confirm compliance with Exhibit B-1 (Description of Project), Exhibit B-2 (Project Amenities), Exhibit B-3 (General Section Description), Exhibit B-4 (Seniors Section Description), Exhibit C (Tenant Supportive Services), and Exhibit E (Bond Review Board-Intergenerational Housing Definition and Policies).

To correct, both the Bond Regulatory Agreement and the Housing Tax Credit ("HTC") LURA should be amended to change the population served to general and to accurately record the amenities as they exist today. Contact your TDHCA Asset Manager, Rosalio Banuelos (Rosalio.banuelos@tdhca.state.tx.us) and refer to 10 TAC §10.405(b), *Amendments to the LURA*, for guidance related to amending the HTC LURA. The Department will proceed with drafting the amendment to the Bond Regulatory Agreement for review so that, when this process is initiated, a draft will be ready for your review.

This notice begins the corrective action period. You must supply all requested documentation including information substantiating complete correction of the amenities issues no later than **June 17, 2017**, the last day of the corrective action period. However, due to the sensitive timelines related to LURA amendments, you are encouraged to initiate this process immediately.

Sincerely,

Stephanie Naquin
2017.05.17 11:55:41
-05'00'

Stephanie Naquin
Director, Multifamily Compliance

NOTICE OF PUBLIC HEARING

CITY OF DALLAS HOUSING FINANCE CORPORATION
PROVIDENCE AT MOCKINGBIRD
CHANGE IN HOUSEHOLD FROM INTERGENERATIONAL TO GENERAL

Notice is hereby given of a public hearing to be held by the DHFCProvidenceatMockingbird, LLC on Friday, August 11, 2017, at 11:00 a.m., at 1853 W. Mockingbird in the Atrium located in the 8 story Tower, with respect to a request by Texas Department of Housing and Community Affairs (TDHCA) received on May 17, 2017, that the households be changed to neutral/general due to the Fair Housing Act provision that prohibits dual properties on the same site. In addition, TDHCA recommended that the Bond Regulatory Agreement and the Housing Tax Credit ("HTC") LURA be amended to change the population served to general at the Providence at Mockingbird. The DHFC ProvidenceatMockingbird, LLC approved the request from TDHCA to make the necessary changes to general population and to amend the Bond Regulatory Agreement and HTC LURA at its Board of Directors' meeting on July 11, 2017.

Background

The Providence at Mockingbird has been operating as a senior property at 55 and over in the 8 story tower and as a family property in the four other buildings on the site referred to as Providence at Mockingbird since 2006. Questions may be directed to Ms. Karen Schaffner, Manager, City of Dallas Housing Finance Corporation, 1500 Marilla, Dallas, Texas 75201 (214-670-5390).

Any interested persons unable to attend the hearing may submit their views in writing to Ms. Schaffner prior to the date scheduled for the hearing at the above address.

No tenants will be asked to leave the property as a result of this change. The tenants will be notified if the change to general population is successfully approved by TDHCA on September 7, 2017 and the effective date of the change to general population at Providence at Mockingbird.

MINUTES

PUBLIC HEARING

HELD ON AUGUST 11, 2017 AT 11:00 A.M.

AT PROVICENCE AT MOCKINGBIRD

1853 WEST MOCKINGBIRD LANE

DALLAS, TEXAS 75235

PROVIDENCE AT MOCKINGBIRD
CHANGE IN HOUSEHOLD FROM INTERGENERATIONAL TO GENERAL

A public hearing was held by the DHFC ProvidenceatMockingbird, LLC on Friday, August 11, 2017, at 11:00 a.m., at 1853 W. Mockingbird in the Atrium located in the 8 story Tower.

The meeting began at 11:00 A.M. There were approximately 35 tenants in attendance at the meeting.

Karen Schaffner, Manager, City of Dallas Housing Finance Corporation, began the meeting to announce the request received by Texas Department of Housing and Community Affairs (TDHCA) received on May 17, 2017, to change the households to neutral/general due to the Fair Housing Act provision that prohibits dual properties on the same site. In addition, TDHCA recommended that the Bond Regulatory Agreement and the Housing Tax Credit ("HTC") LURA be amended to change the population served to general at the Providence at Mockingbird. The DHFC ProvidenceatMockingbird, LLC approved the request from TDHCA to make the necessary changes to general population and to amend the Bond Regulatory Agreement and HTC LURA at its Board of Directors' meeting on July 11, 2017.

Karen Schaffner stated that the Providence at Mockingbird has been operating as a senior property at 55 and over in the 8 story tower and as a family with children property in the four other buildings on the site referred to as Providence at Mockingbird since 2006. Karen Schaffner reminded the tenants that no tenants will be asked to leave the property as a result of this change. The tenants will be notified if the change to general population is successfully approved by TDHCA on September 7, 2017 and the effective date of the change to general population at Providence at Mockingbird by receiving a notices on the door from the property management company.

The comments and concerns received by the tenants were as follows:

1) They wanted assurance that they would not lose their housing vouchers and it was confirmed by Holly Siems, Property Manager, CF Lane Real Estate that the change would not affect the status of their housing vouchers.

2) They wanted assurance that the once a week door to door garbage pick-up would still continue and Holly Siems confirmed that all the amenities, including the garbage pickup, would not be affected.

3) They wanted assurance that that they would not be asked or be required to move and Holly Siems confirmed that they would not have to move out of the tower.

4) Holly Siems stated that under the 100% general population designation, the tenants will be allowed to rent units on a first come, first serve basis, without regard to age, race, familial status, religion, national origin, disabilities and all the other factors in compliance with the Fair Housing laws. Background checks will be required for all tenants and in order to rent a unit, the tenant must pass the background check process.

5) Holly Siems also mentioned that if any of the tenants in the senior tower wanted to move out they would need to give 60 days' notice and pay a reletting fee of 85%.

Holly Siems explained that the tower had 150 one bedrooms and 5 two bedrooms. For the one bedrooms the family restrictions are that not more than two persons can live in the one bedroom unit, but that could not prevent a mother and a child from occupying the unit. Since the change requested by TDHCA would result in families with children being allowed to rent units in the towers at Providence at Mockingbird, the 5 two bedroom units could be occupied by families with children.

Holly Siems also answered one tenant's question, could the seniors rent the two bedrooms on the family side, and to that question the answer is that the seniors in the current senior tower were always allowed to rent the two bedroom units on the family side and larger units if the family size warranted a larger unit.

Aside from the questions regarding the change in population to 100% general, the tenants brought up several unrelated issues such as the following:

1) The front entry way door is broken. Holly Siems stated it was under contract and would be replaced soon.

2) The pool is out of order currently. Holly Siems stated that the swimming pool needs to be resurfaced and they have the bids from the vendors and repairs will be made soon.

3) One tenant asked if the families moving in would be screened which Holly Siems answered that all of the tenants are screened.

4) One tenant requested that there be a cross walk from one side of Mockingbird Lane to the other side of Mockingbird Lane due to the risk that small children might get run over by fast moving vehicles as they were trying to cross Mockingbird Lane in front of the property to get to the bus stop on the other side which takes passengers in the opposite direction. (There are two bus stopes that are across the street from each other, with one bus stop located directly in front of the Providence at Mockingbird property).

5) One tenant asked that the two bus stops have brighter lights at night for safety issues.

6) One tenant mentioned the fact that the drive through gates were constantly broken, which lead to vandalism effecting tenants automobiles. She stated that this has been going on for five years.

7) A few tenants made a complaint regarding the HVAC and heat in the common areas. Karen Schaffner informed the tenants that the PACE program is in the process of being approved that will replace the two HVAC units that service the common areas in the two towers.

8) A tenant also mentioned that a door was also broken near the convenience store and needed to be looked at.

The meeting was adjourned at 12;10 p.m.

Barbara Swygert
Stephen King
Michael Bryant 112
Darryl Ford #419
Verneta B. Shaw
Terrence J. Roper #415
Mrs. Laura L. Taylor #211
#107 Maria Y. Carrol
Herbert Taylor #211
#612 Paula Eldridge
Francis Masley
Sylvia Fagan #213
Norma McCray #515
Sharron McGee
Jacqueline Alexander #212
Hazel Burnett
Gail Williams
Charline Jackson
Wanda Gay
Phone Calls
Joyce Johnson #703
Sylvia Fagan
Felia West
Felcia Miles
Thomas Jones #110
David Frazer
Daniel Lyons #220
Leonetti Slaughter 202
Virginia Leonard #219
Julie Bartlett
Robert [illegible]
Ronnie HALL #519
Nathan Bobo - 508
JOSE SALAZAR - 512
Jonathan Strickland 516
Verneta Thomas 309
Mary Nelson 714
Janice Duthie 714
Antonio MERAZ #305
TR [illegible] #[illegible]

1m

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit ("HTC") Application for Conrad Lofts (HTC #16034)

RECOMMENDED ACTION

WHEREAS, Conrad Lofts (the "Development") received an award of 9% Housing Tax Credits in 2016 for the Adaptive Reuse of an existing eight-story historic landmark hotel into 29 multifamily units in Plainview;

WHEREAS, the Development Owner is now requesting approval to amend the Application to increase the Development site acreage from .284 to .604 acres, an increase of 112.68% resulting in a 52.98% decrease in the residential density;

WHEREAS, Board approval is required for a modification of the residential density of at least 5% under Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(F);

WHEREAS, the Development Owner has complied with the amendment requirements in 10 TAC §10.405(a); and

WHEREAS, the change does 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 material application amendment for Conrad Lofts 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

Conrad Lofts was approved during the 2016 9% Housing Tax Credit cycle for the adaptive reuse of an existing eight-story historic landmark hotel into 29 new units of multifamily housing in Plainview, Hale County. The Development Owner's representative, Sarah Andre, submitted a request on June 30, 2017, requesting approval to amend the Application relating to the Development Site acreage from .3133 acres identified in the Application to .604 acres identified on the current survey provided in the 10 Percent Test package. The underwriting report identifies the site acreage as .284 acres based on the information provided in the appraisal dated February 22, 2016. As specified in 10 TAC §10.204(15), a Site Design and Development Feasibility Report is only required for New Construction or Reconstruction Developments. As a result, Ms. Andre indicates that the acreage for the project identified at Application was based on information that was later discovered to be outdated and inaccurate. Ms. Andre states that the design team discovered a disparity between the perimeter area of the proposed site plan and the legal description provided to the Applicant in the contract. Ms. Andre explains that the original purchase contract included Tract 1 that contains the existing building that is under renovation but did not include the parking area, alleyway, and green space identified in the proposed site plan. Ms. Andre states that the City of Plainview provided the alleyway at no cost to the project. The Development Owner was also able to purchase Tracts 2 and 3 for an additional $18,000. The financial source for the purchased Tracts will be additional Deferred Developer Fee that can be repaid by Year 4 according to the pro forma in the underwriting report. As a result of the additional land acquired, the site acreage increased from .284 to .604 acres, an increase of 112.68% and 52.98% decrease in the residential density. Ms Andre states that the increased site acreage was unforeseeable because the plats and legal descriptions available at the time the Application was submitted were outdated and inaccurate and that the acquisition of the alleyway and additional Tracts allows the project to provide the building, parking, and green space as originally proposed in the Application.

Staff has reviewed the original Application, Credit Underwriting Analysis Report, and current survey and concluded that the material amendment would not have changed the scoring of the Application and does not negatively impact the tax credit allocation awarded.

Staff recommends approval of the material application amendment for Conrad Lofts as presented herein.

Asset Management Division

Amendment Request Form

Completed forms and supporting materials can be emailed to asset.management@tdhca.state.tx.us

TYPE OF AMENDMENT REQUESTED

Date Submitted: 6/29/2017 Amendment Requested: *Application Amendment ,*

Has the change been implemented? *Yes* Award Stage: *Under Construction or at 10% Test*

NOTE: *Material Application or LURA Amendment requests must be received* ***45 days before the Board Meeting****.*

Contact your Asset Manager if you are unsure what type of Amendment to request: https://www.tdhca.state.tx.us/asset-management/contacts.htm

DEVELOPMENT INFORMATION

Dev. Name: Conrad Lofts File No. / CMTS No.: 16034 /

CONTACT INFORMATION

Request Submitted By: Sarah Andre Phone #/Email: (512) 698-3369 /sarah@structuretexas.com

SECTION 1: COVER LETTER

A cover letter ***MUST*** be submitted with your request. Review your cover letter to ensure it includes:

☒ The change(s) requested ☒ The reason the change is necessary ☒ The good cause for the change

☒ An explanation of whether the amendment was reasonably foreseeable or preventable at the time of Application

SECTION 2: REQUIRED DOCUMENTATION

Entering an Amendment conveys to the Department that representations in the Application have changed. You ***MUST*** provide information about any and all changes made from the time of Application (or as last approved by the Department) in your request, including any items that will be impacted by the requested change. Failure to represent or properly document all changes may result in delays, denials, or a request for re-submission. The following is attached:

☒ Revised Development Financing Exhibits – if sources, terms, conditions, or amounts of financing will be impacted or changed by your amendment request, revised Application exhibits and term sheets (or executed Loan documents and LPA, if the loan has closed) must be submitted

☐ Signed Statement of No Financial Impact – if no sources, terms, conditions, or amount of financing will be impacted or changed by your amendment request, the Owner must sign and submit a statement to this effect

☒ Revised Application Exhibits/Documents Reflecting or Supporting All Requested Changes – revised site plans, surveys, Building and Unit Configuration exhibit, etc.

☒ Material Amendment fee of $2,500 for first amendments, $3,000 for second amendments, $3,500 for third or more. (Applicable to Non-Material Amendments only if changes have been implemented prior to Amendment approval) – *N/A for Developments only funded by a Direct Loan program (HOME, NSP, HTF)*

SECTION 3A: MATERIAL APPLICATION AMENDMENT ITEMS

Check all items that have been modified from the original application (see ***Subchapter E, §10.405(a)(3)***):

☐ Site plan ☐ Scope of tenant services ☐ Exclusion of reqs in Subchapters B & C

☐ Number of units* ☐ Reduction of 3%+ in unit sq ft ☐ Other

☐ Bedroom mix ☐ Reduction of 3%+ common area

☐ Architectural design ☒ Residential density (5%+ change)

If "Number of units" is selected above and the total LI units or LI units at any rent or income level will be reduced, also:

☐ Written confirmation from the lender *and* syndicator that the development is infeasible without the adjustment in units

☐ Evidence supporting the need for the adjustment in units

NOTE: **The approved amendment may carry a penalty in accordance with* ***§10.405(a)(6)(b).***

SECTION 3B: MATERIAL LURA AMENDMENT ITEMS

Check all items that require a material LURA amendment (see Subchapter E, ***§10.405(b)(2)***):

☐ Reductions in the number of LI units ☐ Change in Target Population

☐ Changes to income or rent restrictions ☐ Removal of Non-profit ☐ Other

☐ Change in ROFR period or other ROFR provisions

The following additional items are attached for consideration or will be forthcoming:

☐ Draft Notice of Public Hearing* ☐ Evidence of public hearing*

NOTE: **Draft Notices of Public Hearing must be provided with the Amendment materials 45 days prior to the Board meeting. *The Public Hearing must be held at least 15 business days prior to the Board meeting and evidence in the form of attendance sheets and a summary of comments made must be submitted to TDHCA within 3 days of the hearing.*

SECTION 4A: NON-MATERIAL APPLICATION AMENDMENT SUMMARY

Identify all non-material changes that have been or will be made (Contact your Asset Manager if you are unsure of whether your request is non-material):

Short Summary Regarding Application Changes

☐ Amendment is requesting a change in Developer(s) or Guarantor(s) and Previous Participation forms are attached.

SECTION 4B: NON-MATERIAL LURA AMENDMENT SUMMARY

Identify non-material amendments requested to the LURA:

Short Summary Regarding LURA Changes

SECTION 4C: NOTIFICATION ITEM SUMMARY

Identify any notification items from the time of application:

Short Summary Regarding LURA Changes

June 29, 2017

Ms. Lee Ann Chance
Asset Manager Region 1
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Re: Conrad Lofts, TDHCA #16034, Plainview

Dear Ms. Chance:

Please accept this formal request for an amendment to project 16034, Conrad Lofts to adjust the site plan acreage.

Changes Requested
We would like to request a change in site acreage from .3133 acres at application to .604 acres at closing. The site plan has not changed in shape or configuration of the building and amenities since application.

Reason the Change is Necessary
The property was purchased from a City of Plainview entity – Guadalupe Economic Services Corporation (GESC). GESC described the proposed development area to the applicant and provided a sales contract with an outdated legal description (we did not know at the time that it was outdated). The design team used the old legal description from the contract as well as the Hale County appraisal district property records to establish the site perimeter for the project and the calculation of site area as .3133 acres at application.

A rehabilitation project does not require an engineering and site design feasibility study; therefore no survey was conducted at application and unfortunately the records used were inaccurate. After award, the design team discovered a disparity between the site plan perimeter area and the initial contract. The difference can be attributed to not having a full feasibility study, the inaccurate description of the property provided to the applicant, the historic nature of the old downtown plat, and buildings commonly encroaching over lot lines in downtown areas.

The original contract includes 100% of the existing building that is under renovation. Through the vacation of a portion of the adjacent alleyway and an additional acquisition, the developer assembled the additional square feet required to provide the full parking and green space

program promised in the application and shown on the site plan. The alley vacation was provided at no cost to the applicant from the City of Plainview. The additional parcel was obtained at a nominal cost of $18,000. Therefore, the financial impact of the change is minor and only resulted in additional deferred developer fee.

Explanation of Foreseeable or Preventable Nature
The change in site acreage was unforeseeable because the plats and legal descriptions available for the proposed site were very old and inaccurate. Without a new survey, it was impossible for the applicant to be aware of the issue. Fortunately, it was easily remedied by taking a portion of the alleyway and the subsequent purchase of additional square footage.

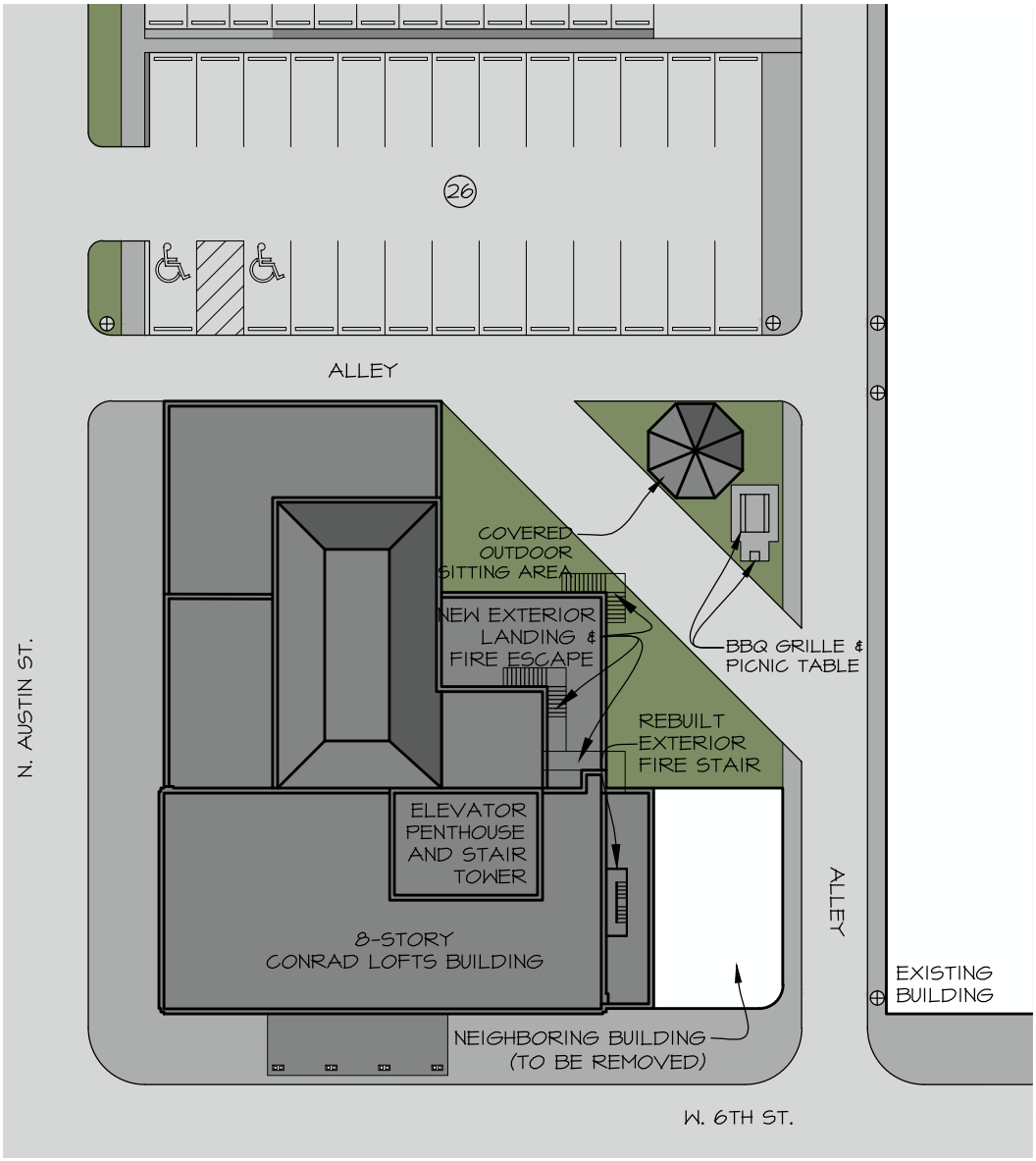
Good Cause for the Change
The increase in site acreage was the most effective method for the development site to provide the building, parking and green space on the site plan as proposed to TDHCA. Because the building is already in existence, without the additional acreage it would have been impossible to provide the parking and green space as promised. We did not feel that eliminating parking or green space were acceptable options for TDHCA, the future residents, or us.

Please feel free to contact me if you have any additional questions.

Sincerely,

Sarah Andre
Consultant to the Project

Site plan as submitted with application



(1) 8 STORY BUILDING

(6) 1-BR EFFICIENCY UNITS
(7) 1-BR UNITS (INCLUDING 1 UFAS)
(8) 2-BR UNITS (INCLUDING 1 UFAS)
(9) 3-BR UNITS
(30) RESIDENTIAL UNITS

(25) TOTAL PARKING SPACES (INCLUDING 2 UFAS SPACES)

DEVELOPMENT AMENITIES:
-FURNISHED COMMUNITY ROOM
-LIBRARY
-FURNISHED FITNESS ROOM
-COVERED OUTDOOR SITTING AREA W/ BBQ GRILLE & PICNIC TABLE

NOTE:
NO ADDITIONAL ONSITE DETENTION REQUIRED AS ADDITIONAL IMPERVIOUS AREA IS NEGLIGIBLE.

NOTE:
TO THE BEST OF OUR KNOWLEDGE, INFORMATION, & BELIEF, THIS SITE DOES NOT FALL WITHIN A FLOOD PLAIN ZONE.

.3133 ACRES ±

0' 50' 100'

SCALE: 1" = 50'-0"

PROPOSED SITE PLAN

FEBRUARY 2016

MRE Capital, LLC

CONRAD LOFTS RENOVATION

Plainview, Texas

Wallace Architects L.L.C.

COPYRIGHT © 2016

LEGAL DESCRIPTION

TRACT 1 (GUADALUPE PROPERTY = CONRAD BUILDING)

LOTS 27, 28, AND 29, AND THE WEST 21 FEET OF LOT 30, BLOCK 31, ORIGINAL TOWN OF PLAINVIEW, HALE COUNTY, TEXAS ACCORDING TO THE MAP, PLAT AND/OR DEDICATION DEED THEREOF, RECORDED IN DEED RECORDS OF HALE COUNTY, TEXAS; AND

GRANTOR'S INTEREST IN THE SOUTH HALF OF THE ADJACENT VACATED ALLEY LEGALLY DESCRIBED AS:

A PART OF BLOCK 31, ORIGINAL TOWN OF PLAINVIEW, HALE COUNTY, TEXAS ACCORDING TO THE MAP, PLAT AND/OR DEDICATION DEED THEREOF, RECORDED IN DEED RECORDS OF HALE COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A PART OF A VACATED ALLEY IN SAID BLOCK 31, VACATED BY INSTRUMENT NUMBER 2017 001271 AND RECORDED IN THE DEED RECORDS OF HALE COUNTY, TEXAS, COMMENCING AT A #4 REBAR AND GREEN PLASTIC CAP STAMPED "RPLS 5620" SET FOR THE SOUTHWEST CORNER OF SAID BLOCK 31; THENCE NORTH 00°54'09" EAST ALONG THE WEST LINE OF SAID BLOCK 31 FOR A DISTANCE OF 130.16 FEET TO A FOUND CHISELED X AT THE NORTHWEST CORNER OF LOT 27 OF SAID BLOCK 31, SAID POINT BEING THE POINT OF BEGINNING; THENCE SOUTH 88°57'21" EAST ALONG THE SOUTH SIDE OF AN ALLEY FOR A DISTANCE OF 104.91 FEET TO A #4 REBAR AND ALUMINUM CAP STAMPED "RPLS 5620"; THENCE NORTH 0°55'05" EAST FOR A DISTANCE OF 10.00 FEET TO THE CENTERLINE OF SAID ALLEY; THENCE NORTH 88°57'21" WEST ALONG THE CENTERLINE OF SAID ALLEY A DISTANCE OF 104.91 FEET TO THE EAST RIGHT-OF-WAY OF NORTH AUSTIN STREET; THENCE SOUTH 0°54'09" WEST ALONG THE EAST RIGHT-OF-WAY OF NORTH AUSTIN STREET A DISTANCE OF 10.00 FEET TO THE POINT OF BEGINNING.

THE AREA DESCRIBED BEING 1,049 SQUARE FEET OR 0.02 ACRES. THE BASIS OF BEARINGS FOR THIS DESCRIPTION BEING NORTH 0°54'09" EAST FOR THE WEST LINE OF BLOCK 31.

TRACT 2 (CHRISTOLIE NORTH PROPERTY)

A PART OF BLOCK 31, ORIGINAL TOWN OF PLAINVIEW, HALE COUNTY, TEXAS ACCORDING TO THE MAP, PLAT AND/OR DEDICATION DEED THEREOF, RECORDED IN DEED RECORDS OF HALE COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A #4 REBAR AND GREEN PLASTIC CAP STAMPED "RPLS 5620" SET FOR THE SOUTHWEST CORNER OF SAID BLOCK 31; THENCE SOUTH 89°06'12" EAST ALONG THE SOUTH LINE OF SAID BLOCK 31 FOR A DISTANCE OF 104.88 FEET TO A FOUND CHISELED CROW FOOT IN A CONCRETE SIDEWALK, SAID POINT BEING THE POINT OF BEGINNING; THENCE NORTH 00°55'05" EAST A DISTANCE OF 129.89 FEET TO A #4 REBAR AND ALUMINUM CAP STAMPED "RPLS 5620", THENCE SOUTH 88°57'21" EAST ALONG THE SOUTH LINE OF AN ALLEY FOR A DISTANCE OF 35.09 FEET TO A #4 REBAR AND GREEN PLASTIC CAP STAMPED "RPLS 5620" SET FOR THE NORTHEAST CORNER OF LOT 31 OF SAID BLOCK 31; THENCE SOUTH 0°54'09" WEST ALONG THE EAST LINE OF LOT 31 FOR A DISTANCE OF 80.62 FEET TO A #4 REBAR AND GREEN PLASTIC CAP STAMPED "RPLS 5620"; THENCE NORTH 89°53'03" WEST A DISTANCE OF 34.11 FEET TO A #4 REBAR AND GREEN PLASTIC CAP STAMPED "RPLS 5620"; THENCE SOUTH 0°55'05" WEST A DISTANCE OF 48.72 FEET TO A #4 REBAR AND GREEN PLASTIC CAP STAMPED "RPLS 5620"; THENCE NORTH 89°06'12" WEST ALONG THE SOUTH LINE OF SAID BLOCK 31 A DISTANCE OF 1.00 FEET TO THE POINT OF BEGINNING.

THE AREA DESCRIBED BEING 2,888 SQUARE FEET OR 0.07 ACRES. THE BASIS OF BEARINGS FOR THIS DESCRIPTION BEING NORTH 0°54'09" EAST FOR THE WEST LINE OF BLOCK 31.

AND

GRANTOR'S INTEREST IN THE SOUTH HALF OF THE ADJACENT VACATED ALLEY LEGALLY DESCRIBED AS:

A PART OF BLOCK 31, ORIGINAL TOWN OF PLAINVIEW, HALE COUNTY, TEXAS ACCORDING TO THE MAP, PLAT AND/OR DEDICATION DEED THEREOF, RECORDED IN DEED RECORDS OF HALE COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A PART OF A VACATED ALLEY IN SAID BLOCK 31, VACATED BY INSTRUMENT NUMBER 2017 001271 AND RECORDED IN THE DEED RECORDS OF HALE COUNTY, TEXAS, COMMENCING AT A #4 REBAR AND GREEN PLASTIC CAP STAMPED "RPLS 5620" SET FOR THE SOUTHWEST CORNER OF SAID BLOCK 31; THENCE NORTH 00°54'09" EAST ALONG THE WEST LINE OF SAID BLOCK 31 FOR A DISTANCE OF 130.16 FEET TO A FOUND CHISELED X AT THE NORTHWEST CORNER OF LOT 27 OF SAID BLOCK 31; THENCE SOUTH 88°57'21" EAST ALONG THE SOUTH SIDE OF AN ALLEY FOR A DISTANCE OF 104.91 FEET TO A #4 REBAR AND ALUMINUM CAP STAMPED "RPLS 5620", BEING THE POINT OF BEGINNING; THENCE CONTINUING SOUTH 88°57'21" EAST ALONG THE SOUTH SIDE OF SAID ALLEY FOR A DISTANCE OF 35.09 FEET TO A #4 REBAR AND GREEN PLASTIC CAP STAMPED "RPLS 5620" FOR THE NORTHEAST CORNER OF LOT 31 OF SAID BLOCK 31; THENCE NORTH 0°54'09" EAST FOR A DISTANCE OF 10.00 FEET TO THE CENTERLINE OF SAID ALLEY; THENCE NORTH 88°57'21" WEST ALONG THE CENTERLINE OF SAID ALLEY A DISTANCE OF 35.09 FEET; THENCE SOUTH 0°55'05" WEST A DISTANCE OF 10.00 FEET TO THE POINT OF BEGINNING.

THE AREA DESCRIBED BEING 350 SQUARE FEET OR 0.008 ACRES. THE BASIS OF BEARINGS FOR THIS DESCRIPTION BEING NORTH 0°54'09" EAST FOR THE WEST LINE OF BLOCK 31.

TRACT 3 (OSWALD PRINTING PROPERTY)

LOTS 25 AND 26, BLOCK 31, ORIGINAL TOWN OF PLAINVIEW, HALE COUNTY, TEXAS ACCORDING TO THE MAP, PLAT AND/OR DEDICATION DEED THEREOF, RECORDED IN DEED RECORDS OF HALE COUNTY, TEXAS; AND

THE NORTH HALF OF THE ADJACENT VACATED ALLEY LEGALLY DESCRIBED AS:

A PART OF BLOCK 31, ORIGINAL TOWN OF PLAINVIEW, HALE COUNTY, TEXAS ACCORDING TO THE MAP, PLAT AND/OR DEDICATION DEED THEREOF, RECORDED IN DEED RECORDS OF HALE COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A PART OF A VACATED ALLEY IN SAID BLOCK 31, VACATED BY INSTRUMENT NUMBER 2017 001271 AND RECORDED IN THE DEED RECORDS OF HALE COUNTY, TEXAS, COMMENCING AT A #4 REBAR AND GREEN PLASTIC CAP STAMPED "RPLS 5620" SET FOR THE SOUTHWEST CORNER OF LOT 31 OF SAID BLOCK 31; THENCE NORTH 00°54'09" EAST ALONG THE WEST LINE OF SAID BLOCK 31 FOR A DISTANCE OF 130.16 FEET TO A FOUND CHISELED X AT THE NORTHWEST CORNER OF LOT 27 OF SAID BLOCK 31; THENCE CONTINUING NORTH 00°54'09" EAST A DISTANCE OF 10.00 FEET TO THE CENTERLINE OF SAID ALLEY, SAID POINT BEING THE POINT OF BEGINNING; THENCE NORTH 88°57'21" EAST ALONG THE CENTERLINE OF SAID ALLEY FOR A DISTANCE OF 140.00 FEET; THENCE NORTH 0°54'09" EAST FOR A DISTANCE OF 10.00 FEET TO A #4 REBAR AND GREEN PLASTIC CAP STAMPED "RPLS 5620" SET FOR THE SOUTHEAST CORNER OF LOT 26 OF SAID BLOCK 31; THENCE NORTH 88°57'21" WEST NORTH LINE OF SAID ALLEY A DISTANCE OF 140.00 FEET TO A #4 REBAR AND GREEN PLASTIC CAP STAMPED "RPLS 5620" SET FOR THE SOUTHWEST CORNER OF LOT 26 OF SAID BLOCK 31; THENCE SOUTH 0°54'09" WEST A DISTANCE OF 10.00 FEET TO THE POINT OF BEGINNING.

THE AREA DESCRIBED BEING 1,400 SQUARE FEET OR 0.03 ACRES. THE BASIS OR BEARINGS FOR THIS DESCRIPTION BEING NORTH 0°54'09" EAST FOR THE WEST LINE OF BLOCK 31.

TITLE COMMITMENT NOTES

2. ANY DISCREPANCIES, CONFLICTS, OR SHORTAGES IN AREA OR BOUNDARY LINES, OR ANY ENCROACHMENTS OR PROTRUSIONS, OR ANY OVERLAPPING OF IMPROVEMENTS. EAST WALL 0.3 FEET; CANOPIES SOUTH & WEST. PORTION OF BUILDING ALONG WEST LINE PROTRUDES INTO STREET RIGHT-OF-WAY APPROXIMATELY 0.3 FEET; PORTION OF BUILDING ALONG EAST SOUTH LINE PROTRUDES INTO STREET RIGHT-OF-WAY APPROXIMATELY 0.2 FEET, PORTION OF BUILDING ALONG EAST LINE PROTRUDES INTO ALLEY APPROXIMATELY 0.3 FEET, PORTION OF BUILDING ALONG NORTH LINE PROTRUDES INTO ALLEY APPROXIMATELY 0.1 FEET, CANOPY ALONG SOUTH LINE PROTRUDES INTO STREET RIGHT-OF-WAY APPROXIMATELY 13.1 FEET. CANOPY ALONG WEST LINE PROTRUDES INTO STREET RIGHT-OF-WAY APPROXIMATELY 3.9 FEET.

10a. ASSIGNMENT AND ASSUMPTION, CONVEYANCE, DEED AND BILL OF SALE FROM ATMOS ENERGY CORPORATION TO IBIS GAS SERVICES, LLC RECORDED IN VOLUME 1055, PAGE 1007 OF THE HALE COUNTY OFFICIAL PUBLIC RECORDS. AMENDED BY INSTRUMENT FILED MAY 28, 2009 AS DOCUMENT #2009-001858, OFFICIAL PUBLIC RECORDS, HALE COUNTY, TEXAS. UNABLE TO ASCERTAIN LOCATION OF EASEMENTS.

10b. SUBJECT TO ALL RIGHTS, OBLIGATIONS, AND OTHER MATTER EMANATING FROM AND EXISTING BY REASON OF THE CREATION, ESTABLISHMENT, MAINTENANCE, AND OPERATION OF THE HIGH PLAINS UNDERGROUND WATER CONSERVATION DISTRICT NO. 1, AS SHOWN BY INSTRUMENT DATED AUGUST 19, 1993 AND RECORDED IN VOLUME 837, PAGE 245, DEED RECORDS, HALE COUNTY, TEXAS. AFFECTS SUBJECT PROPERTY.

10c. SUBJECT TO ORDINANCE AMENDING THE COMPREHENSIVE ZONING ORDINANCE AND MAP ABANDONING A PORTION OF A TWENTY FOOT ALLEY LOCATED NORTH OF W. 6TH STREET AND EAST OF N. AUSTIN STREET VACATING AND CLOSING SUCH ALLEY RIGHT OF WAY SAVE AND EXCEPT A PERMANENT PUBLIC UTILITY EASEMENT, FILED FOR RECORD APRIL 26, 2017 IN THE OFFICE OF THE COUNTY CLERK AND RECORDED IN COUNTY CLERK'S DOCUMENT NUMBER 2017-001271, OFFICIAL PUBLIC RECORDS, HALE COUNTY, TEXAS. SHOWN HEREON.

GENERAL NOTES

A. EASEMENTS AND RIGHTS-OF-WAY AFFECTING SUBJECT PROPERTY CONTAINED IN FIRST AMERICAN TITLE GUARANTY COMPANY, FILE NO. 201517723, EFFECTIVE DATE: MAY 9, 2017, 7:00 A.M., ARE SHOWN OR NOTED HEREON.

B. DATE OF LAST FIELD VISIT: MAY 27, 2017.

C. ALL CORNERS WERE SET USING 1/2" X 24" REBAR WITH A GREEN PLASTIC CAP STAMPED "RPLS 5620", UNLESS OTHERWISE NOTED.

D. BASIS OF BEARING SHOWN HEREON BEING THE WEST LINE OF BLOCK 31, ORIGINAL TOWN OF PLAINVIEW BEING A BEARING OF NORTH 00°54'09" EAST.

E. THE PROPERTY DESCRIBED HEREON CONTAINS: TRACT 1 = 14,688 SQUARE FEET OR 0.337 ACRES.
TRACT 2 = 3,239 SQUARE FEET OR 0.074 ACRES
TRACT 3 = 8,400 SQUARE FEET OR 0.193 ACRES
Total is .604 acres

F. THIS SURVEY MEETS OR EXCEEDS THE GENERAL RULES FOR PROCEDURES AND PRACTICES OF LAND SURVEYING AS ADOPTED BY THE BOARD OF LICENSURE FOR PROFESSIONAL LAND SURVEYORS FOR THE STATE OF TEXAS.

G. THE SURVEYOR HAS NOT PHYSICALLY LOCATED THE UNDERGROUND UTILITIES AND MAKES NO CERTIFICATION THAT THE UNDERGROUND UTILITIES SHOWN COMPRISE ALL SUCH UTILITIES IN THE AREA, EITHER IN SERVICE OR ABANDONED ALTHOUGH HE DOES CERTIFY THAT THEY ARE LOCATED AS ACCURATELY AS POSSIBLE FROM THE INFORMATION AVAILABLE. TEXAS 811 TICKET NO.1673619069 WAS ISSUED ON AUGUST 23, 2016.

H. SURVEYOR HAS EXAMINED A MAP BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY, FLOOD INSURANCE RATE MAP, HALE COUNTY, TEXAS AND INCORPORATED AREAS, MAP #48189C0215D, EFFECTIVE DATE FEBRUARY 18, 2011, WHICH SHOWS THE PROPERTY DESCRIBED HEREON IS LOCATED INSIDE ZONE X (UNSHADED).

I. PROPERTY IS ZONED CENTRAL BUSINESS DISTRICT DESIGN-HISTORIC (CBD) AND LOTS 27-31 ARE WITHIN THE DOWNTOWN HISTORIC DISTRICT (DHD), PER LETTER FROM CHRIS VALVERDE, COMMUNITY DEVELOPMENT MANAGER, DATED MAY 25, 2017.

J. NO PARKING STRIPES ON SITE.

K. NO OBSERVABLE EVIDENCE OF EARTH MOVING OR RECENT BUILDING CONSTRUCTION NOTED ON SITE BY THE SURVEYOR. HOWEVER, THERE HAS BEEN DEMOLITION WORK DONE TO REMOVE A BUILDING THAT WAS SHOWN ON PREVIOUS SURVEY DATED 10/11/2016.

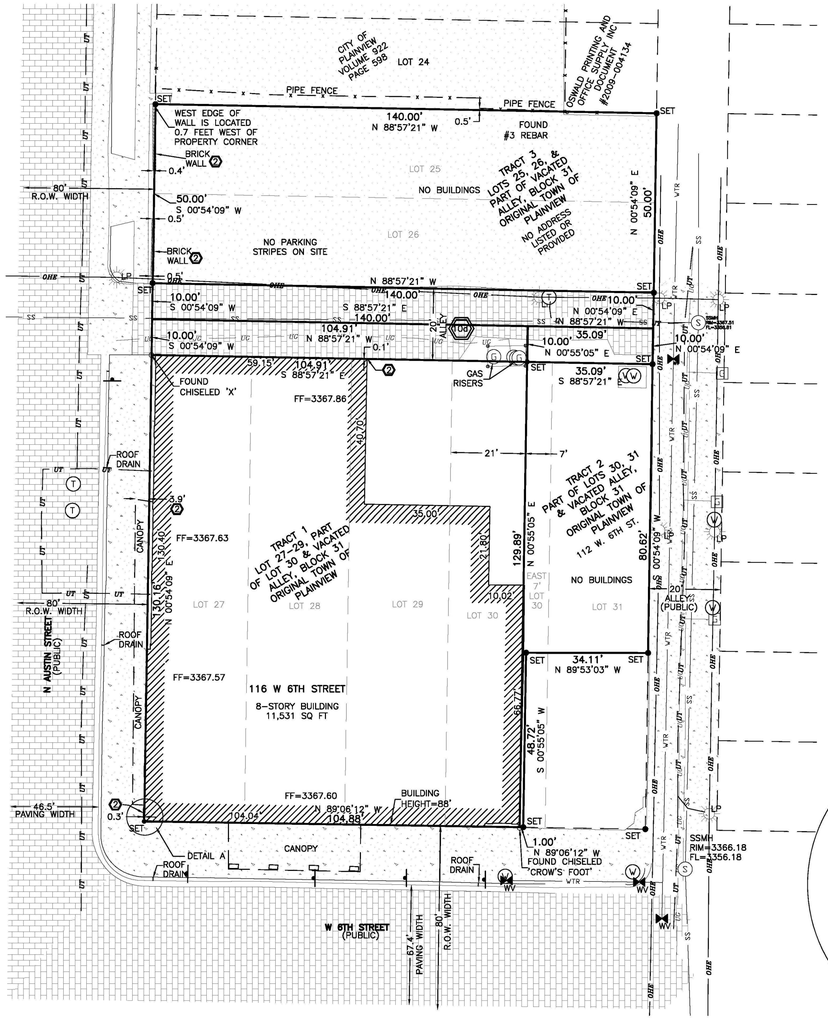
L. NO EVIDENCE OF CHANGES IN RIGHT OF WAY OR MAJOR STREET REPAIRS.

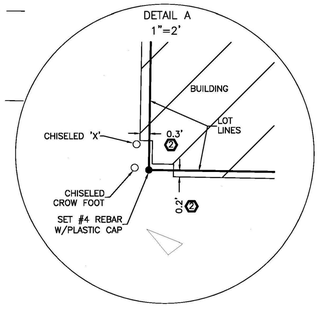
M. NO WETLAND DELINEATION MARKERS OBSERVED ON SITE.

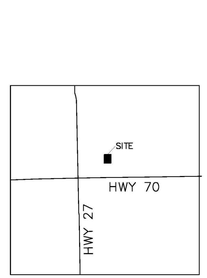
N. NO OFFSITE EASEMENTS THAT BENEFIT THE PROPERTY WERE PROVIDED.

O. PROPERTY HAS PUBLIC ACCESS FROM PUBLIC STREETS ABUTTING TO THE WEST AND SOUTH, AND A PUBLIC ALLEY TO THE EAST.

P. A COPY OF THE PROFESSIONAL LIABILITY INSURANCE, FROM U.S. SPECIALTY INSURANCE COMPANY, HAS BEEN PROVIDED TO THE CLIENT.







VICINITY MAP
1" = 2000'

1" = 20'

0' 20' 40' 60'

BENCHMARK

CHISELED 'X' LOCATED APPROXIMATELY 14 FEET SOUTH OF SOUTH CURB LINE OF 6TH STREET AND 5 FEET WEST OF THE WEST SIDE OF THE ALLEY.

ELEV. = 3367.19' (NAVD 88)

LEGEND

	BRICK
	CONCRETE
UT	UNDERGROUND TELEPHONE
UG	UNDERGROUND GAS
SS	UNDERGROUND SANITARY SEWER
OHE	OVERHEAD ELECTRIC
X	FENCE
WV	WATER VALVE
WM	WATER METER
TP	TOP OF PAVING
FG	FINISHED GRADE
TC	TOP OF CURB
C	CUTTER
	GUY WIRE
T	TELEPHONE UNDERGROUND MARKER
T	TELEPHONE MANHOLE
SIGN	SIGN
LP	LIGHT POLE
	BOLLARDS
G	GAS RISERS
	FOUND MONUMENTS
	SET MONUMENTS

ALTA/NSPS LAND TITLE SURVEY

OF

PART OF BLOCK 31 & VACATED ALLEY ORIGINAL TOWN OF PLAINVIEW

HALE COUNTY, STATE OF TEXAS

I, CHRIS A. CAUTHON, DO HEREBY CERTIFY TO:

CONRAD HOUSING PARTNERS, LP, A TEXAS LIMITED PARTNERSHIP
CONRAD HOUSING, LLC, A TEXAS LIMITED LIABILITY COMPANY
MRE CAPITAL, LLC, A KANSAS LIMITED LIABILITY COMPANY
MRE CAPITAL INVESTMENTS, LLC, A MISSOURI LIMITED LIABILITY COMPANY
CATHERINE HOCUTT d/b/a FISCALLY FIT BOOKS, A TEXAS SOLE PROPRIETORSHIP
RAYMOND JAMES TAX CREDIT FUND 44, LLC, ITS AFFILIATES AND ANY OF THEIR SUCCESSORS AND/OR ASSIGNS
SUGAR CREEK STATE CREDIT FUND, LLC, A MISSOURI LIMITED LIABILITY COMPANY
HORIZON BANK AND EACH SUCCESSOR IN OWNERSHIP OF THE INDEBTEDNESS SECURED BY THE INSURED MORTGAGE, EXCEPT A SUCCESSOR WHO IS AN OBLIGER UNDER THE PROVISIONS OF SECTION 12(c) OF THE CONDITIONS AND STIPULATIONS
HALE COUNTY ABSTRACT
FIRST AMERICAN TITLE GUARANTY COMPANY
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)
UNITED STATES NATIONAL PARK SERVICE

THAT: (I) THIS MAP OR PLAT AND THE ON THE GROUND SURVEY ON WHICH IT IS BASED WERE MADE IN ACCORDANCE WITH THE MINIMUM STANDARD DETAIL REQUIREMENTS FOR ALTA/NSPS LAND TITLE SURVEYS', JOINTLY ESTABLISHED AND ADOPTED BY ALTA AND NSPS IN 2016, AND INCLUDES ITEMS 1, 2, 3, 4, 5, 6(a), 7(a), 7(b1), 7(c), 8, 9, 10, 11, 13, 16, 17, 18, 19, AND 20 OF TABLE A THEREOF, (II) THAT THE SURVEY MEASUREMENTS WERE MADE IN ACCORDANCE WITH THE "MINIMUM ANGLE, DISTANCE AND CLOSURE REQUIREMENTS FOR SURVEY MEASUREMENTS WHICH CONTROL LAND BOUNDARIES FOR ALTA/NSPS LAND TITLE SURVEYS.

CERTIFIED THIS 13TH DAY OF JUNE, 2017.

CHRIS A. CAUTHON
TEXAS RPLS NO. 5620

STATE OF TEXAS REGISTERED CHRIS A. CAUTHON 5620 PROFESSIONAL LAND SURVEYOR

TULSA LAND SURVEYING LLC
1501 EAST 6TH STREET
TULSA, OK 74120
(918) 794-6777
TEXAS REGISTRATION 10194008
EXPIRES 12/31/2017

DATE PREPARED: JUNE 13, 2017
TLS NO. 16-122 CROCKETT - PLAINVIEW

1n

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action regarding a change in the ownership structure of the Development Owner prior to issuance of IRS Form(s) 8609 for City Square Apartment Homes (HTC #15247)

RECOMMENDED ACTION

WHEREAS, City Square Apartment Homes (the "Development") received a 9% Housing Tax Credit ("HTC") award in 2015 for the adaptive reuse and new construction of 126 total units in Garland, Dallas County;

WHEREAS, the HTC Application for the Development proposed Green Extreme Homes, Inc. ("GEH") and Rise Residential Construction, LP ("Rise") as the members of TX Garland Apartments GP, LLC, the General Partner of TX Garland Apartments, LP, the Development Owner;

WHEREAS, there was a change in the ownership structure of the General Partner;

WHEREAS, GEH transferred its 95% Class A membership interest in the General Partner to Rise, the Class B member that formerly had a 5% membership interest in the General Partner, making Rise the sole owner of the General Partner; and

WHEREAS, approval for the transfer of ownership is being requested prior to the issuance of IRS Forms 8609, and 10 TAC §10.406(e) requires that parties reflected in the Application as having control remain in the ownership structure and retain such control, unless approved otherwise by the Board;

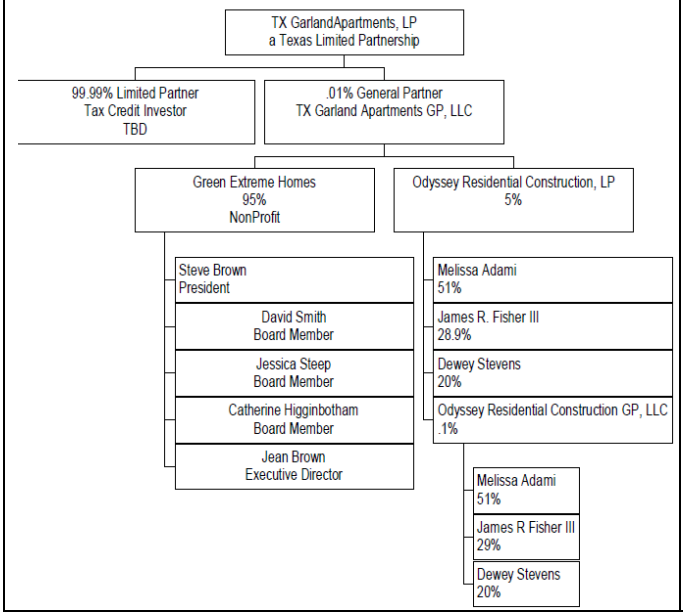
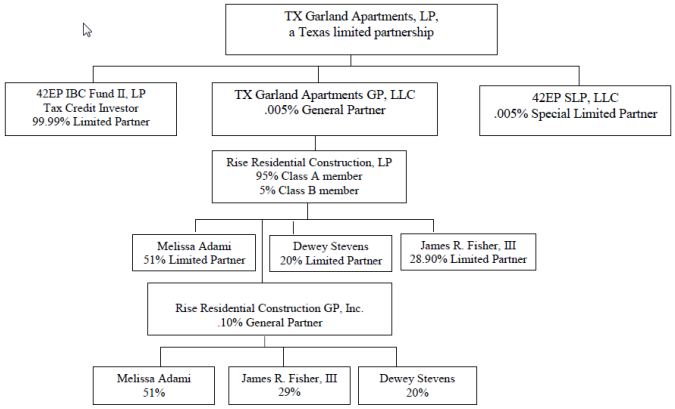
NOW, therefore, it is hereby

RESOLVED, that the ownership transfer for City Square Apartment Homes 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

City Square Apartment Homes is a 126-unit multifamily development in Garland that was approved for a 9% HTC award in 2015 for the adaptive reuse of a bank building into 46 units and the new construction of an additional building with 80 units. Construction of the Development is currently in progress, and the buildings must place in service by December 31, 2017.

The HTC Application identified TX Garland Apartments, LP as the Development Owner with TX Garland Apartments GP, LLC as the General Partner with a 0.01% ownership interest. The members of the General Partner were proposed to be Green Extreme Homes, Inc., a nonprofit, as the 95% Class A member, and Odyssey Residential Construction, LP (now known as Rise Residential Construction, LP), a Historically Underutilized Business, as the 5% Class B member. In a letter dated June 30, 2017, the attorney for the Development Owner requested approval for the transfer of GEH's membership interest in the General Partner to Rise. The HTC Application for the Development also identified Odyssey Residential Construction, LP and GEH as co-developers, and in addition to transferring its interest in the General Partner, GEH is no longer a co-developer in this project. No new individuals were added to the ownership structure of the Development Owner or Developer. Under 10 TAC §10.406(e), prior to the issuance of IRS Form(s) 8609, the parties reflected in the Application as having control must remain in the ownership structure and retain such control, unless approved otherwise by the Board. A comparison of the proposed ownership structure between Application and the current amendment is reflected below:

Ownership Structure Approved at Application	Ownership Structure at Amendment
	

The ownership transfer request letter explains that the principals of the Development Owner found it difficult to work together. Furthermore, the parties in the partnership are involved in litigation that has made it difficult to cooperate in the development of this project and other developments that the principals own. Therefore, GEH and Rise both determined to terminate their mutual involvement in the Development.

It is also noted that Plano Housing Corporation ("PHC"), whose members are affiliated with GEH, are involved in the co-development of The Veranda Townhomes (HTC #16114), another tax credit development in Plano. A simultaneous ownership transfer request for Rise's exit from The Veranda project has been submitted. The concept is that Rise will remain in City Square Apartment Homes, while PHC will remain in The Veranda Townhomes. The Owner has requested that these two ownership transfer requests be acted upon simultaneously. Although there is a Letter Agreement for The Veranda Townhomes, the

Owner's attorney indicated that there is no written agreement between the parties as it relates to the ownership transfer for City Square Apartments.

The Amended and Restated Limited Partnership Agreement for TX Garland Apartments, LP was submitted to the Department as part of the initial Construction Status Report. Staff's review of the partnership agreement revealed RRC Development Garland, LLC as the developer and as one of the guarantors. This entity was not identified in the original HTC Application. When questioned about it, the Owner's attorney indicated that this entity is solely owned by Rise. The other guarantors identified in the partnership agreement are the General Partner, Rise Residential Construction, LP, Melissa Adami, and Dewey Stevens, all of which were part of the proposed ownership structure of the Developer and/or the Development Owner at Application. Therefore, although the HTC Application did not include the organization chart for the guarantor(s), the guarantors identified now were reviewed at Application.

Staff recommends approval of the requested change in the ownership structure and changes to the Developer and Guarantors for City Square Apartment Homes.

Letter of Explanation

Include request letter behind this tab. Letter should include:

- ☑ Description of persons and organizations departing and entering
- ☑ Change(s) in percentage(s) of interest
- ☑ Explanation of the reason for the ownership change

Shackelford
A LIMITED LIABILITY PARTNERSHIP
ATTORNEYS & COUNSELORS

9201 N. Central Expressway
Fourth Floor
Dallas, Texas 75231
(214) 780-1400 (Main)
(214) 780-1401 (Fax)
www.shackelfordlaw.net

June 30, 2017

Email and Federal Express
Texas Department of Housing and Community Affairs
Asset Management Division
Attn.: Rosalio Banuelos, Sr. Asset Mgr.
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA Project #: 15247; TX Garland Apartments, LP, City Square Apartment Homes; Our File No. 51385.1

Dear Rosalio,

Our Firm represents TX Garland Apartments, LP ("Partnership"), and Rise Residential Construction, LP, a historically underutilized business ("Rise"). On behalf of Partnership, I hereby request TDHCA Board approval of a change in the ownership structure of City Square Apartment Homes (the "Project"), particularly, the transfer by Green Extreme Homes, Inc. ("GEH"), of its 95% Class A membership interest in Partnership's general partner, TX Garland Apartments GP, LLC ("General Partner"), to Rise. Because Rise currently owns the remaining 5% interest in General Partner as a Class B member, Rise will own all (i.e., 100%) of the membership interest in General Partner after the proposed transfer. Because the Project has not yet been completed and has not received 8609s from TDHCA, TDHCA Board approval of the proposed transfer is required.

As you are aware, the principals of Partnership found it difficult to work together. The parties in Partnership are currently involved in litigation that has made it difficult to cooperate in the development of the Project. The strained relationship has jeopardized this Project and others that the principals own. Therefore, Rise and GEH have concluded that it is in the best interest of the Project, Partnership, General Partner and themselves that their mutual involvement in the Project be terminated as soon as is reasonably possible.

Rise and GEH's affiliate, Plano Housing Corporation ("PHC"), are involved in the co-development of Veranda Townhomes (TDHCA Project # 16114), another tax credit development in Plano, Texas (the "Veranda Project"). For the reasons outlined in the previous paragraph, a contemporaneous request concerning the Veranda Project is being submitted to you by Tamea Dula, which contemplates Rise's exit from the Veranda Project. The concept is that Rise continues with the Project and PHC continues with the Veranda Project, each without the other's involvement. Because neither Rise nor PHC would seek TDHCA's approval to their withdrawal independently without its approval of both concurrently, we respectfully request that these two requests (one for the Project and one for the Veranda Project) be reviewed in concert and acted upon simultaneously.

A check covering the $1,000 transfer request fee is being mailed under separate cover to you.

If you have any questions or concerns, please do not hesitate to contact me.

Very truly yours,

Lauren G. Osterman

LGO:tlw
Encl.

cc Marni Holloway *(via email)*
Melissa Adami *(via email)*
Tamea Dula *(via email)*
Jean Brown *(via email)*
John C. Shackelford *(of the firm)*
Michelle Snedden *(of the firm)*

L:\51385\1\TDHCA Ownership Transfer\Tab 1.Letter of Explanation.docx

Ownership Transfer Information

Complete the below information concerning this transfer. Information related to this and other forms in this packet may be found in the Post Award Activities Manual on the Department's Asset Management page.

Property Information

TDHCA ID#: 15247 Primary Program: 9% HTC CMTS#:

Property Name: City Square Apartment Homes Current Owner: TX Garland Apartments, LP

Type of Transfer: Affiliate Transfer (no new individuals) Date of Transfer: when appro OR ☐ Already Occurred

A full Ownership Transfer packet may not be required. See the Post Carryover Manual.

Have Forms 8609 been issued for this property? No Has construction been completed? No

Controlling parties at Application must remain in the structure and retain control. Contact your Asset Manager.

Did this property receive points for non-profit participation? No Will the non-profit change? Yes

If the property received points and the non-profit will change, the new non-profit's involvement in the operation of the Development throughout the Compliance period must be described.

Did this property receive points for a HUB? Yes Will the HUB change? No

If the property received points and the HUB will change, the new HUB's involvement in the operation of the Development throughout the Compliance period must be described.

Is this property in or past year 15 of its Compliance Period? No Does the ROFR process apply? No

Compliance Status

Any uncorrected issues of noncompliance beyond the Corrective Action Period? No

Any Corrective Action for noncompliance items currently in review? No Date Submitted:

Ownership Transfer Contact Information

Contact Name: Melissa Fisher Phone: (972) 701 - 5558 Extension:

Email: mfisher@rise-residential.com Ownership Transfer Fee Submitted? Yes Check #:

Property Sale Information *(Only if Property Sale is Occurring with Transfer)*

Title Company: Title Company Contact:

Email: Phone: ( ) - Extension:

Sale will be: Amount of New Financing (if any): $

Lender (if any): Terms of New Financing (if any): % Interest

Terms of New Financing (if any): yr Am yr Term

Total Reserves: $ Amount of Reserves to transfer: $

If HOME, will HOME loan be paid off at time of sale?

New Proposed Owner Information

Proposed Owner: Authorized Agent:

Was the above or any of its members formed in a state other than Texas?

Proposed Owner Experience Summary

Does the proposed Owner or its members have experience in affordable housing operations or management?

Years of Cumulative Experience as indicated above:

Include a short statement regarding proposed Owner experience in affordable housing operations and management, including experience of any new management agent, if any.

New Management Agent Information

N Management Agent will be replaced at the time of Transfer.

Entity: Taxpayer ID:

Contact: Phone: ( ) - Extension:

Address:

Email:

Pre-Transfer and Post-Transfer Organization Charts

Two charts must be submitted, one to describe the ownership structure before the change in ownership and one to describe the structure after the change. All organizations and natural persons that did or will own and/or control the subject property must be included in the charts. Any entity shown must include ownership to the level of natural persons and include percentages of interest.

The organization charts must include:

- ☑ The names and ownership percentages of all Persons having an ownership interest in the Development Owner. If the property has not been placed in service, the Developer organization chart must also be included.
- ☑ Nonprofit entities, public housing authorities, publicly traded corporations, individual board members and executive directors must be included in the Organization charts.
- ☑ Any and all trusts must list all beneficiaries that are not just financial beneficiaries but have the legal ability to control or direct activities of the trust.

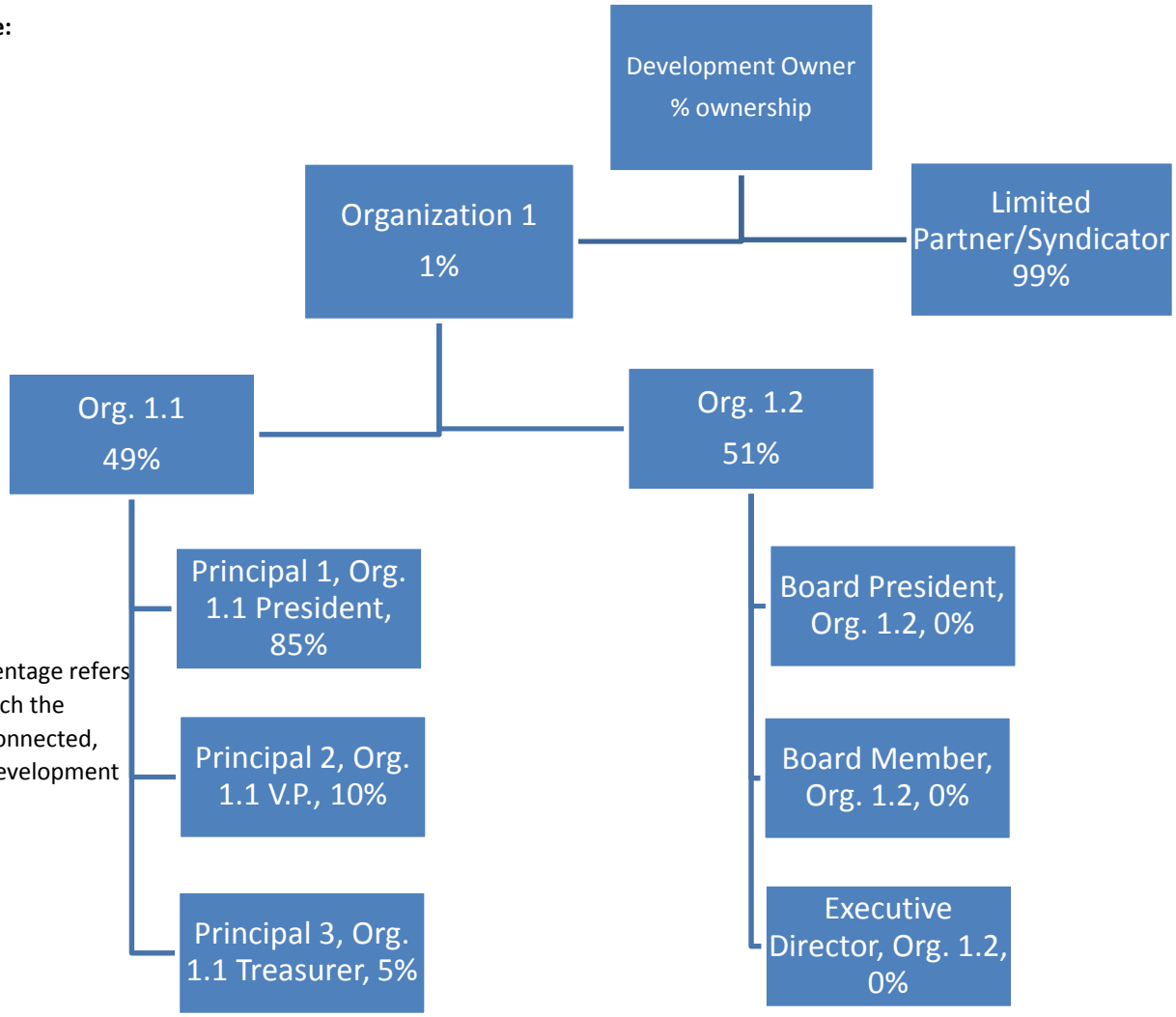
In the case of:

(A) Partnerships - Principals include all general Partners and Special LPs (any LP that is not the Syndicator is a "Special LP");

(B) Corporations - Principals include the executive director and all members of the board (with percentage of ownership reflected for each member as applicable).

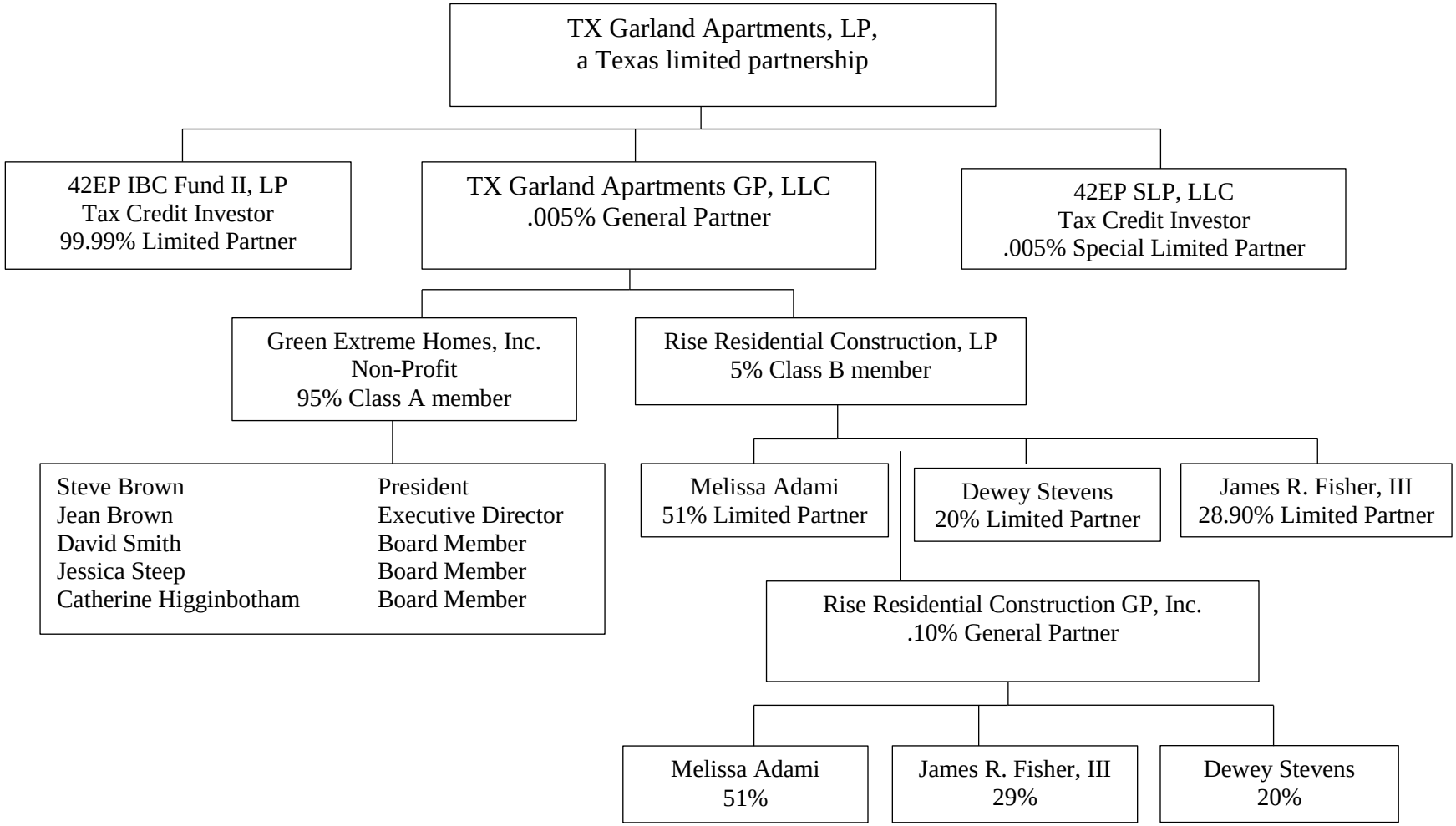
(C) Limited liability companies - Principals include all the managing members and all other members.

Org. Chart Example:

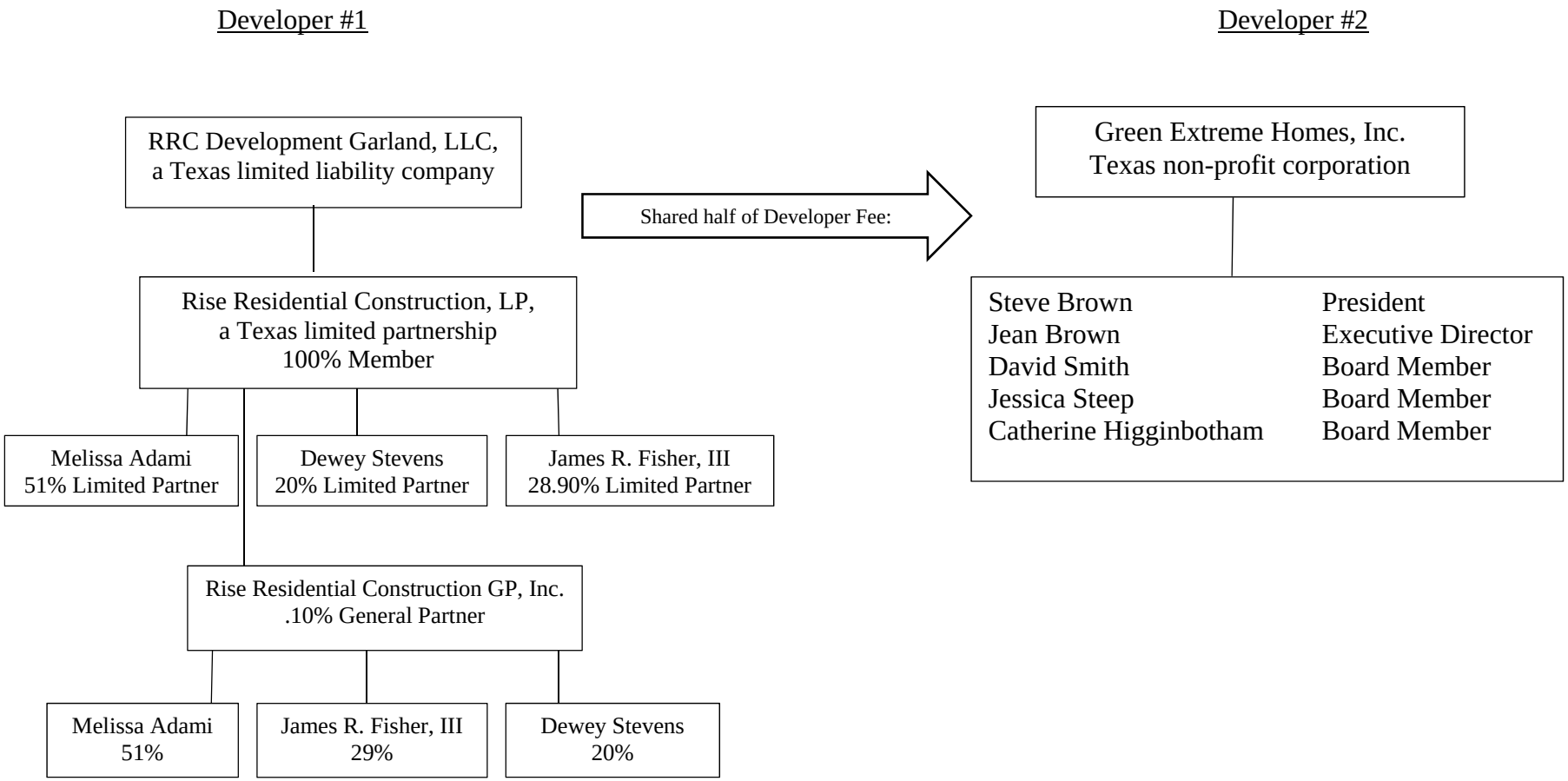


Note that the percentage refers to the entity to which the Person is directly connected, not to the whole Development Owner.

City Square Apartment Homes
Ownership Organization Chart – Pre-Transfer



City Square Apartment Homes
Project Developers' Organization Chart
(Pre-Transfer)



New Org Chart Information

Organizations & Persons with a Direct Interest in the Proposed Development Owner

Provide the requested information for all partnerships, corporations, limited liability companies, trusts, non-profits, or any other public or private entity and their Affiliates identified on the New Owner Organization Chart. Any Organization that owns or controls another organization should be identified as a separate entity. All natural persons with a percentage of ownership interest must be listed below each entity (Board members should be listed below non-profits). All new entities of the proposed Owner will be checked for Certificates of Reservation and Account Status with the Texas Secretary of State and the Texas Comptroller. If filings are foreign, cannot be found or are not current, do not represent structures as indicated, or if signatory authority cannot be verified, additional documentation will be requested. (Note - Entity Names, natural persons, and ownership percentage should coincide with the Owner and Developer Organization Charts). More space is available by unhiding cells after Row 314.

Entity # 1

Organization Name: 42EP IBC Fund II, LP | Entity Role: Tax credit ILP

Address: 2660 EastChase Parkway, Sutite 100 | City: Montgomery | State: AL | Zip: 36117

Authorized Officer: E. Michael Haynes, Jr. | Phone: | Email: m.haynes@42equity.com

Taxpayer ID: | Org Type: Limited Partnership

Formed Outside TX? Y | Date Formed: 10/21/2014 | % Ownership: 99.99 % | Previous TDHCA Experience? Y

All proposed new individuals/entities with a controlling interest must submit financial statements with Tab 10

Date of Last Financial Statement: | Total Liquid Assets and Cash On Hand: $

List of Natural Persons (Indicate Previous TDHCA Experience by selecting "Y" or "N")

1.	TDHCA Experience?	2.	TDHCA Experience?	3.	TDHCA Experience?
4.	TDHCA Experience?	5.	TDHCA Experience?	6.	TDHCA Experience?

Entity # 2

Organization Name: 42EP SLP, LLC | Entity Role: Tax credit S:{

Address: 2660 EastCjase Parkway, Suite 100 | City: Montgomery | State: AL | Zip: 36117

Authorized Officer: E. Michael Haynes, Jr. | Phone: | Email: m.haynes@42equity.com

Taxpayer ID: | Org Type: Limited Liability Company

Formed Outside TX? Y | Date Formed: 8/15/2012 | % Ownership: 0.005 % | Previous TDHCA Experience? Y

All proposed new individuals and entities with a controlling interest must submit financial statements with Tab 10

Date of Last Financial Statement: | Total Liquid Assets and Cash On Hand: $

List of Natural Persons (Indicate Previous TDHCA Experience by selecting "Y" or "N")

1.	TDHCA Experience?	2.	TDHCA Experience?	3.	TDHCA Experience?
4.	TDHCA Experience?	5.	TDHCA Experience?	6.	TDHCA Experience?

Entity # 3

Organization Name: TX Garland Apartments GP, LLC | Entity Role: General Partner

Address: 16812 Dallas Parkway | City: Dallas | State: TX | Zip: 75248

Authorized Officer: Melissa Adami | Phone: 972-701-5558 | Email: madami@rise-residentia

Taxpayer ID: [redacted] | Org Type: Limited Liability Company

Formed Outside TX? N | Date Formed: 6/18/2015 | % Ownership: 0.005 % | Previous TDHCA Experience? y

All proposed new individuals and entities with a controlling interest must submit financial statements with Tab 10

Date of Last Financial Statement: | Total Liquid Assets and Cash On Hand: $

List of Nautral Persons (Indicate Previous TDHCA Experience by selecting "Y" or "N")

1.	TDHCA Experience?	2.	TDHCA Experience?	3.	TDHCA Experience?
4.	TDHCA Experience?	5.	TDHCA Experience?	6.	TDHCA Experience?

Entity # 4

Organization Name: Rise Residential Construction, LP | Entity Role: 100% owner of GP

Address: 16812 Dallas Parkway | City: Dallas | State: TX | Zip: 75248

Authorized Officer: Melissa Adami | Phone: 972-701-5558 | Email: madami@rise-residentia

Taxpayer ID: [redacted] | Org Type: Limited Partnership

Formed Outside TX? N | Date Formed: 5/12/2003 | % Ownership: 100 % | Previous TDHCA Experience? y

All proposed new individuals and entities with a controlling interest must submit financial statements with Tab 10

Date of Last Financial Statement: | Total Liquid Assets and Cash On Hand: $

List of Natural Persons (Indicate Previous TDHCA Experience by selecting "Y" or "N")

1. Melissa Adami	TDHCA Experience? Y	2. **Dewey Stevens**	TDHCA Experience? Y	3. James R. Fisher, III	TDHCA Experience? y
4.	TDHCA Experience?	5.	TDHCA Experience?	6.	TDHCA Experience?

Entity # 5

Organization Name: Rise Residential Construction GP, Inc. | Entity Role: 10% owner of GP

Address: 16812 Dallas Parkway | City: Dallas | State: TX | Zip: 75248

Authorized Officer: Melissa Adami | Phone: 972-701-5558 | Email: madami@rise-residentia

Taxpayer ID: [redacted] | Org Type: Corporation

Formed Outside TX? N | Date Formed: 5/1/2003 | % Ownership: 10 % | Previous TDHCA Experience? y

All proposed new individuals and entities with a controlling interest must submit financial statements with Tab 10

Date of Last Financial Statement: | Total Liquid Assets and Cash On Hand: $

List of Natural Persons (Indicate Previous TDHCA Experience by selecting "Y" or "N")

1. Melissa Adami — TDHCA Experience? y
2. **Dewey Stevens** — TDHCA Experience? y
3. James R. Fisher, III — TDHCA Experience? y
4. — TDHCA Experience?
5. — TDHCA Experience?
6. — TDHCA Experience?

Entity # 6

Organization Name: | Entity Role:

Address: | City: | State: | Zip:

Authorized Officer: | Phone: | Email:

Taxpayer ID: | Org Type:

Formed Outside TX? | Date Formed: | % Ownership: % | Previous TDHCA Experience?

Date of Last Financial Statement: | Total Liquid Assets and Cash On Hand: $

List of Natural Persons (Indicate Previous TDHCA Experience by selecting "Y" or "N")

1. — TDHCA Experience?
2. — TDHCA Experience?
3. — TDHCA Experience?
4. — TDHCA Experience?
5. — TDHCA Experience?
6. — TDHCA Experience?

Entity # 7

Organization Name: | Entity Role:

Address: | City: | State: | Zip:

Authorized Officer: | Phone: | Email:

Taxpayer ID: | Org Type:

Formed Outside TX? | Date Formed: | % Ownership: % | Previous TDHCA Experience?

Date of Last Financial Statement: | Total Liquid Assets and Cash On Hand: $

List of Natural Persons (Indicate Previous TDHCA Experience by selecting "Y" or "N")

1. — TDHCA Experience?
2. — TDHCA Experience?
3. — TDHCA Experience?
4. — TDHCA Experience?
5. — TDHCA Experience?
6. — TDHCA Experience?

Entity # 8

Organization Name: | Entity Role:

Address: | City: | State: | Zip:

Authorized Officer: | Phone: | Email:

Taxpayer ID: | Org Type:

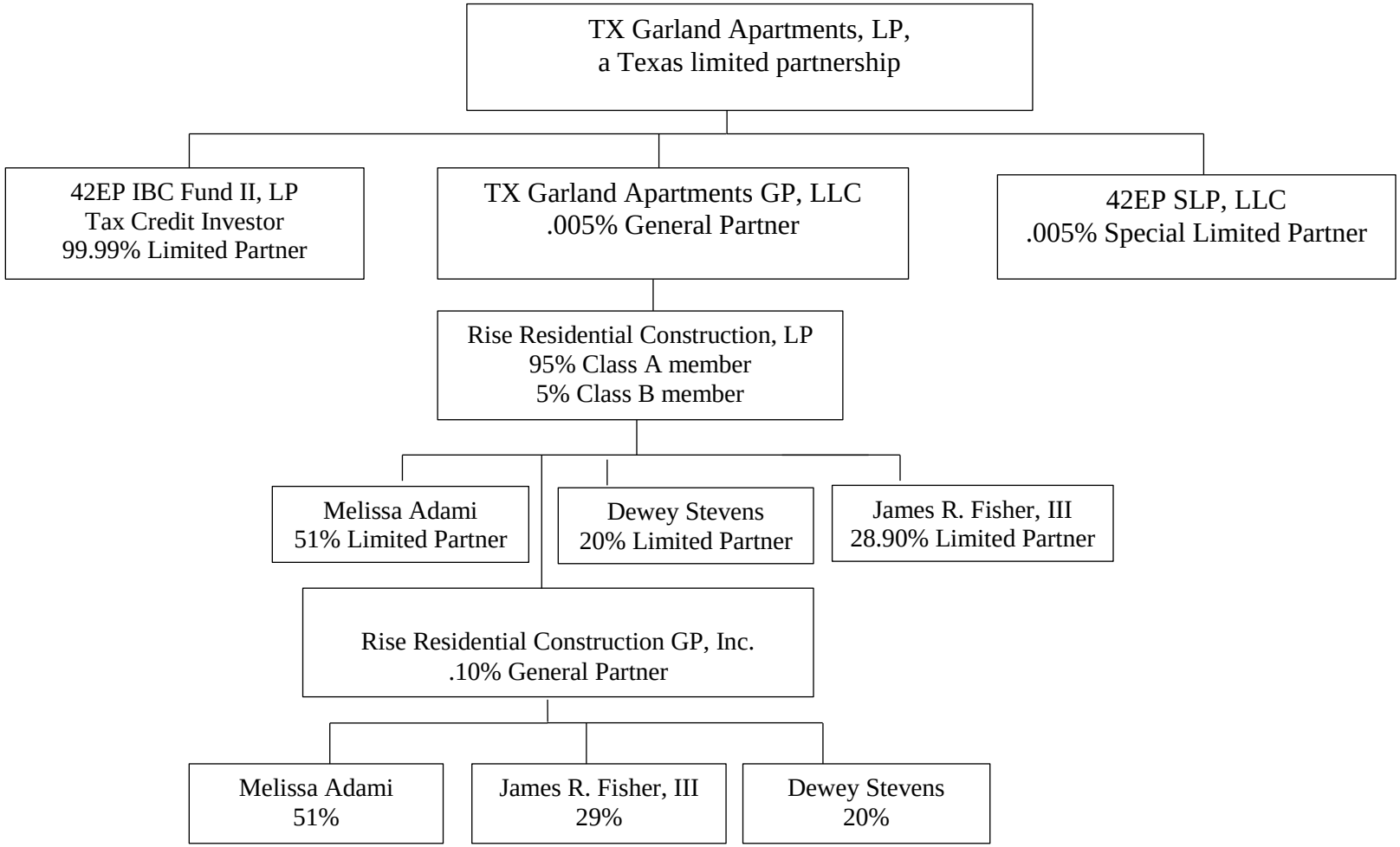
Formed Outside TX? | Date Formed: | % Ownership: % | Previous TDHCA Experience?

Date of Last Financial Statement: | Total Liquid Assets and Cash On Hand: $

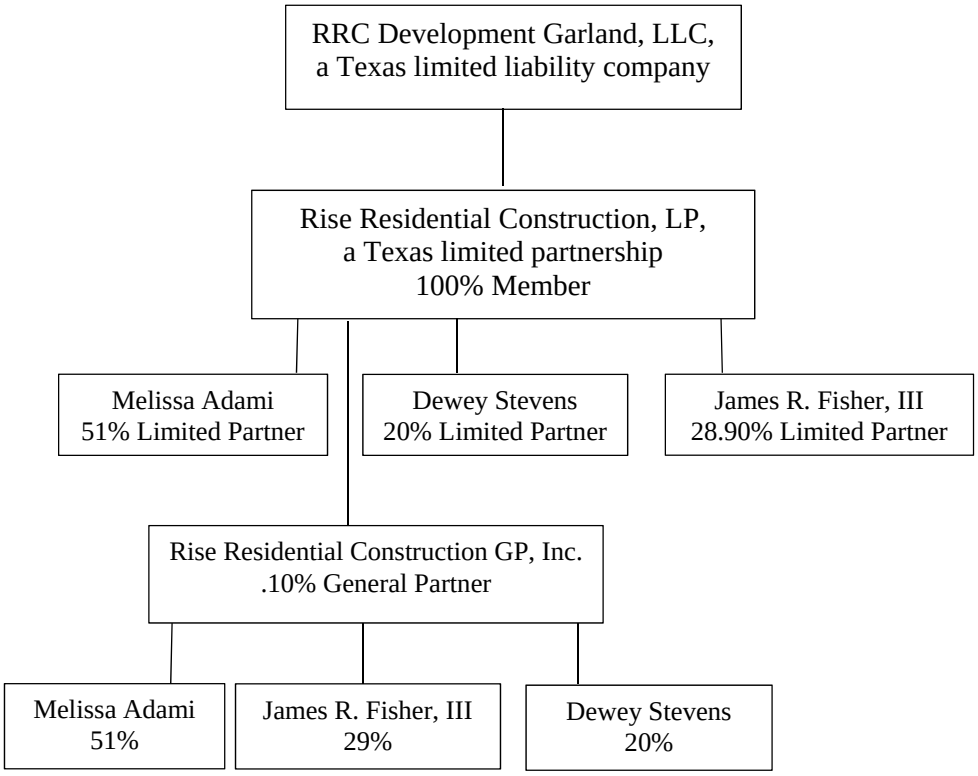
List of Natural Persons (Indicate Previous TDHCA Experience by selecting "Y" or "N")

1. — TDHCA Experience?
2. — TDHCA Experience?
3. — TDHCA Experience?
4. — TDHCA Experience?
5. — TDHCA Experience?
6. — TDHCA Experience?

City Square Apartment Homes
Ownership Organization Chart – Post-Transfer



City Square Apartment Homes
Project Developers' Organization Chart
(Post-Transfer)



Agreements Among Parties to Transfer

Provide copies of all *executed* agreements among parties to transfer behind this tab. If drafts will be submitted, provide an explanation of why executed agreements are not available.

None.

1o

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit ("HTC") Application, a change in the ownership structure of the Development Owner, Developer, and Guarantors prior to issuance of IRS Form(s) 8609, and a waiver of §11.9(b)(2) of the Qualified Allocation Plan ("QAP") The Veranda Townhomes (HTC #16114)

RECOMMENDED ACTION

WHEREAS, The Veranda Townhomes (the "Development") received a 9% HTC award in 2016 for the construction of 40 new units in Plano, Collin County;

WHEREAS, the HTC Application for the Development proposed Plano Housing Corporation ("PHC") and Rise Residential Construction, LP ("Rise") as co-Developers in the transaction and as the members of TX Coit Townhomes GP, LLC, the General Partner of TX Coit Townhomes, LP, the Development Owner;

WHEREAS, the Application proposed Rise as the Guarantor for the Development;

WHEREAS, Rise and PHC and their related entities have entered into litigation regarding another development in Collin County and have concluded to terminate their mutual involvement in the Development;

WHEREAS, the Development Owner has requested approval for changes to the ownership structure of the Development Owner, Developer, and Guarantors;

WHEREAS, Rise will transfer its 5% ownership interest in the General Partner to PHC, and Banc of America Community Development Corporation ("BACDC") will be entering the ownership structure of the Development as Special Limited Partner and will replace Rise as the Guarantor;

WHEREAS, approval for the transfer of ownership is being requested prior to the issuance of IRS Forms 8609, and 10 TAC §10.406(e) requires that parties reflected in the Application as having control remain in the ownership structure and retain such control, unless approved otherwise by the Board;

WHEREAS, the Owner proposes Plano Veranda Developers, LLC as the new Developer in the transaction, and this entity is owned by BACDC and by TX Coit Townhomes GP, LLC, whose sole member is PHC;

WHEREAS, Melissa Adami, 51% owner of Rise, was used to meet the Department's Experience Requirement in the HTC Application, and the Development Owner now

proposes to use Brian L. Roop and Darren W. Smith, both with BACDC, to meet the Experience Requirement;

WHEREAS, the HTC Application for the Development received one point under §11.9(b)(2) of the 2016 QAP for proposing to have Rise, a Historically Underutilized Business ("HUB") certified by the Texas Comptroller of Public Accounts, in the ownership structure of the General Partner, and the HUB was to materially participate in the development and operation of the Development throughout the Compliance Period;

WHEREAS, the proposed ownership structure for the Development Owner no longer includes a HUB, and the Development Owner has requested that the HUB material participation requirement be waived pursuant to 10 TAC §10.207(a);

WHEREAS, the Development Owner has established, as required under 10 TAC §10.207(a)(2), that should the Department not grant this waiver request, the Department would not fulfill its purpose under Tex. Gov't Code §2306.6701(4), which requires that the TDHCA administer the low income housing tax credit program in a manner that will provide for and encourage the participation of nonprofit organizations in the acquisition, development, and operation of affordable housing developments in urban and rural communities;

WHEREAS, the Development Owner has also established that failure to grant the requested waiver would mean that as it relates to the City of Plano, the TDHCA would not be meeting its purpose under Tex. Gov't Code §§2306.001(2) and 2306.002(b), of providing for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income, and of providing assistance to individuals and families of low and very low income who are not assisted by private enterprise or other governmental programs so that they may obtain affordable housing or other services and programs offered by the Department;

WHEREAS, due to the discord between the co-Developers, the Development now requires restructuring in order to attract a new investor;

WHEREAS, the Development Owner proposes a change in the unit mix of the Development from 20 two-bedroom units and 20 three-bedroom units to 36 two-bedroom units and four three-bedroom units;

WHEREAS, the Development Owner proposes a 20.61% (11,766 square feet) reduction to the size of the units and an 11.25% (322 square feet) reduction to the common area from what was indicated in the HTC Application;

WHEREAS, Board approval is required for a modification of the number of units or bedroom mix of units under Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(B) and for a reduction of three percent or more in the square footage of the units or common area under Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(D);

WHEREAS, the Development Owner has complied with the amendment requirements in 10 TAC §10.405(a); and

WHEREAS, the changes do not negatively affect the Development or impact the viability of the transaction and the Development Owner acknowledges that the Development will still meet the construction requirements in 10 TAC Chapter 1, SubchapterB;

NOW, therefore, it is hereby

RESOLVED, that the ownership transfer, waiver of §11.9(b)(2) of the QAP, amendments in the Developer and Guarantor, and material application amendment for The Veranda Townhomes are 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 Veranda Townhomes is a 40-unit development in Plano, in Collin County, that was approved for a 9% HTC award in 2016. The 10% Test documentation for the Development has been submitted, but construction has not begun. The buildings must place in service by December 31, 2018.

The HTC Application identified TX Coit Townhomes, LP as the Development Owner, with TX Coit Townhomes GP, LLC as the General Partner with a 0.01% ownership interest. The members of the General Partner were proposed to be Plano Housing Corporation, a nonprofit entity, and Rise Residential Construction, LP, a certified HUB. Rise and PHC were also the co-Developers in the transaction, while Rise alone was proposed as the Guarantor.

In a letter dated June 30, 2017, the attorney for PHC and BACDC requested approval for the transfer of Rise's membership interest in the General Partner to PHC, making PHC the sole member of the General Partner. The General Partner's ownership interest will be reduced to 0.005%, and BACDC will be entering the ownership structure of the Development Owner as a Special Limited Partner with a 0.005% ownership interest. Rise will withdraw as a co-Developer and Plano Veranda Developers, LLC, ultimately owned by PHC and BACDC, will now be the Developer. BACDC will replace Rise as the Guarantor for the Development, and the Experience Certificates for Brian L. Roop and Darren W. Smith, Vice Presidents of BACDC, will replace the Experience Certificate for Melissa Adami, 51% owner of Rise.

The ownership transfer request letter explains that, subsequent to the HTC Application, Rise and PHC and their related entities entered into litigation regarding another development located in Collin County, and the issues raised in connection with that litigation made it difficult to cooperate in the projects. Therefore, Rise and PHC have concluded to terminate their partnership in this Development as soon as reasonably possible and have entered into a Letter Agreement setting out the details of Rise's withdrawal from the Development. Rise and an affiliate of PHC are also involved in the co-development of City Square Apartment Homes (HTC #15247), another tax credit development in Garland, Texas. A simultaneous ownership transfer request for PHC's exit from City Square Apartment Homes has been submitted. The concept is that PHC will continue with The Veranda Townhomes project and Rise will continue with City Square Apartment Homes. Each project will continue without the other party's involvement.

The HTC Application for the Development received one point under §11.9(b)(2) of the QAP for having a HUB in the ownership structure of the General Partner and materially participate in the development and operation of the Development throughout the Compliance Period. Rise was used to meet the HUB requirement, and therefore, the departure of Rise from the Development will leave the ownership structure without a HUB. The Owner's attorney pointed out that PHC is a 501(c)(3) corporation and could be used to comply with the 2016 requirements for the Sponsor Characteristics point. However, in order to qualify for this point using a nonprofit organization, the Application must have been made under the Nonprofit Set-Aside, which was not the case for the Development. Therefore, in a letter dated August 10, 2017, the Development Owner has requested a waiver for the requirement to have a HUB materially participate in the development and operation of the project throughout the Compliance Period. The attorney suggested that the Development be brought into the Nonprofit Set-Aside on an ex post facto basis but also indicated that the point for Sponsor Characteristics was not essential to the award. The attorney suggested having that point rescinded, and the need to meet Sponsor Characteristics eliminated. Staff confirmed that loss of one point associated with this scoring item would not have impacted the selection of this Application as it would have remained competitive to receive an allocation.

The Development Owner's attorney explained that, due to the downturn in the tax credit market and delays caused by discord between the co-developers, the Development now requires restructuring in order to attract a new investor. In a letter dated July 24, 2017, the attorney requested approval for several changes to the Development. Those changes include a revised unit mix, a reduction in the size of units and clubhouse, and substitution of site amenities.

The HTC Application originally proposed 20 two-bedroom units and 20 three-bedroom units. The two-bedroom units were sized at 1,218 square feet and 1,378 square feet and were proposed with two and two-and-a-half bathrooms, while the three-bedroom units were 1,499 square feet and 1,531 square feet with two-and-a-half and three-bathroom configurations. The Owner now proposes to have 36 two-bedroom units with areas that range from 1,086 square feet to 1,256 square feet and four three-bedroom units with areas that range from 1,299 square feet to 1,464 square feet. All units are now proposed to have two-bathrooms. The attorney pointed out that the proposed unit sizes are still greater than the thresholds of 850 square feet and 1,050 square feet for two-bedroom units and three-bedroom units, respectively, required for points at Application. The total net rentable area of the units would decrease from 57,092 square feet to 45,326 square feet (a 20.61% reduction). In addition to decreasing the area of the units, the Owner proposes to decrease the area of the clubhouse. The amendment request letter from the attorney identifies the originally proposed common area as 2,660 square feet, but the architectural drawing in the Application identifies a net area of 2,862 square feet for the leasing and clubhouse. The proposed size of the clubhouse is now 2,540 square feet, which represents a 4.51% reduction to the common area stated by the attorney and an 11.25% reduction to the square footage identified in the architectural drawing in the Application. Board approval is required for a reduction of three percent or more in the square footage of the units or common area under Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(D).

After staff questioned the Owner regarding the need for these changes to the Development, the attorney explained that this was a result of an internal market review completed by BACDC, which indicated a need for additional two-bedroom units. However, no supporting documentation was provided. The attorney indicated that the proposed changes are also a result of BACDC's effort to pare down the development cost. The attorney explained that the separation of Rise as co-Developer from this transaction resulted in land acquisition costs higher than originally anticipated due to a required repayment of costs that had been incurred by Rise. However, staff's review of these costs revealed that most of these costs would have been part of the development budget regardless. The attorney also indicated that the large unit sizes and number

of bathrooms proposed originally would be too costly. BACDC noted that, even with a $0.04 increase to the credit pricing, the budget was extremely tight to develop these 40 units. Based on a letter from Astro Builders, dated August 9, 2017, the change in the unit mix, along with the reduction in the size of the units and in the number of bathrooms, resulted in a more than $1.9 million reduction to the construction costs.

The amendment request letter also identifies minor changes to the site plan. The swimming pool referenced in the HTC Application is being eliminated, but a covered pavilion and a playground will be provided. Parallel parking spaces are being eliminated at the request of the City of Plano.

The Owner was also able to obtain a commitment from the Dallas Housing Authority for 40 Project-Based Walker Vouchers, which are expected to have a term of up to 20 years and gross monthly rents of $1,600 and $2,163 for two-bedroom and three-bedroom units, respectively. The proposed income targeting of the Development did not change from what was proposed in the HTC Application.

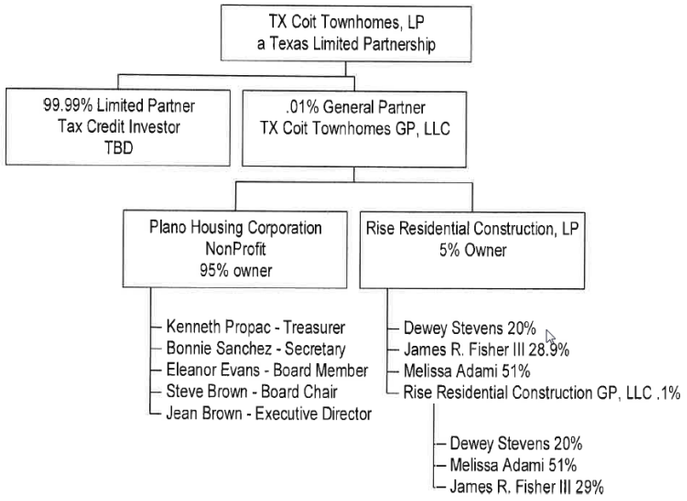
Revised financial information for the Development was also submitted with the amendment request. The Owner's projected total development costs increased approximately $1,000,000. The lender and syndicator changed from International Bank of Commerce (IBC Bank) and 42 Equity Partners, LLC, respectively to Bank of America as the construction lender, Key Bank Real Estate Capital as the permanent lender, and Enterprise Community Investment, Inc as the syndicator. A $250,000 grant from Enterprise is also anticipated. The proposed permanent debt amount increased from $5.9M ($5.63M recommended by staff at application) to $6,2M. The amortization period decreased from 40 years to 35 years, while the underwriting interest rate increased from 5.00% to 5.67%. The Owner's updated pro forma indicates a projected Debt Coverage Ratio of 1.15. The syndication rate increased from $0.99 to $1.03, which resulted in an increase in the equity amount from $4,695,723 to $4,885,414 (a $189,691 increase). The recommended deferred developer fee increased slightly from $512,275 to $522,357, leaving $540K of the total developer fee available to defer if necessary. The Development would not be feasible if costs were $1.9M greater than the current estimate (Astro Builders' stated savings due to the proposed changes).

A table comparing the Development as presented and approved at Application to the current amendment request is provided on the next pages.

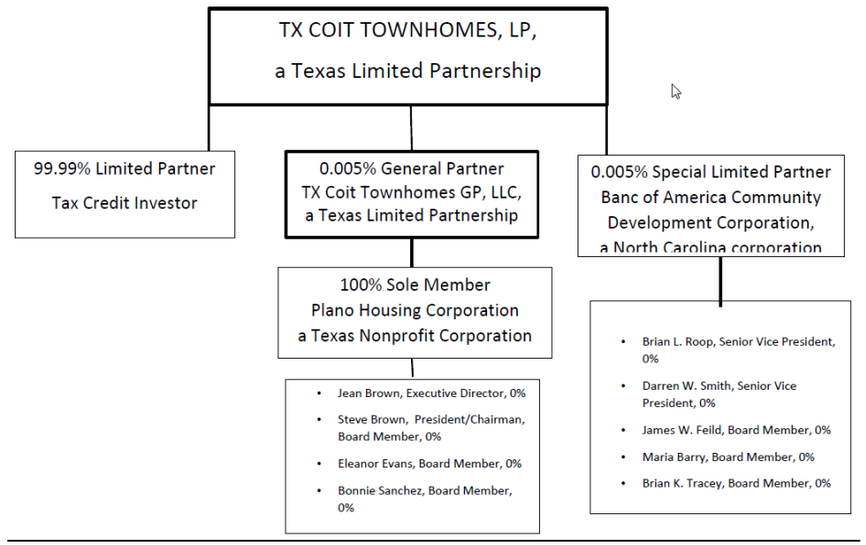
Staff recommends approval of the material amendments to the Application and of the requested changes in the ownership structures for the Development Owner, the Developer, and the Guarantor for The Veranda Townhomes. Staff also recommends the requested waiver of §11.9(b)(2) of the QAP for the requirement to have HUB in the ownership structure and materially participate in the development and operation of the Development throughout the Compliance Period.

16114- The Veranda Townhomes

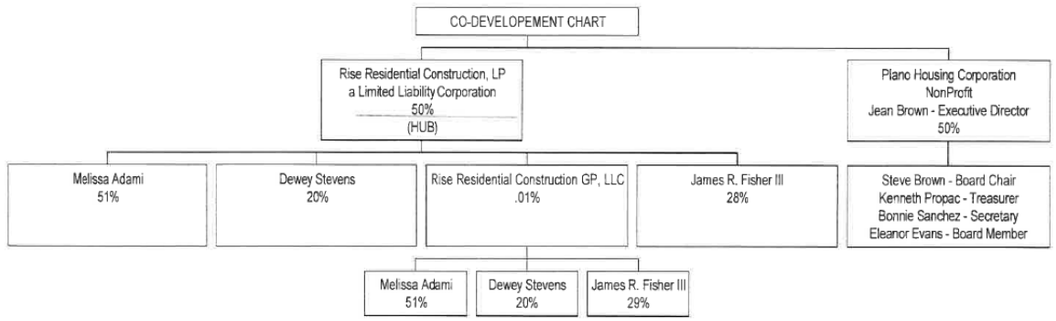
Ownership Structure at Application



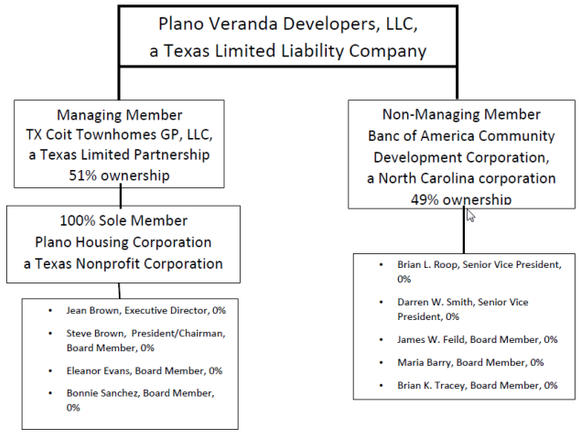
Proposed Ownership Structure

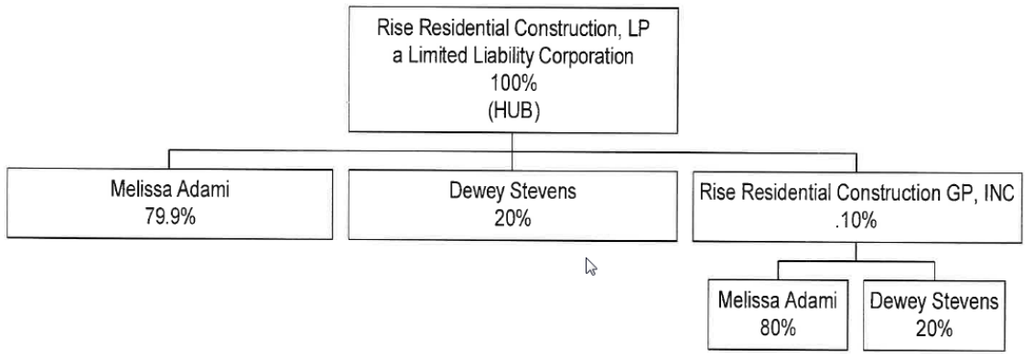


Developer at Application



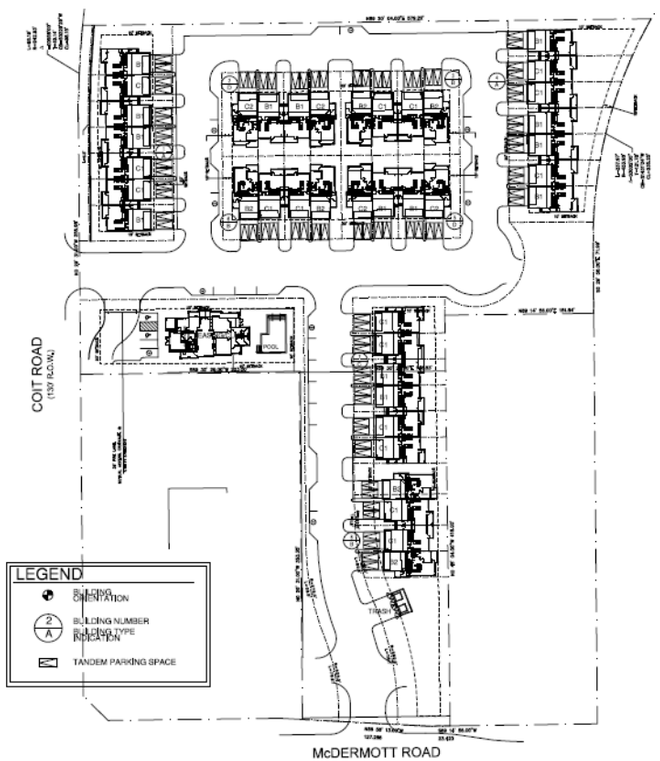
Proposed Developer

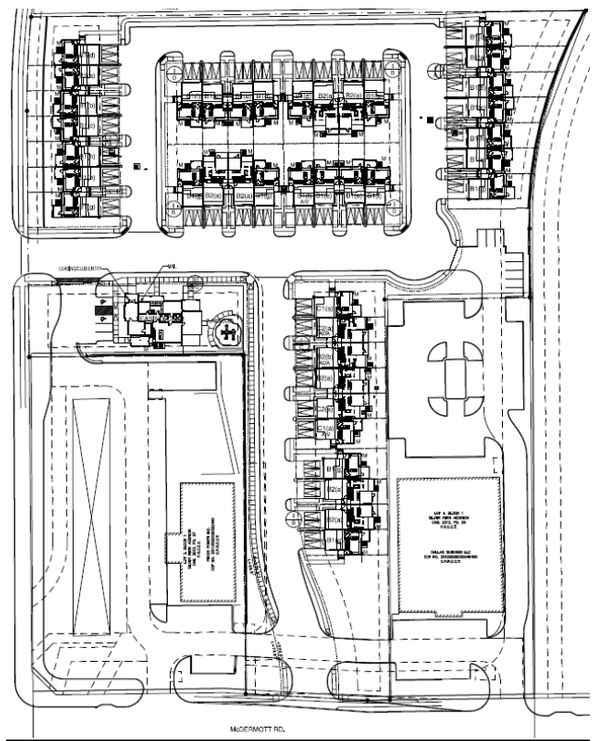


Guarantor at Application	Proposed Guarantor
	

16114- The Veranda Townhomes
Material Alterations as defined in Tex Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(B) and (D)

Application	Amendment
Site acreage = 5.40 acres Density = 7.4 units/acre 8 Residential Buildings & 1 community building 57,092 Net Rentable Square Feet 2,862 Common Area Square Feet	Site acreage = 5.40 acres Density = 7.4 units/acre 8 Residential Buildings & 1 community building 45,326 Net Rentable Square Feet (20.61% decrease) 2,540 Common Area Square Feet (11.25% decrease)





16114- The Veranda Townhomes
Material Alterations as defined in Tex Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(B) and (D)

Application

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	-	0.0%	0	30%	2	5.0%
1	-	0.0%	0	40%	-	0.0%
2	20	50.0%	3	50%	8	20.0%
3	20	50.0%	1	60%	10	25.0%
4	-	0.0%	0	MR	20	50.0%
TOTAL	40	100.0%	4	TOTAL	40	100.0%

UNIT MIX

# Units	# Beds	# Baths	NRA
1	2	2	1,218
1	2	2	1,218
1	2	2	1,218
3	2	2	1,218
1	2	2.5	1,378
1	2	2.5	1,378
5	2	2.5	1,378
7	2	2.5	1,378
1	3	3.0	1,499
2	3	3.0	1,499
1	3	3.0	1,499
3	3	2.5	1,531
4	3	2.5	1,531
9	3	2.5	1,531
40			57,092

Amendment

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	-	0.0%	0	30%	2	5.0%
1	-	0.0%	0	40%	-	0.0%
2	36	90.0%	36	50%	8	20.0%
3	4	10.0%	4	60%	10	25.0%
4	-	0.0%	0	MR	20	50.0%
TOTAL	40	100.0%	40	TOTAL	40	100.0%

UNIT MIX

# Units	# Beds	# Baths	NRA
1	2	2	1,086
3	2	2	1,086
5	2	2	1,098
3	2	2	1,098
12	2	2	1,098
1	2	2	1,111
3	2	2	1,111
1	2	2	1,256
1	2	2	1,130
1	2	2	1,130
1	2	2	1,130
4	2	2	1,130
1	3	2	1,299
1	3	2	1,299
1	3	2	1,350
1	3	2	1,464
40			45,326

Real Estate Analysis Division
August 22, 2017

Addendum to Underwriting Report

TDHCA Application #: **16114** Program(s): **9% HTC**

The Veranda Townhomes

Address/Location: Northeast corner of Coit and McDermott Rd

City: Plano County: Collin Zip: 75025

	APPLICATION HISTORY
Report Date	**PURPOSE**
08/22/17	**Application Amendment**
07/24/16	Initial Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (Annual)	$474,312				**$474,312**				

CONDITIONS STATUS

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

Status: Pending

ANALYSIS

Applicant received $474,312 annual tax credit award during the 2016 9% HTC competitive cycle. Applicant has now requested approval for several changes to the development as a result of discord between the co-developers. Applicant proposes changes to the ownership structure of the Development Owner, Developer, and Guarantor and restructuring of the development in order to attract a new investor. The notable changes are:

- Revised unit mix with 36 two-bedroom units (20 previously) and 4 three-bedroom units (20 previously); two bathrooms per unit (2, 2.5, and 3 previously)
- Decrease in NRSF from 57,092 s.f. to 45,326 s.f.
- Decrease in common area from 2,862 s.f. to 2,540 s.f.
- Elimination of swimming pool and addition of pavilion and a playground
- Addition of 40 project-based Walker Vouchers from the Dallas Housing Authority

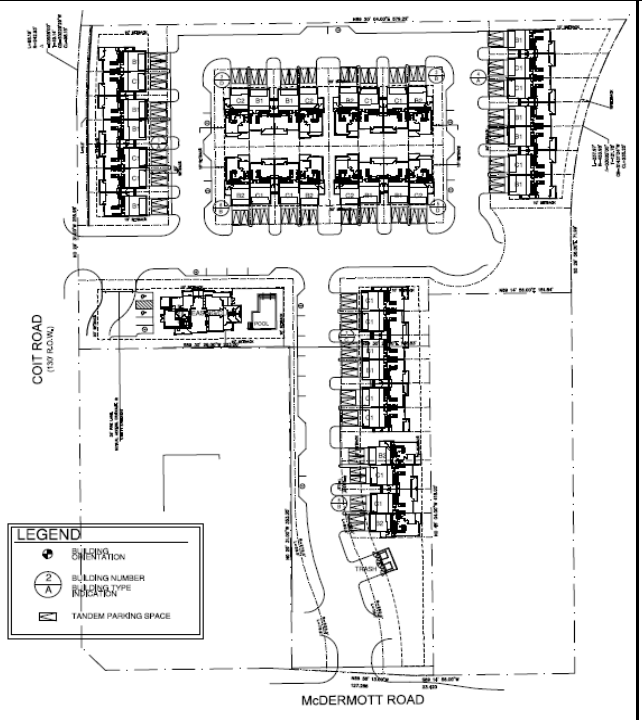
REVISED OWNERSHIP STRUCTURE

TX COIT TOWNHOMES, LP,
a Texas Limited Partnership

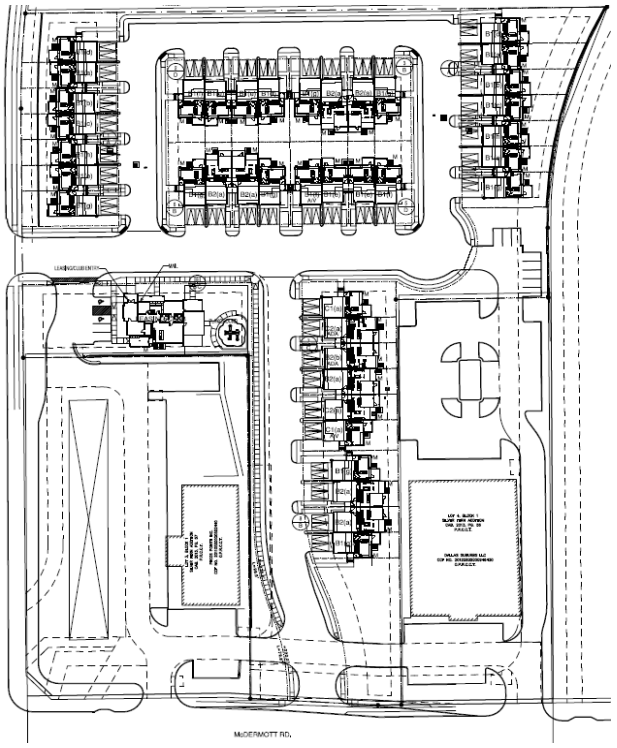
- 99.99% Limited Partner
  Tax Credit Investor
- 0.005% General Partner
  TX Coit Townhomes GP, LLC,
  a Texas Limited Partnership
  - 100% Sole Member
    Plano Housing Corporation
    a Texas Nonprofit Corporation
    - Jean Brown, Executive Director, 0%
    - Steve Brown, President/Chairman, Board Member, 0%
    - Eleanor Evans, Board Member, 0%
    - Bonnie Sanchez, Board Member, 0%
- 0.005% Special Limited Partner
  Banc of America Community Development Corporation,
  a North Carolina corporation
  - Brian L. Roop, Senior Vice President, 0%
  - Darren W. Smith, Senior Vice President, 0%
  - James W. Feild, Board Member, 0%
  - Maria Barry, Board Member, 0%
  - Brian K. Tracey, Board Member, 0%

SITE PLAN

Original



Revised



Operating Pro Forma

Applicant obtained a commitment under the Dallas Housing Authority (DHA) Walker Project-Based Voucher Program for 40 units, even though only 20 of the units are LIHTC restricted. Anticipated gross monthly contract rents of $1,600 and $2,163 for two- and three-bedroom units, respectively, used by Applicant and Underwriter, which resulted in a 19% increase to the Potential Gross Rent compared to previous underwriting analysis (current 60% HTC gross rents are $991 and $1,145). Secondary income decreased to $18.50/unit ($56.50/unit previously). Vacancy and collection loss equal to 5% of Potential Gross Income used. All else held equal, any decrease in rents would cause the DCR to fall below 1.15 times debt coverage.

Applicant's pro forma was used for this analysis. G&A expenses lower than LIHTC comparables are offset by higher expenses in other categories, such as property taxes. Per-unit property tax expense based on income approach is higher than expense for other LIHTC properties in Plano, even after 50% CHDO exemption. This is due to the project-based voucher rents being significantly greater than maximum Housing Tax Credit rents. A Tenant Services Plan was provided in applying for DHA project-based vouchers, but no specificied value of tenant services is required by DHA. Applicant indicated most of the service providers are public charities or agencies that do not charge for their services, and Plano Housing Corporation receives a stipend of CDBG funds from the City of Plano for coordinating services to low-income populations. Therefore, no expenses for supportive services are included. Applicant's pro forma reflects projected DCR of 1.148 times, indicating a need for a slight reduction to the debt amount for a 1.15 times DCR.

Development Cost

Transfer of the land from Rise Residential Offices, LP to TX Coit Townhomes, LP (Applicant) occurred on June 1, 2017. Rise Residential Construction, LP, originally a co-developer/owner and affiliate of the owner of the land since 2015, will no longer be part of the developer or development owner. Although the sales price for the land ($2,500,000) did not change from the 2015 sales price, land acquisition costs now include closing costs, including a $150K broker commission and other fees paid at the time of the third-party transfer in 2015. Additional closing costs and acquisition fees include interest carry and property taxes paid by Rise, among other closing costs.

Applicant's total development cost estimate of $11,876,498 is almost 10% greater than estimate at application. Building costs decreased 20%. Underwriter's revised *Marshall & Swift Residential Cost Handbook*-derived estimate is 6% greater than Applicant's cost estimate, but overall costs are within 5%. According to a letter dated August 9, 2017 from Astro Builders, a prospective general contractor for the development, the changes to the unit mix and square footage reductions resulted in a reduction to costs of more than $1.9M; however, the square footage reduction and the cost per square foot ($125) stated by Astro Builders are greater than what is supported by the documentation submitted by Applicant for this amendment. Site work costs, inclusive of site amenities, increased 38%. Applicant indicated site work costs were also estimated by Astro Builders. Eligible general contractor's fees exceed the Department's maximum guideline by $595, but this does not impact the recommended credit amount. Developer fee increased $4K from the figure at application.

Sources of Funds

Lender changed from IBC Bank to Bank of America for the construction loan and Key Bank for the permanent debt. Proposed debt amount increased from $5,900,000 to $6,218,727. New loan amortized over 35-year period (40 years previously) at interest rate of 5.67% (5.00% previously). Proposed annual debt service increased from $343,841 to $409,095. As DCR at proposed debt is slightly under 1.15 times, a reduction of $12,297 to the permanent loan amount would be necessary for a 1.15 times DCR. This debt reduction can be absorbed by an increase to the amount of deferred developer fee.

Syndicator changed from 42 Equity Partners to Enterprise. Equity pricing increased from $0.99 to $1.03, which results in equity of $4,885,414 ($4,695,723 previously). In addition, a $250K private grant from Enterprise is anticipated. Recommended amount of deferred developer fee changed to $534,654 ($512,275 previously).

The current analysis continues to support the original annual credit allocation of $474,312. No change in the approved credit allocation is being recommended at this time.

Underwriter:	*Rosalio Banuelos*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

The Veranda Townhomes, Plano, 9% HTC #16114

LOCATION DATA	
CITY:	Plano
COUNTY:	Collin
PROGRAM REGION:	3

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	-	0.0%	0	30%	2	5.0%
1	-	0.0%	0	40%	-	0.0%
2	36	90.0%	36	50%	8	20.0%
3	4	10.0%	4	60%	10	25.0%
4	-	0.0%	0	MR	20	50.0%
TOTAL	**40**	**100.0%**	**40**	**TOTAL**	**40**	**100.0%**

Applicable Programs
9% Housing Tax Credits

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	50.00%
APP % Acquisition	3.37%
APP % Construction	9.00%
Average Unit Size	1,133 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		RENT ASSISTED UNIT		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	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		Mrkt Analyst
TC 60%	$951	PBV		1	2	2	1,086	$1,600	$101	$1,499	$0	$1.38	$1,499	**$1,499**	**$1,499**	$1,499	$1.38	$0			
MR		PBV		3	2	2	1,086	$0	$101		NA	$1.38	$1,499	**$4,497**	**$4,497**	$1,499	$1.38	NA	$1,499	$1.38	
TC 50%	$792	PBV		5	2	2	1,098	$1,600	$101	$1,499	$0	$1.37	$1,499	**$7,495**	**$7,495**	$1,499	$1.37	$0			
TC 60%	$951	PBV		3	2	2	1,098	$1,600	$101	$1,499	$0	$1.37	$1,499	**$4,497**	**$4,497**	$1,499	$1.37	$0			
MR		PBV		12	2	2	1,098	$0	$101		NA	$1.37	$1,499	**$17,988**	**$17,988**	$1,499	$1.37	NA	$1,499	$1.37	
TC 50%	$792	PBV		1	2	2	1,111	$1,600	$101	$1,499	$0	$1.35	$1,499	**$1,499**	**$1,499**	$1,499	$1.35	$0			
TC 60%	$951	PBV		3	2	2	1,111	$1,600	$101	$1,499	$0	$1.35	$1,499	**$4,497**	**$4,497**	$1,499	$1.35	$0			
TC 60%	$951	PBV - ADA		1	2	2	1,256	$1,600	$101	$1,499	$0	$1.19	$1,499	**$1,499**	**$1,499**	$1,499	$1.19	$0			
TC 30%	$475	PBV - Visual		1	2	2	1,130	$1,600	$101	$1,499	$0	$1.33	$1,499	**$1,499**	**$1,499**	$1,499	$1.33	$0			
TC 50%	$792	PBV - Visual		1	2	2	1,130	$1,600	$101	$1,499	$0	$1.33	$1,499	**$1,499**	**$1,499**	$1,499	$1.33	$0			
TC 60%	$951	PBV - Visual		1	2	2	1,130	$1,600	$101	$1,499	$0	$1.33	$1,499	**$1,499**	**$1,499**	$1,499	$1.33	$0			
MR		PBV - Visual		4	2	2	1,130	$0	$101		NA	$1.33	$1,499	**$5,996**	**$5,996**	$1,499	$1.33	NA	$1,499	$1.33	
TC 30%	$549	PBV		1	3	2	1,299	$2,163	$121	$2,042	$0	$1.57	$2,042	**$2,042**	**$2,042**	$2,042	$1.57	$0			
TC 50%	$915	PBV		1	3	2	1,299	$2,163	$121	$2,042	$0	$1.57	$2,042	**$2,042**	**$2,042**	$2,042	$1.57	$0			
MR		PBV		1	3	2	1,350	$0	$121		NA	$1.51	$2,042	**$2,042**	**$2,042**	$2,042	$1.51	NA	$2,042	$1.51	
TC 60%	$1,098	PBV - ADA		1	3	2	1,464	$2,163	$121	$2,042	$0	$1.39	$2,042	**$2,042**	**$2,042**	$2,042	$1.39	$0			
TOTALS/AVERAGES:				**40**			**45,326**				**$0**	**$1.37**	**$1,553**	**$62,132**	**$62,132**	**$1,553**	**$1.37**	**$0**	**$763**	**$0.67**	**$0**

ANNUAL POTENTIAL GROSS RENT:	**$745,584**	**$745,584**	

STABILIZED PRO FORMA

The Veranda Townhomes, Plano, 9% HTC #16114

	STABILIZED FIRST YEAR PRO FORMA																	
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA					VARIANCE		
	Database		Collin County Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI		%	$	
POTENTIAL GROSS RENT						$1.37	$1,553	$745,584	**$624,360**	**$626,280**	$745,584	$1,553	$1.37			0.0%	$0	
Security Deposit/App Fees							$2.50	$1,200	9,600									
Laundry Room							$9.75	$4,680	27,468									
Cable/TV/Other							$6.25	$3,000										
Total Secondary Income							$18.50			27,120	$8,880	$18.50				0.0%	$0	
POTENTIAL GROSS INCOME								$754,464	$661,428	$653,400	$754,464					0.0%	$0	
Vacancy & Collection Loss							5.0% PGI	(37,723)	(46,300)	(49,005)	(37,723)	5.0% PGI				0.0%	-	
Rental Concessions								-								0.0%	-	
EFFECTIVE GROSS INCOME								$716,741	$615,128	$604,395	$716,741					0.0%	$0	
General & Administrative	$19,112	$478/Unit	11,925	$298	0.96%	$0.15	$172	$6,888	$18,850	$21,982	$19,112	$478	$0.42	2.67%		-64.0%	(12,224)	
Management	$26,187	7.5% EGI	16,281	$407	5.00%	$0.79	$896	$35,822	$24,605	$30,220	$35,837	$896	$0.79	5.00%		0.0%	(15)	
Payroll & Payroll Tax	$38,409	$960/Unit	44,439	$1,111	6.28%	$0.99	$1,125	$45,000	$39,000	$38,409	$38,409	$960	$0.85	5.36%		17.2%	6,591	
Repairs & Maintenance	$29,242	$731/Unit	15,946	$399	3.61%	$0.57	$647	$25,890	$22,000	$24,000	$24,000	$600	$0.53	3.35%		7.9%	1,890	
Electric/Gas	$15,150	$379/Unit	8,218	$205	1.23%	$0.19	$220	$8,800	$5,000	$8,218	$8,218	$205	$0.18	1.15%		7.1%	582	
Water, Sewer, & Trash	$23,018	$575/Unit	19,058	$476	5.65%	$0.89	$1,012	$40,468	$35,520	$35,040	$35,568	$889	$0.78	4.96%		13.8%	4,900	
Property Insurance	$14,258	$0.31 /sf	9,377	$234	2.31%	$0.36	$414	$16,542	$17,500	$17,500	$16,542	$414	$0.36	2.31%		0.0%	0	
Property Tax (@ 50%) 2.2282	$21,611	$540/Unit	20,360	$509	7.67%	$1.21	$1,375	$55,000	$26,000	$41,785	$52,217	$1,305	$1.15	7.29%		5.3%	2,783	
Reserve for Replacements	$18,201	$455/Unit	28,317	$708	1.67%	$0.26	$300	$12,000	$10,000	$10,000	$12,000	$300	$0.26	1.67%		0.0%	-	
Cable TV			-	$0	0.00%	$0.00	$0	$0	$1,200	$1,200	$0	$0	$0.00	0.00%		0.0%	-	
Supportive Services			5,279	$132	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%		0.0%	-	
TDHCA LIHTC/HOME Compliance Fees			7,909	$198	0.11%	$0.02	$20	$800	$880	$800	$800	$20	$0.02	0.11%		0.0%	-	
TOTAL EXPENSES					**34.49%**	**$5.45**	**$6,180**	**$ 247,210**	**$200,555**	**$229,154**	**$242,703**	**$6,068**	**$5.35**	**33.86%**		**1.9%**	**$ 4,507**	
NET OPERATING INCOME ("NOI")					**65.51%**	**$10.36**	**$11,738**	**$469,531**	**$414,573**	**$375,241**	**$474,038**	**$11,851**	**$10.46**	**66.14%**		**-1.0%**	**$ (4,507)**	
CONTROLLABLE EXPENSES							$3,176/Unit					$3,133/Unit						

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Veranda Townhomes, Plano, 9% HTC #16114

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Applicant**	**TDHCA**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Key Bank		1.16	1.15	409,095	5.67%	35	15	$6,218,727	**$5,900,000**	**$5,630,000**	$6,206,430	15	35	5.67%	$408,286	1.15	52.3%
CASH FLOW DEBT / GRANTS																	
Enterprise		1.16	1.15		0.00%	0	0	$250,000			$250,000	0	0	0.00%		1.15	2.1%
				$409,095	**TOTAL DEBT / GRANT SOURCES**			**$6,468,727**			**$6,456,430**			**TOTAL DEBT SERVICE**	**$408,286**	1.15	54.4%
NET CASH FLOW		$64,943	$60,436								**APPLICANT**	**NET OPERATING INCOME**		**$469,531**	**$61,245**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE						
						Prior Underwriting								
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Applicant**	**TDHCA**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**	
Enterprise	LIHTC Equity	41.1%	$474,312	1.03	$4,885,414	$4,794,978	$4,695,723	$4,885,414	$1.0300	$474,312	41.1%	$11,858	Applicant Request	
Deferred Developer Fee	Deferred Developer Fees	4.4%	(49% Deferred)		$522,357	$143,020	$512,275	$534,654	(50% Deferred)		4.5%	**Total Developer Fee:**		**$1,063,000**
Additional (Excess) Funds Req'd		0.0%			$0	-$1	$0	$0			0.0%			
TOTAL EQUITY SOURCES		45.5%			$5,407,771	$4,937,998	$5,207,998	$5,420,068			45.6%	**15-Year Cash Flow:**		**$1,719,534**
TOTAL CAPITALIZATION					**$11,876,498**	**$10,837,998**	**$10,837,998**	**$11,876,498**				**15-Yr Cash Flow after Deferred Fee:**		**$1,184,880**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS						TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis				Prior Underwriting					Eligible Basis			
	Acquisition	**New Const. Rehab**	**Total Costs**		**Applicant**	**TDHCA**	**Total Costs**			**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition			$67,206 / Unit	$2,688,227	$2,400,000	$2,400,000	$2,688,227	$67,206 / Unit				0.0%	$0
Building Acquisition	$0		$ / Unit	$0	$0	$0	$0	$ / Unit			$0	0.0%	$0
Closing costs & acq. legal fees, Other (specify) - see footn				$476,560	$75,000	$75,000	$476,560						$0
Off-Sites			$ / Unit	$0	$0	$0	$0	$ / Unit				0.0%	$0
Site Work		$1,228,639	$30,750 / Unit	$1,229,996	$591,475	$591,475	$1,229,996	$30,750 / Unit		$1,228,639		0.0%	$0
Site Amenities		$240,000	$6,000 / Unit	$240,000	$470,000	$470,000	$240,000	$6,000 / Unit		$240,000		0.0%	$0
Building Cost		$3,209,189	$70.80 /sf	$80,230/Unit $3,209,189	$4,005,879	$3,920,715	$3,410,332	$85,258/Unit	$75.24 /sf	$3,410,332		-5.9%	($201,143)
Contingency		$259,608	5.55%	5.55% $259,608	$253,368	$253,368	$259,608	5.32%	5.32%	$259,608		0.0%	$0
Contractor Fees		$691,836	14.01%	14.01% $691,836	$744,901	$732,978	$691,836	13.46%	13.46%	$691,836		0.0%	$0
Soft Costs	0	$774,479		$19,737 / Unit $789,479	$595,500	$595,500	$789,479	$19,737 / Unit		$774,479	$0	0.0%	$0
Financing	0	$703,878		$21,508 / Unit $860,337	$492,875	$492,875	$860,337	$21,508 / Unit		$703,878	$0	0.0%	$0
Developer Fee	$0	$1,063,000	14.96%	14.95% $1,063,000	$1,059,000	$1,059,000	$1,063,000	14.54%	14.54%	$1,063,000	$0	0.0%	$0
Reserves				$9,207 / Unit $368,266	$150,000	$150,000	$325,495	$8,137 / Unit				13.1%	$42,771
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BA	**$0**	**$8,170,629**		$296,912 / Unit **$11,876,498**	**$10,837,998**	**$10,740,911**	**$12,034,870**	$300,872 / Unit		**$8,371,772**	**$0**	**-1.3%**	**($158,372)**
Acquisition Cost	$0			$0									
Contingency		$0		$0									
Contractor's Fee		($595)											
Interim Interest		$0											
Developer Fee	$0	$0		$0									
Reserves				$0									
ADJUSTED BASIS / COST	**$0**	**$8,170,034**		$296,912/unit **$11,876,498**	**$10,837,998**	**$10,740,911**	**$12,034,870**	$300,872/unit		**$8,371,772**	**$0**	**-1.3%**	**($158,372)**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): **$11,876,498**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

The Veranda Townhomes, Plano, 9% HTC #16114

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$8,170,034	$0	$8,371,772
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$8,170,034	$0	$8,371,772
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$10,621,044	$0	$10,883,304
Applicable Fraction	50.00%	50.00%	50.00%	50.00%
TOTAL QUALIFIED BASIS	$0	$5,310,522	$0	$5,441,652
Applicable Percentage	3.37%	9.00%	3.37%	9.00%
ANNUAL CREDIT ON BASIS	$0	$477,947	$0	$489,749
CREDITS ON QUALIFIED BASIS	$477,947		$489,749	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $1.0300	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$477,947	$4,922,854	----	----	----
Needed to Fill Gap	$526,220	$5,420,068	----	----	----
Applicant Request	$474,312	$4,885,414	**$474,312**	**$0**	**$0**

	Development Cost/SF	
	Application	TDHCA
Acquisition & Hard Costs	$111.53	$128.66
Hard Costs	$111.53	$128.66
Building Costs	$73.65	$75.24
Total Points Claimed:	12	

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost: Townhome		45,326 SF	$64.12	2,906,141
Adjustments				
Exterior Wall Finish	2.55%		1.63	$74,065
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.32%		2.13	96,442
Roof Adjustment(s)			(0.25)	(11,332)
Subfloor			(0.80)	(36,261)
Floor Cover			3.76	170,426
Breezeways	$0.00	0	0.00	0
Balconies	$25.24	5,991	3.34	151,213
Plumbing Fixtures	$1,185	40	1.05	47,400
Rough-ins	$520	40	0.46	20,800
Built-In Appliances	$2,625	40	2.32	105,000
Exterior Stairs	$2,250	0	0.00	0
Heating/Cooling			2.14	96,998
Enclosed Corridors	$47.31	0	0.00	0
Carports	$11.94	0	0.00	0
Garages	$26.80	16,000	9.46	428,800
Comm &/or Aux Bldgs	$90.82	2,540	5.09	230,691
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	$2.47	47,866	2.61	118,229
SUBTOTAL			**97.04**	**4,398,612**
Current Cost Multiplier	1.02		1.94	87,972
Local Multiplier	0.89		(10.67)	(483,847)
TOTAL BUILDING COSTS			**88.31**	**$4,002,737**
Plans, specs, survey, bldg permits	3.30%		(2.91)	($132,090)
Contractor's OH & Profit	11.50%		(10.16)	(460,315)
NET BUILDING COSTS		$85,258/unit	$75.24/sf	$3,410,332

Long-Term Pro Forma

The Veranda Townhomes, Plano, 9% HTC #16114

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$716,741	$731,076	$745,697	$760,611	$775,823	$856,572	$945,724	$1,044,156	$1,272,820	$1,405,297
TOTAL EXPENSES	3.00%	$247,210	$254,268	$261,531	$269,004	$276,694	$318,624	$367,010	$422,856	$561,764	$650,522
NET OPERATING INCOME ("NOI")		**$469,531**	**$476,808**	**$484,166**	**$491,607**	**$499,129**	**$537,948**	**$578,715**	**$621,300**	**$711,056**	**$754,774**
MUST -PAY DEBT SERVICE											
Key Bank		$408,286	$408,286	$408,286	$408,286	$408,286	$408,286	$408,286	$408,286	$408,286	$408,286
TOTAL DEBT SERVICE		$408,286	$408,286	$408,286	$408,286	$408,286	$408,286	$408,286	$408,286	$408,286	$408,286
ANNUAL CASH FLOW		**$61,245**	**$68,521**	**$75,880**	**$83,321**	**$90,843**	**$129,661**	**$170,428**	**$213,014**	**$302,770**	**$346,488**
CUMULATIVE NET CASH FLOW		$61,245	$129,766	$205,646	$288,967	$379,811	$949,683	$1,719,534	$2,698,739	$5,318,112	$6,964,387
DEBT COVERAGE RATIO		1.15	1.17	1.19	1.20	1.22	1.32	1.42	1.52	1.74	1.85
EXPENSE/INCOME RATIO		34.5%	34.8%	35.1%	35.4%	35.7%	37.2%	38.8%	40.5%	44.1%	46.3%
Deferred Developer Fee Balance		$473,409	$404,888	$329,008	$245,687	$154,843	$0	$0	$0	$0	$0

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June 30, 2017

Texas Department of Housing and Community Affairs
Asset Management Division
221 East 11th Street
Austin, Texas 78701-2410
Attention: Raquel Morales, Director
Rosalio Banuelos, Senior Asset Manager

RE: #16114; Veranda Townhomes, Plano, Collin County, Texas;
Ownership Transfer Request.

Dear Raquel and Rosalio:

On behalf of Plano Housing Corporation (PHC) and Banc of America Community Development Corporation (BACDC), we hereby request TDHCA approval of a change in the ownership structure of Veranda Townhomes (Project). The Project was initially under co-development by Rise Residential Construction, LP (Rise) and PHC. Subsequent to the Project's application for 9% tax credits, Rise and PHC and their related entities have entered into litigation regarding another development located in Collin County. The issues raised in connection with that litigation have made it difficult to cooperate in the development of the Project, and Rise and PHC have concluded that it is in the best interest of the Project, TX Coit Townhomes, LP (Partnership), TX Coit Townhomes GP, LLC (General Partner), and themselves, that their mutual involvement in the Project be terminated as soon as is reasonably possible. PHC and Rise have entered into a Letter Agreement dated as of May 31, 2017, setting out the details of Rise's withdrawal from the Project (copy enclosed).

Simultaneous resolution of co-development of two tax credit developments.
Rise and PHC are also involved in the co-development of City Square Apartment Homes (#15247), another tax credit development in Garland, Texas (City Square). The request for a termination of their relationship on the Project is being submitted to you in tandem with a reciprocal request for City Square, which will be submitted by John Shackelford. The concept is that PHC continues with the Project and Rise continues with City Square, each without the other's involvement.

HUB participation.
The departure of Rise from the Project will mean that there is no HUB – however, PHC is a 501(c)(3) corporation and we request that it be permitted to substitute for the HUB by providing material participation by a Qualified Nonprofit Organization that will comply with the 2016 requirements for Sponsor Characteristics point. Although PHC's involvement in the Project at the time of application could have qualified the Project for the Nonprofit Set-Aside, the documentation was not provided in the application. We provide such documentation as a part of this submission, however. Because the Nonprofit Set-Aside was fully funded in 2016 without the inclusion of the Project, we do not believe that the application's original submission solely in the General Set-Aside should be an impediment to the substitution of a Qualified Nonprofit Organization for a HUB.

Proposed changes in the ownership structure.
Basically, Rise will be withdrawing from participation in the Project in any regard:

(i) Rise will transfer its 5% ownership interest in the General Partner to PHC, so that PHC will own 100% of the General Partner. Additionally, BACDC will be entering the Partnership as a 0.005% Special Limited Partner, and the General Partner's ownership will be reduced to 0.005%.

(ii) Rise will withdraw as a co-developer and instead the Developer will be Plano Veranda Developers, LLC, a limited liability company consisting of PHC (51%) and BACDC (49%). Both PHC and BACDC will be Managing Members, each able to act on behalf of the entity without joinder of the other.

(iii) BACDC will replace Rise as the proposed Guarantor for Project obligations.

BACDC will bring substantial affordable housing development expertise and financial strength to the Project. Both Brian L. Roop and Darren W. Smith hold 2017 Experience Certificates that will be substituted for the Experience Certificate of Melissa Adami which was used in the original application. Additionally, BACDC did not receive any allocation of tax credits in 2016, so there will be no issue with the Developer Credit Limit.

To the extent that the proposed changes require either a Material Application Amendment or a Non-Material Application Amendment, we will be happy to file same, once we know whether the Ownership Transfer requested will be approved.

We believe that the separation of the interests of Rise and PHC is likely to benefit the Project by providing a more harmonious business relationship within the Partnership. Because the ownership transfers contemplated by this request are contingent upon the TDHCA's approval of the concomitant changes being requested by John Shackelford for the City Square development,

we respectfully request that these submissions be reviewed in concert and acted upon simultaneously.

Thank you for your consideration of this request. If you have any questions, please do not hesitate to call. An Ownership Transfer Request fee in the amount of $1,000 is being delivered by hand to the TDHCA, to the attention of Rosalio Banuelos.

Very truly yours,

Tamea A. Dula

Enclosures

cc: Jean Brown
Brian L. Roop
Darren W. Smith
Barry J. Palmer

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(713) 890-3918

July 24, 2017

By Email to rosalio.banuelos@tdhca.state.tx.us
Rosalio Banuelos, Senior Asset Manager
Asset Management Division
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

RE: #16114 – Veranda Townhomes, Plano, Collin County, Texas;
Material Application Amendment.

Dear Rosalio:

This is a request for a material application amendment for Veranda Townhomes (the "Project"), a development that received a 9% Housing Tax Credit allocation of $474,312 out of the 2016 Competitive Program. Our law firm represents TX Coit Townhomes, LP, the Applicant ("Project Owner"). As originally proposed, the Project consisted of 40 new construction townhouse units for the General population, with 2 and 3 bedroom sizes, of which 50% were to be restricted as affordable and 50% were to be market rate. The Project is to be located in a high opportunity census tract that has less than a 15% poverty rate, is in the top quartile of median household income for the area, and its residents will be zoned to highly rated public schools.

Unfortunately, due to the downturn in the Tax Credit market and to delays caused by discord between the co-developers in connection with another development, the Project now requires restructuring in order to attract a new investor. The original co-developers have structured a settlement agreement by which Plano Housing Corporation ("PHC") has taken control of this Project, and an Ownership Transfer Application was filed on June 30, 2017, requesting TDHCA approval of the ownership restructuring, with the exit of Rise Residential Construction, LP and the entry of Banc of America Community Development Corporation ("BACDC") as PHC's new development partner. Instead of qualifying for the Sponsor Characteristics point through the involvement of a HUB (which in the original Application was Rise Residential Construction, LP) PHC, a 501(c)(3) corporation, requests that such qualification be changed to having a Qualified Nonprofit involved in the General Partner.

Proposed Amendments to Application.

The Applicant proposes the following changes to the Application:

1. **Reduction in size of units**: In the original Application points were claimed under 11.9(b)(1)(A) for having units that exceeded the minimum square footages of 850 sf for two-bedroom units and 1050 sf for three-bedroom. The two-bedroom units were originally sized at 1218 sf and 1378 sf units in two different configurations. Three-bedroom units were 1531 sf and 1499 sf for in two different configurations. This Amendment proposes 36 two-bedroom units with areas that range from 1087 sf to 1130 sf, and 4 three-bedroom units ranging from 1301 sf to 1341 sf. While the units are smaller, they are still **substantially** larger than the TDHCA thresholds established.

2. **Reduction in size of clubhouse:** The size of the clubhouse is being reduced from 2660 sf to 2540 sf. This is a reduction of more than 5% of the original area.

3. **Amendments to Project amenities:** The pool referenced in the Application is being eliminated, but a large covered open-air pavilion will be provided and a playground will be added. Parallel parking spaces referenced in the Application are being eliminated at the request of the City of Plano.

4. **Substitution of proposed Lender and Equity Investor:** The original Application provided letters of intent from International Bank of Commerce for construction and permanent financing, and 42 Equity Partners, LLC for tax credit equity. This Amendment proposes the substitution of Bank of America as the construction lender, Key Bank Real Estate Capital as the permanent lender and Enterprise Community Investment, Inc. as the tax credit syndicator.

5. **Use of Qualified Nonprofit instead of HUB for points.** The Application was originally filed using Rise Residential Construction, LP as a HUB in order to qualify for a Sponsor Characteristics point. While the request is being made to eliminate the HUB from the transaction, the Application can still qualify for the point through the use of Plano Housing Corporation, which is a qualified nonprofit corporation. Qualifying for the point through the use of a Qualified Nonprofit does require that the Application be filed in the Nonprofit Set-Aside. Although the Application did not have an election to be filed in the Nonprofit Set-Aside, we believe that everything needed to qualify for that set-aside was included in the original Application. Because funding of the Application occurred through the Subregion, whether the Application was in the Nonprofit Set-Aside or not did not affect the Application's qualification for tax credits. Additionally, we believe that the normal funding of the applications completely met the requirement that 10% of the tax credits be awarded to nonprofit applicants, so the failure to initially check the box for the Nonprofit Set-Aside did not adversely affect the TDHCA's ability to fund sufficient tax credits to nonprofit applicants. For these reasons, we have requested through an Ownership Transfer Request filed on June 30, 2017, that Plano Housing Corporation as a Qualified Nonprofit Entity be substituted for the HUB in qualifying for the point. In the

alternative, if such a substitution is not possible, then we believe that the loss of the single point for Sponsor Characteristics would not have adversely affected the Applicant's award of tax credits, and therefore request that point be rescinded and the need to meet Sponsor Characteristics criteria be eliminated.

Materials Provided.

In connection with these changes, we enclose the following replacement materials, which are to be substituted for those provided in the Application or subsequently in response to Staff's request:

1. Amendment Request Form.
2. Tab 19 – Development Activities I – Only the second page is revised to reflect that all of the units have project-based rental assistance and that the Applicant will qualify for these two points by electing to set aside 5% of the units for Tenants with Special Needs.
3. Tab 22 – Architectural Drawings.
4. Tab 24 – Rent Schedule.
5. Tab 25 – Utility Allowances.
6. Tab 26 – Annual Operating Expenses.
7. Tab 27 – Pro Forma.
8. Tab 30 – Development Cost Schedule.
9. Tab 31 – Sources and Uses – Revised to reflect changed costs and to show new lender, investor.
10. Tab 35 – Supporting Documents – Substituting new term sheets for lender (Bank of America, N.A.– construction; and Key Bank Real Estate Capital permanent) and investor (Enterprise Community Investment, Inc.).
11. Tab 44 – Experience Certificate- 2017 Experience Certificates for Darren W. Smith and Brian L. Roop are to be substituted for the one in the Application.

Thank you for your attention to this request for a material application amendment. The $2,500 nonrefundable fee has been separately delivered to your attention.

We request that to the extent that this amendment must be approved by the TDHCA Board, it be brought to the **September 7, 2017** Board Meeting, so that construction can commence. This is very important, so that the Applicant can get the construction and equity financing closed and meet the construction schedule on this 2016 allocation.

Very truly yours,

Tamea A. Dula

Enclosures

cc: Raquel Morales
Jean Brown
Darren Smith
Brian Roop

amam - 8/10/2017 3:35pm - RB

COATS | ROSE

A Professional Corporation

TAMEA A. DULA
OF COUNSEL

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(713) 653-7322
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(713) 890-3918

August10, 2017

By Email to sharon.gamble@tdhca.state.tx.us
Sharon Gamble, Administrator
9% Competitive Housing Tax Credit Program
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

RE: #16114 – Veranda Townhomes, Plano, Collin County, Texas;
Request for Waiver of HUB Material Participation Requirement.

Dear Sharon:

This is a request on behalf of TX Coit Townhomes, LP ("Project Owner") for a waiver of the requirement that Veranda Townhomes ("Project") have a HUB materially participating in the development and operation of the Project, per the original 9% Competitive Application which received an allocation of 2016 Housing Tax Credits. This waiver request is submitted in conjunction with an Ownership Transfer Application submitted on June 30, 2017, and a Material Application Amendment Request submitted on July 24, 2017.

This Project was originally under co-development by Rise Residential Construction, LP ("Rise") and the Plano Housing Corporation ("PHC"), a Texas nonprofit corporation. Subsequent to filing the application for this Project, Rise and PHC and their related entities have entered into litigation regarding another development located in Collin County. The issues raised in connection with that litigation have made it difficult to cooperate in the development of the Project, and Rise and PHC have concluded that it is in the best interest of the Project and all involved parties that their mutual involvement in the Project be terminated as soon as is reasonably possible. PHC and Rise entered into a Letter Agreement dated as of May 31, 2017, setting out the details of Rise's withdrawal from the Project. Subsequently, an Ownership Transfer Application was filed with TDHCA reflecting that, subject to TDHCA approval, the co-developer of this Project has changed from Rise to Banc of America Community Development Corporation ("BACDC").

Rise is a HUB, and the Project's application claimed a point for Sponsorship Characteristics as a result of the HUB's material participation. That point was not necessary in order for the Project

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to receive an award of 2016 Housing Tax Credits. Had the original application been filed in the Nonprofit Set-Aside, PHC could have qualified for the Sponsorship Characteristics point. We previously suggested that the Project be brought into the Nonprofit Set-aside on an ex post facto basis so that PHC could fulfill the requirement for that point. Because the point was not essential to the award, however, TDHCA Staff has recommended that we simply request that the HUB material participation requirement be waived, which is the purpose of this letter.

The City of Plano (population 271,166) has only seven tax credit developments listed on the TDHCA's inventory. Five of the developments are limited to Elderly populations. The only tax credit developments serving the General population are this Project and one other which received an allocation of 9% credits in 1993. This dearth of tax credit housing serving the General population is unlikely to change in the near future because in the 2017 Competitive Round, the only application from Plano (another General population development by PHC and BACDC) is unlikely to receive funding. Indeed, the City of Plano Resolution No. 2016-1-9(R) which was filed as part of the Project's original application states that the 2015-2019 Consolidated Plan of Housing and Community Needs shows that low income renters within the City have unmet housing needs, mostly related to affordability.

By waiving the requirement that a HUB be materially involved in this Project, and permitting PHC to undertake the roles within the Project Owner that were originally to be fulfilled by the HUB, the TDHCA will be meeting its purpose under Tex. Gov't Code §2306.6701(4) which requires that the TDHCA administer the low income housing tax credit program in a manner that will provide for and encourage the participation of nonprofit organizations in the acquisition, development, and operation of affordable housing developments in urban and rural communities. Additionally, failure to grant the requested waiver means that as it relates to Plano, the TDHCA would not be meeting its purpose under Tex. Gov't Code §2306.001(2), of providing for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income. Finally, the Texas legislature has found under Tex. Gov't Code §2306.002(b) that the highest priority of the department is to provide assistance to individuals and families of low and very low income who are not assisted by private enterprise or other governmental programs so that they may obtain affordable housing or other services and programs offered by the department. In granting this waiver request, the TDHCA will be meeting this highest priority responsibility as it relates to Plano, Texas.

We respectfully ask that this waiver request be granted, and that Veranda Townhomes be permitted to operate with PHC, a nonprofit corporation and a Community Housing Development Corporation, serving in the place of the previously designated HUB.

Very truly yours,

Tamea A. Dula

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cc: Raquel Morales
Rosalio Banuelos
Jean Brown
Darren Smith
Brian Roop

Asset Management Division

Amendment Request Form

Completed forms and supporting materials can be emailed to asset.management@tdhca.state.tx.us

TYPE OF AMENDMENT REQUESTED

Date Submitted: 7/21/2017 Amendment Requested: *Application Amendment,*

Has the change been implemented? *No* Award Stage: *Under Construction or at 10% Test*

NOTE: *Material Application or LURA Amendment requests must be received* ***45 days before the Board Meeting****.*

Contact your Asset Manager if you are unsure what type of Amendment to request: https://www.tdhca.state.tx.us/asset-management/contacts.htm

DEVELOPMENT INFORMATION

Dev. Name: Veranda Townhomes File No. / CMTS No.: 16114 /5215

CONTACT INFORMATION

Request Submitted By: Tamea A. Dula Phone #/Email: (713) 653-7322 /

SECTION 1: COVER LETTER

A cover letter ***MUST*** be submitted with your request. Review your cover letter to ensure it includes:

☒ The change(s) requested ☒ The reason the change is necessary ☒ The good cause for the change

☒ An explanation of whether the amendment was reasonably foreseeable or preventable at the time of Application

SECTION 2: REQUIRED DOCUMENTATION

Entering an Amendment conveys to the Department that representations in the Application have changed. You ***MUST*** provide information about any and all changes made from the time of Application (or as last approved by the Department) in your request, including any items that will be impacted by the requested change. Failure to represent or properly document all changes may result in delays, denials, or a request for re-submission. The following is attached:

☒ Revised Development Financing Exhibits – if sources, terms, conditions, or amounts of financing will be impacted or changed by your amendment request, revised Application exhibits and term sheets (or executed Loan documents and LPA, if the loan has closed) must be submitted

☐ Signed Statement of No Financial Impact – if no sources, terms, conditions, or amount of financing will be impacted or changed by your amendment request, the Owner must sign and submit a statement to this effect

☒ Revised Application Exhibits/Documents Reflecting or Supporting All Requested Changes – revised site plans, surveys, Building and Unit Configuration exhibit, etc.

☒ Material Amendment fee of $2,500 for first amendments, $3,000 for second amendments, $3,500 for third or more. (Applicable to Non-Material Amendments only if changes have been implemented prior to Amendment approval) – *N/A for Developments only funded by a Direct Loan program (HOME, NSP, HTF)*

SECTION 3A: MATERIAL APPLICATION AMENDMENT ITEMS

Check all items that have been modified from the original application (see ***Subchapter E, §10.405(a)(3)***):

☒ Site plan
☐ Scope of tenant services
☐ Exclusion of reqs in Subchapters B & C
☐ Number of units*
☒ Reduction of 3%+ in unit sq ft
☐ Other
☒ Bedroom mix
☒ Reduction of 3%+ common area
☒ Architectural design
☐ Residential density (5%+ change)

If "Number of units" is selected above and the total LI units or LI units at any rent or income level will be reduced, also:

☐ Written confirmation from the lender *and* syndicator that the development is infeasible without the adjustment in units

☐ Evidence supporting the need for the adjustment in units

NOTE: **The approved amendment may carry a penalty in accordance with* ***§10.405(a)(6)(b).***

SECTION 3B: MATERIAL LURA AMENDMENT ITEMS

Check all items that require a material LURA amendment (see Subchapter E, ***§10.405(b)(2)***):

☐ Reductions in the number of LI units
☐ Change in Target Population
☐ Changes to income or rent restrictions
☐ Removal of Non-profit
☐ Other
☐ Change in ROFR period or other ROFR provisions

The following additional items are attached for consideration or will be forthcoming:

☐ Draft Notice of Public Hearing*
☐ Evidence of public hearing*

NOTE: **Draft Notices of Public Hearing must be provided with the Amendment materials 45 days prior to the Board meeting. *The Public Hearing must be held at least 15 business days prior to the Board meeting and evidence in the form of attendance sheets and a summary of comments made must be submitted to TDHCA within 3 days of the hearing.*

SECTION 4A: NON-MATERIAL APPLICATION AMENDMENT SUMMARY

Identify all non-material changes that have been or will be made (Contact your Asset Manager if you are unsure of whether your request is non-material):

(i) One of the co-developers is exiting and being replaced with an affiliate of Banc of America Community Development Corporation. (ii) Construction and Permanent Lender and Equity Investor identified in the Application are being replaced. (iii) Changes in Co-Developer and Guarantor and new Special Limited Partner have been previously submitted in Ownership Transfer Applcation.

☐ Amendment is requesting a change in Developer(s) or Guarantor(s) and Previous Participation forms are attached.

SECTION 4B: NON-MATERIAL LURA AMENDMENT SUMMARY

Identify non-material amendments requested to the LURA:

Not Applicable - No LURA yet

SECTION 4C: NOTIFICATION ITEM SUMMARY

Identify any notification items from the time of application:

(i) some amenities identified in the Application will be eliminated; other new amenities will be provided, with no net effect in points. (ii) There is a slight change in the Site Plan.

5. Tenant Populations with Special Housing Needs (Competitive HTC Applications only) [§11.9(c)(7)]

[x] Applicant elects 2 points under part (A) or (B) of this scoring item, or under part (C) only if not qualified for (A) or (B).

Section 811 PRA Program: A or B below regard the Department's Section 811 Project Rental Assistance Program (Section 811 PRA Progr

[ ] **A.** Application contains TDHCA approval for the participation of an existing Development (other than the Development applying for tax credits) in the Section 811 PRA Program. The existing Development must provide the Section 811 PRA Program with the greater of 10 units or the number of units that would be applicable under "B"

[X] **B.** The development applying for tax credits commits to participate in Section 811 PRA Program and will provide at least 10 units, or less if limited to less than 10 units by the Integrated Housing Rule (10 TAC §1.15) or Section 811 PRA Program guidelines.

Mark ***any*** of the following factors that disqualify the development applying for tax credits from participation in the Section 811 PRA Program (some fields will auto-populate):

[ ] Application is an Elderly Limitation Development or Supportive Housing (as defined by 10 TAC §10.3).

[ ] Development was originally constructed before 1978.

[X] Development does not have units available that do not have other sources of project-based rental or long-term operating assistance within six months of receiving Section 811 PRA Program assistance.

[ ] Development does not have units available that are not restricted for persons with disabilities.

[ ] Development is not located in Austin-Round Rock MSA, Brownsville-Harlingen MSA, Corpus Christi MSA, Dallas-Fort Worth-Arlington MSA, El Paso MSA, Houston-The Woodlands-Sugar Land MSA, McAllen-Edinburg-Mission MSA, San Antonio-New Braunfels MSA.

[ ] Development Site is located in the mapped 100-year or 500-year floodplain.

[ ] Other disqualifying factor (please explain)

[ ] **Attached behind this tab is the executed Certification for Section 811 PRA Program Participation**

Development qualifies to participate in Section 811 PRA Program: 0

[x] **C.** Application does not qualify for participation in Section 811 PRA Program and elects to set aside at least 5% of the Units for Persons with Special Needs as identified in §11.9(c)(7)(C) of the QAP.

Development elects to set aside at least 5% of Units: 2

Points Claimed: 2

6. Pre-Application Participation (Competitive HTC Applications only) [§11.9(e)(3)]

[X] Development is requesting Pre-Application Points. 6

7. Extended Affordability (Competitive HTC Applications only) [§11.9(e)(5)]

[X] Development will maintain a 35 year Affordability Period. 2

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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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

January 30, 2017

Writer's direct phone # 512-475-1676
Email:marni.holloway@tdhca.state.tx.us

Mr. Brian L. Roop
c/o Tamea A. Dula, Coats Rose, P.C.
9 Greenway Plaza, Suite 1100
Houston, Texas 77046

RE: REQUEST FOR EXPERIENCE CERTIFICATE UNDER 2017 UNIFORM MULTIFAMILY RULES

Dear Mr. Roop:

We have reviewed your request for an experience certificate, which is provided to individuals that meet the requirements of §10.204(6) of the Uniform Multifamily Rules. In order to meet the experience requirements an individual must establish that they have experience in the development and placement in service of at least 150 residential units. We find that the documentation you have provided is sufficient to establish this required experience. Additionally, you have certified to compliance with the requirements of §10.204(6)(B), including the following requirements:

> (ii) Experience may not be established for a Person who at any time within the preceding three years has been involved with affordable housing in another state, in which the Person or Affiliate has been the subject of issued IRS Form 8823 citing non-compliance that has not been or is not being corrected with reasonable due diligence. …
>
> (iv) Notwithstanding the foregoing, no person may be used to establish such required experience if that Person or an Affiliate of that Person would not be eligible to be an Applicant themselves.

Should you choose to participate as a member of the Development Team or an individual providing experience for any Application submitted for funding, a Previous Participation Review (10 TAC §1.5) may be conducted prior to any award of funds. Additionally, should it be determined at any point in time that the information provided in your request for experience is fraudulent, knowingly falsified, intentionally or negligibly materially misrepresented, or omits relevant information, this certificate of experience is null and void and you may be subject to other sanctions under the Texas Department of Housing and Community Affairs' rules and requirements.

If you have any questions or concerns regarding this certificate or the experience requirements, please contact Marni Holloway at marni.holloway@tdhca.state.tx.us.

Sincerely,

Marni Holloway
Director of Multifamily Finance

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Greg Abbott
GOVERNOR

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J.B. Goodwin

January 30, 2017

Writer's direct phone # 512-475-1676
Email:marni.holloway@tdhca.state.tx.us

Mr. Darren W. Smith
c/o Tamea A. Dula, Coats Rose, P.C.
9 Greenway Plaza, suite 1100
Houston, Texas 77046

RE: REQUEST FOR EXPERIENCE CERTIFICATE UNDER 2017 UNIFORM MULTIFAMILY RULES

Dear Mr. Smith:

We have reviewed your request for an experience certificate, which is provided to individuals that meet the requirements of §10.204(6) of the Uniform Multifamily Rules. In order to meet the experience requirements an individual must establish that they have experience in the development and placement in service of at least 150 residential units. We find that the documentation you have provided is sufficient to establish this required experience. Additionally, you have certified to compliance with the requirements of §10.204(6)(B), including the following requirements:

> (ii) Experience may not be established for a Person who at any time within the preceding three years has been involved with affordable housing in another state, in which the Person or Affiliate has been the subject of issued IRS Form 8823 citing non-compliance that has not been or is not being corrected with reasonable due diligence. …
>
> (iv) Notwithstanding the foregoing, no person may be used to establish such required experience if that Person or an Affiliate of that Person would not be eligible to be an Applicant themselves.

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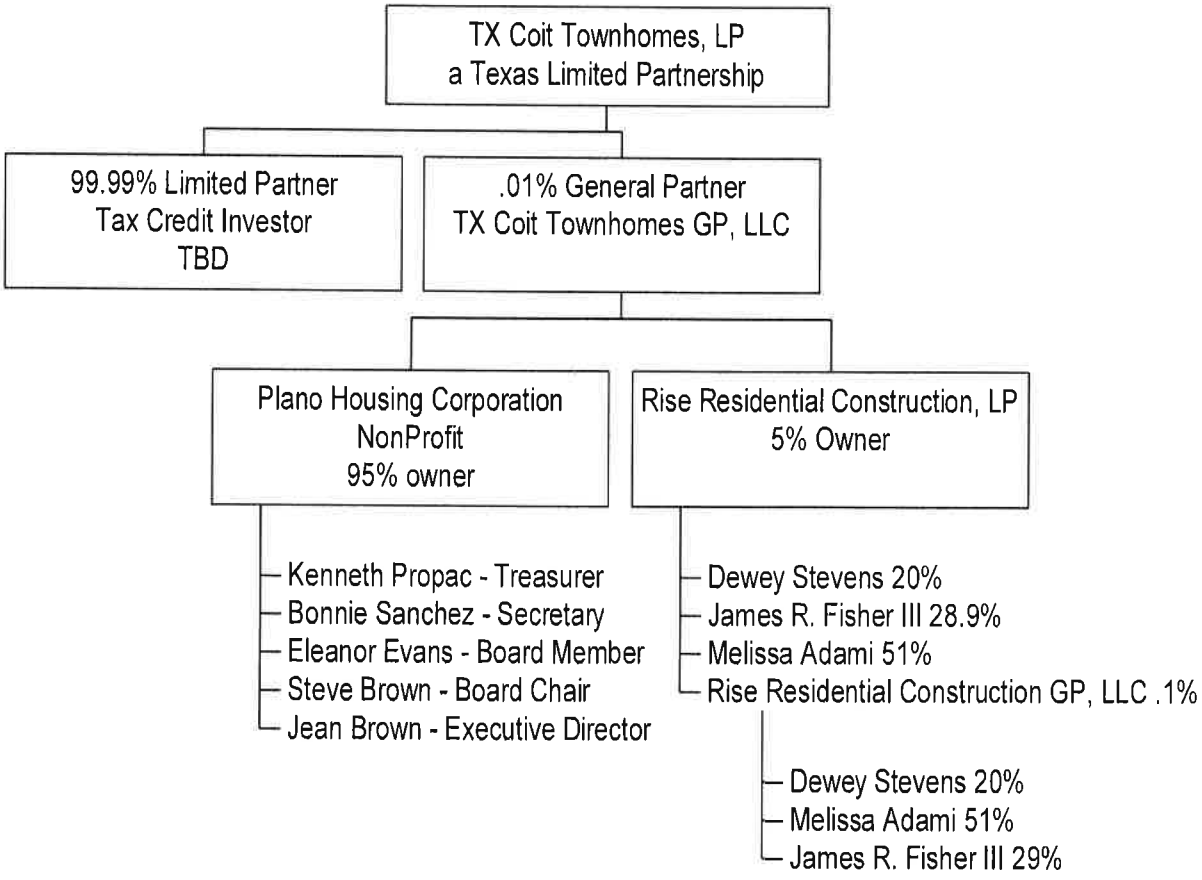
If you have any questions or concerns regarding this certificate or the experience requirements, please contact Marni Holloway at marni.holloway@tdhca.state.tx.us.

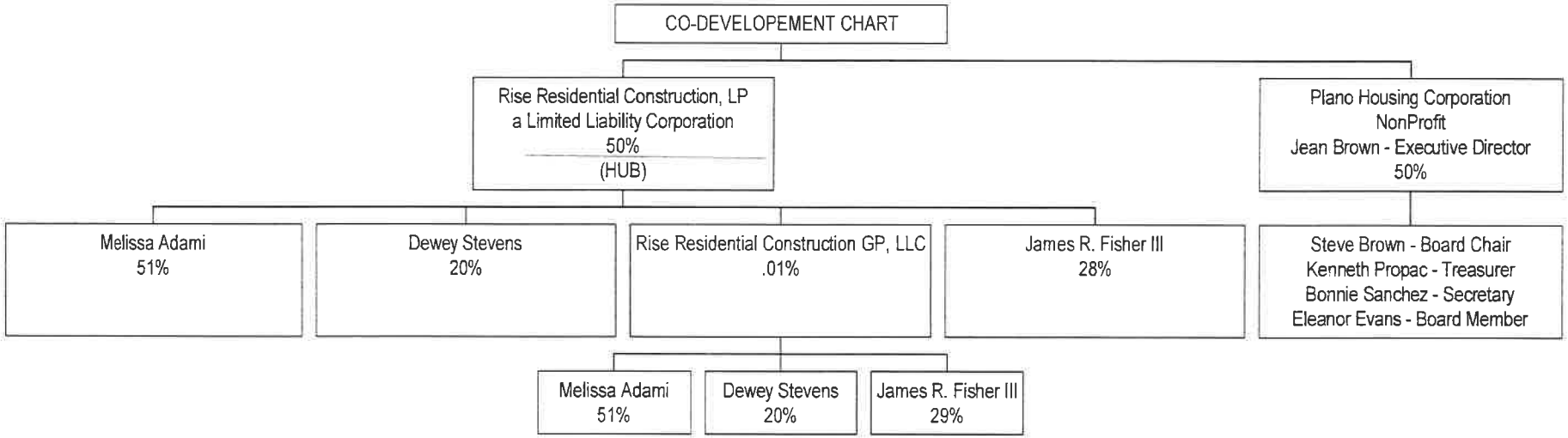
Sincerely,

Marni Holloway
Director of Multifamily Finance

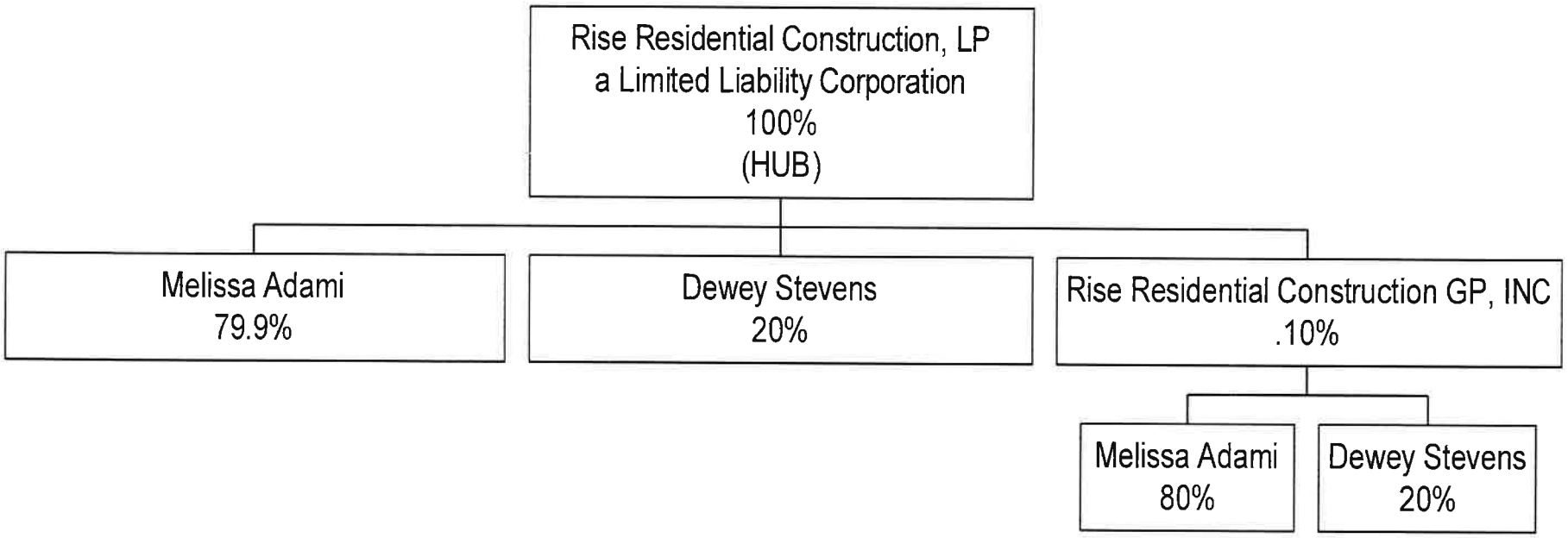
The Veranda Townhomes
Ownership Organization Chart



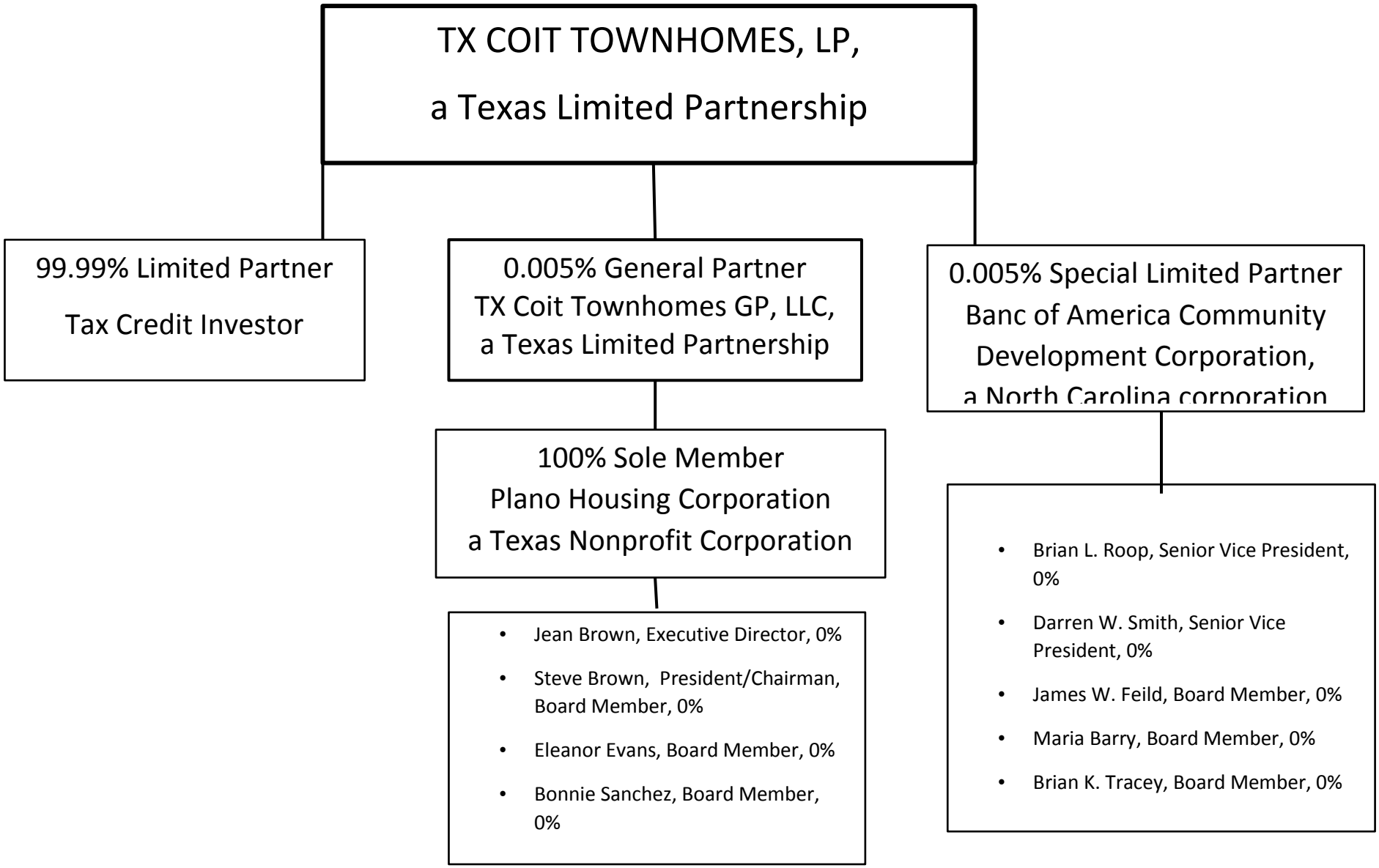
The Veranda Townhomes
Developer Chart



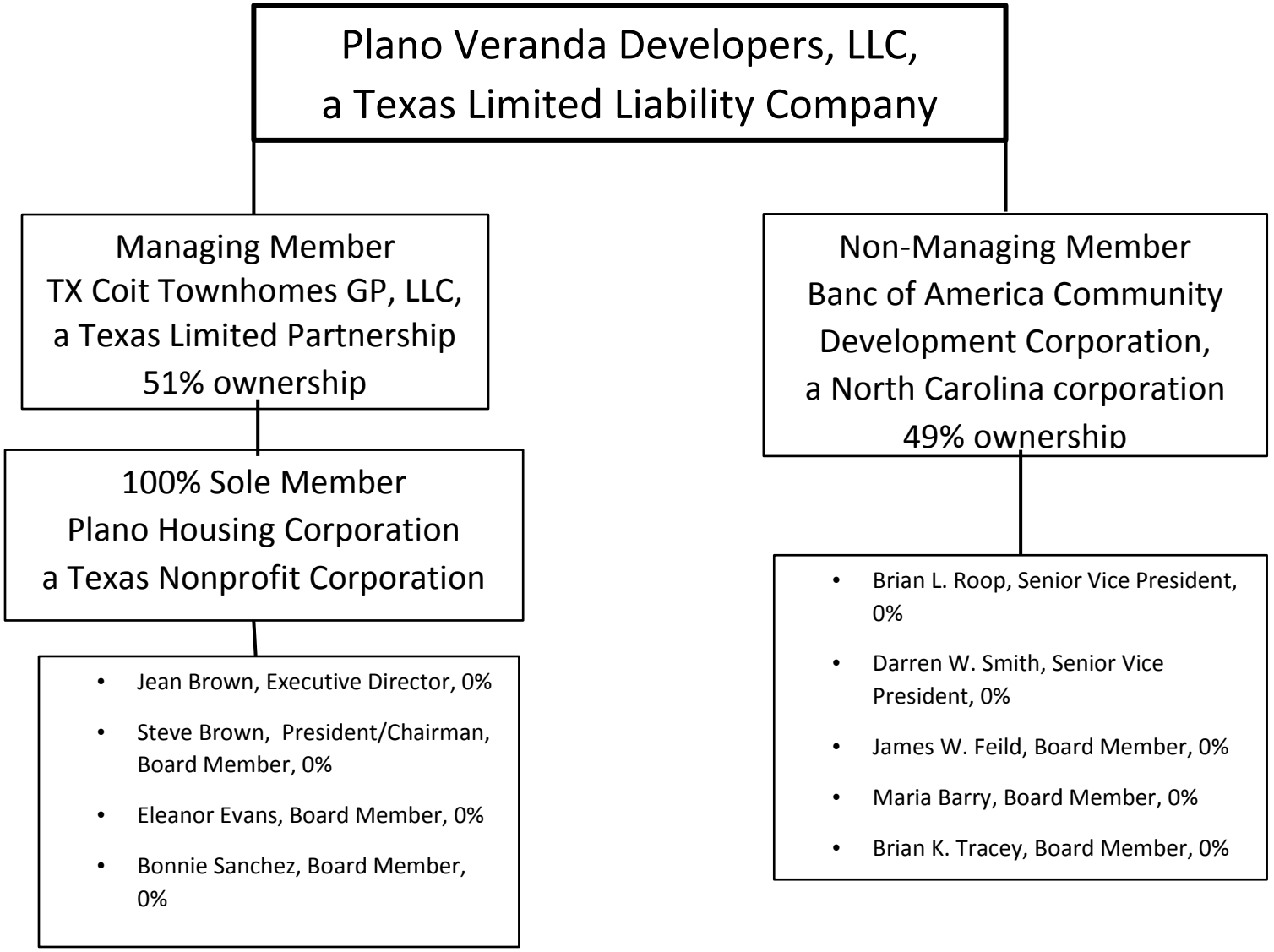
Guarantor Chart



THE VERANDA TOWNHOMES
Proposed Ownership Organizational Chart



THE VERANDA TOWNHOMES
Proposed Developer Organizational Chart



THE VERANDA TOWNHOMES
Proposed Guarantor Chart

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Rent Schedule

Self Score Total: 0

ivate Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

Unit types must be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to highest "Rent Collected/Unit".

Rent Designations (select from Drop down menu)													
HTC Units	MF Direct Loan Units (HOME Rent/Inc)	HTF Units	MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			(B)	(A) x (B)			(E)	(A) x (E)
TC 60%				PBV	1	2	2.0	1086	1,086	1,600	101	1,499	1,499
MR				PBV	3	2	2.0	1086	3,258	1,600	101	1499	4,497
TC 50%				PBV	5	2	2.0	1098	5,490	1,600	101	1499	7,495
TC 60%				PBV	3	2	2.0	1098	3,294	1,600	101	1499	4,497
MR				PBV	12	2	2.0	1098	13,176	1,600	101	1499	17,988
TC 50%				PBV	1	2	2.0	1111	1,111	1,600	101	1499	1,499
TC 60%				PBV	3	2	2.0	1111	3,333	1,600	101	1499	4,497
TC 60%				PBV - ADA	1	2	2.0	1256	1,256	1,600	101	1499	1,499
TC 30%				PBV - Visual	1	2	2.0	1130	1,130	1,600	101	1499	1,499
TC 50%				PBV - Visual	1	2	2.0	1130	1,130	1,600	101	1499	1,499
TC 60%				PBV - Visual	1	2	2.0	1130	1,130	1,600	101	1499	1,499
MR				PBV - Visual	4	2	2.0	1130	4,520	1,600	101	1499	5,996
TC 30%				PBV	1	3	2.0	1299	1,299	2,163	121	2042	2,042
TC 50%				PBV	1	3	2.0	1299	1,299	2,163	121	2042	2,042
MR				PBV	1	3	2.0	1350	1,350	2,163	121	2042	2,042
TC 60%				PBV - ADA	1	3	2.0	1464	1,464	2,163	121	2042	2,042
									0				-
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			TOTAL		40				45,326				62,132

Non Rental Income	$2.50	per unit/month for:	*Security Deposit/App Fees*	100
Non Rental Income	9.75	per unit/month for:	*Laundry Room*	390
Non Rental Income	6.25	per unit/month for:	*Cable/TV/Other*	250
+ TOTAL NONRENTAL INCOMI	**$18.50**	per unit/month		740

= POTENTIAL GROSS MONTHLY INCOME		62,872
- Provision for Vacancy & Collection Loss	% of Potential Gross Income: 5.00%	(3,144)
- Rental Concessions *(enter as a negative number)*	**Enter as a negative value**	
= EFFECTIVE GROSS MONTHLY INCOME		59,728
x 12 = EFFECTIVE GROSS ANNUAL INCOME		716,741

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Rent Schedule (Continued)

		% of LI	% of Total	
HOUSING TAX CREDITS	TC30%	10%	5%	2
	TC40%			0
	TC50%	40%	20%	8
	TC60%	50%	25%	10
	HTC LI Total			20
	EO			0
	MR			20
	MR Total			20
	Total Units			40
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			40

BEDROOMS	0	0
	1	0
	2	36
	3	4
	4	0
	5	0

ACQUISITION + HARD		
Cost Per Sq Ft	$ 124.23	
HARD		
Cost Per Sq Ft	$ 124.23	
BUILDING		Total Points claimed:
Cost Per Sq Ft	$ 70.80	0

Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.

Utility Allowances [§10.614]

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. ***Where the Applicant uses any method that requires Department review, such review must have been requested prior to submission of the Application.*** ***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			$ 17	$ 20		
Cooking	Tenant	Electric			$ 7	$ 8		
Other Electric	Tenant				$ 29	$ 37		
Air Conditioning	Tenant	Electric			$ 16	$ 20		
Water Heater	Tenant	Electric			$ 16	$ 20		
Water	Landlord							
Sewer	Landlord							
Trash	Landlord							
Flat Fee								
Other	Tenant				$ 16	$ 16		
Total Paid by Tenant			$ -	$ -	$ 101	$ 121	$ -	

Other (Describe)

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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)

Locality: **Plano Housing Authority, TX**

Unit Type: **Row House/ Townhouse & Semi-Detached/ Duplex**

Date (mm/dd/yyyy): 04/01/2016

Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas	$12.00	$15.00	$16.00	$19.00	$20.00	$22.00
	b. Bottle Gas/Propane						
	c. Electric	$12.00	$14.00	$17.00	$20.00	$24.00	$27.00
	c. Heat Pump	$5.00	$6.00	$7.00	$9.00	$10.00	$12.00
	d. Oil / Other						
Cooking	a. Natural Gas	$2.00	$2.00	$3.00	$4.00	$5.00	$6.00
	b. Bottle Gas/Propane						
	c. Electric	$5.00	$5.00	$7.00	$8.00	$9.00	$11.00
Other Electric (Lights & Appliances)		$18.00	$21.00	$29.00	$37.00	$45.00	$52.00
Air Conditioning		$10.00	$12.00	$16.00	$20.00	$24.00	$28.00
Water Heating	a. Natural Gas	$6.00	$7.00	$9.00	$12.00	$14.00	$15.00
	b. Bottle Gas/Propane						
	c. Electric	$10.00	$11.00	$16.00	$20.00	$24.00	$26.00
	d. Oil / Other						
Water		$22.00	$22.00	$24.00	$28.00	$33.00	$38.00
Sewer		$29.00	$29.00	$37.00	$44.00	$52.00	$59.00
Trash Collection		$12.00	$12.00	$12.00	$12.00	$12.00	$12.00
Range / Microwave Tenant-supplied		$12.00	$12.00	$12.00	$12.00	$12.00	$12.00
Refrigerator Tenant-supplied		$13.00	$13.00	$13.00	$13.00	$13.00	$13.00
Other--specify:	**Monthly Electric Fee $15.68**	$16.00	$16.00	$16.00	$16.00	$16.00	$16.00
	Monthly Gas Fee $20.14	$20.00	$20.00	$20.00	$20.00	$20.00	$20.00

Actual Family Allowances

To be used by the family to compute allowance. *Complete below for the actual unit rented.*

Name of Family

Address of Unit

Number of Bedrooms

Utility or Service	per month cost
Heating	$ 17.00
Cooking	$ 7.00
Other Electric	$ 29.00
Air Conditioning	$ 16.00
Water Heating	$ 16.00
Water	$
Sewer	$
Trash Collection	$
Range / Microwave	$
Refrigerator	$
Other	$
Other	$
Total	$ 85.00

Seal of Certified Compliance® 2016 ResidentLife Utility Allowances

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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)

Locality: **Plano Housing Authority, TX**

Unit Type: **Row House/ Townhouse & Semi-Detached/ Duplex**

Date (mm/dd/yyyy): 04/01/2016

Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas	$12.00	$15.00	$16.00	$19.00	$20.00	$22.00
	b. Bottle Gas/Propane						
	c. Electric	$12.00	$14.00	$17.00	$20.00	$24.00	$27.00
	c. Heat Pump	$5.00	$6.00	$7.00	$9.00	$10.00	$12.00
	d. Oil / Other						
Cooking	a. Natural Gas	$2.00	$2.00	$3.00	$4.00	$5.00	$6.00
	b. Bottle Gas/Propane						
	c. Electric	$5.00	$5.00	$7.00	$8.00	$9.00	$11.00
Other Electric (Lights & Appliances)		$18.00	$21.00	$29.00	$37.00	$45.00	$52.00
Air Conditioning		$10.00	$12.00	$16.00	$20.00	$24.00	$28.00
Water Heating	a. Natural Gas	$6.00	$7.00	$9.00	$12.00	$14.00	$15.00
	b. Bottle Gas/Propane						
	c. Electric	$10.00	$11.00	$16.00	$20.00	$24.00	$26.00
	d. Oil / Other						
Water		$22.00	$22.00	$24.00	$28.00	$33.00	$38.00
Sewer		$29.00	$29.00	$37.00	$44.00	$52.00	$59.00
Trash Collection		$12.00	$12.00	$12.00	$12.00	$12.00	$12.00
Range / Microwave Tenant-supplied		$12.00	$12.00	$12.00	$12.00	$12.00	$12.00
Refrigerator Tenant-supplied		$13.00	$13.00	$13.00	$13.00	$13.00	$13.00
Other--specify:	**Monthly Electric Fee $15.68**	$16.00	$16.00	$16.00	$16.00	$16.00	$16.00
	Monthly Gas Fee $20.14	$20.00	$20.00	$20.00	$20.00	$20.00	$20.00

Actual Family Allowances

To be used by the family to compute allowance. *Complete below for the actual unit rented.*

Name of Family

Address of Unit

Number of Bedrooms

Utility or Service	per month cost
Heating	$ 20.00
Cooking	$ 8.00
Other Electric	$ 37.00
Air Conditioning	$ 20.00
Water Heating	$ 20.00
Water	$
Sewer	$
Trash Collection	$
Range / Microwave	$
Refrigerator	$
Other	$
Other	$
Total	$ 105.00

Seal of Certified Compliance® 2016 ResidentLife Utility Allowances

ANNUAL OPERATING EXPENSES

General & Administrative Expenses				
Accounting		$	1,000	
Advertising		$	1,100	
Legal fees		$	1,138	
Leased equipment		$	1,550	
Postage & office supplies		$	1,000	
Telephone		$	1,100	
Other	describe	$		
Other	describe	$		
Total General & Administrative Expenses:				$ 6,888
Management Fee:	Percent of Effective Gross Income:		5.00%	$ 35,822
Payroll, Payroll Tax & Employee Benefits				
Management		$	25,000	
Maintenance		$	20,000	
Other	describe	$		
Other	describe			
Total Payroll, Payroll Tax & Employee Benefits:				$ 45,000
Repairs & Maintenance				
Elevator		$		
Exterminating		$	1,500	
Grounds		$	6,000	
Make-ready		$	9,000	
Repairs		$	9,390	
Pool		$		
Other	describe	$		
Other	describe	$		
Total Repairs & Maintenance:				$ 25,890
Utilities (Enter Only Property Paid Expense)				
Electric	Jordan Skala MEP	$	8,800	
Natural gas		$		
Trash	Plano Housing Authority	$	5,760	
Water/Sewer	Plano Housing Authority & Landscape	$	34,708	
Other	describe	$		
Other	describe	$		
Total Utilities:				$ 49,268
Annual Property Insurance:	Rate per net rentable square foot:	$	0.36	$ 16,542
Property Taxes:				
Published Capitalization Rate: 9.00%	Source: Collin County			
Annual Property Taxes		$	55,000	
Payments in Lieu of Taxes		$		
Total Property Taxes:				$ 55,000
Reserve for Replacements:	Annual reserves per unit:	$	$ 300	$ 12,000
Other Expenses				
Cable TV		$		
Supportive Services (Staffing/Contracted Services)		$		
TDHCA Compliance fees		$	800	
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)		$		
Security		$		
Other	describe	$		
Other	describe	$		
Total Other Expenses:				$ 800
TOTAL ANNUAL EXPENSES	Expense per unit:	$	6180	$ 247,210
	Expense to Income Ratio:		**34.49%**	
NET OPERATING INCOME (before debt service)				$ 469,531
Annual Debt Service				
Key Bank		$	409,095	
		$		
		$		
		$		
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.15	$ 409,095
NET CASH FLOW				$ 60,436

15 Year Rental Housing Operating Pro Forma

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 market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. 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	$745,584	$760,496	$775,706	$791,220	$807,044	$891,042	$983,782
Secondary Income	$ 8,880	$ 9,058	$ 9,239	$ 9,424	$ 9,612	$ 10,612	$ 11,717
POTENTIAL GROSS ANNUAL INCOME	$754,464	$769,553	$784,944	$800,643	$816,656	$901,654	$995,499
Provision for Vacancy & Collection Loss	($37,723)	($38,478)	($39,247)	($40,032)	($40,833)	($45,083)	($49,775)
Rental Concessions	$0					($7,000)	($35,000)
EFFECTIVE GROSS ANNUAL INCOME	$716,741	$731,076	$745,697	$760,611	$775,823	$849,572	$910,724
EXPENSES							
General & Administrative Expenses	$6,888	$7,095	$7,307	$7,527	$7,753	$8,987	$10,419
Management Fee	$ 35,822	$ 36,538	$ 37,269	$ 38,015	$ 38,775	$ 42,811	$ 47,266
Payroll, Payroll Tax & Employee Benefits	$ 45,000	$ 46,350	$ 47,741	$ 49,173	$ 50,648	$ 58,715	$ 68,067
Repairs & Maintenance	$ 25,890	$ 26,667	$ 27,467	$ 28,291	$ 29,139	$ 33,781	$ 39,161
Electric & Gas Utilities	$ 8,800	$ 9,064	$ 9,336	$ 9,616	$ 9,904	$ 11,482	$ 13,311
Water, Sewer & Trash Utilities	$ 40,468	$ 41,682	$ 42,933	$ 44,220	$ 45,547	$ 52,802	$ 61,211
Annual Property Insurance Premiums	$ 16,542	$ 17,038	$ 17,549	$ 18,076	$ 18,618	$ 21,583	$ 25,021
Property Tax	$ 55,000	$ 56,650	$ 58,350	$ 60,100	$ 61,903	$ 71,763	$ 83,192
Reserve for Replacements	$ 12,000	$ 12,360	$ 12,731	$ 13,113	$ 13,506	$ 15,657	$ 18,151
Other Expenses	$ 800	$ 824	$ 849	$ 874	$ 900	$ 1,044	$ 1,210
TOTAL ANNUAL EXPENSES	$247,210	$254,268	$261,531	$269,004	$276,694	$318,624	$367,009
NET OPERATING INCOME	$469,531	$476,808	$484,167	$491,607	$499,130	$530,948	$543,715
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$409,095	$409,905	$409,905	$409,905	$409,905	$409,905	$409,905
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$60,436	$66,903	$74,262	$81,702	$89,225	$121,043	$133,810
CUMULATIVE NET CASH FLOW	$60,436	$127,339	$201,600	$283,302	$372,527	$898,195	$1,535,327
Debt Coverage Ratio	1.15	1.16	1.18	1.20	1.22	1.30	1.33
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, is consisstent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Valerie A. Williams

Signature, Authorized Representative, Construction or Permanent Lender

Valerie A. Williams

Printed Name

Phone: 214-209-3219

Email: Valerie.A.Williams5@BAML.com

8/15/2017

Date

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COATS | ROSE

A Professional Corporation

TAMEA A. DULA
OF COUNSEL

tdula@coatsrose.com
Direct Dial
(713) 653-7322
Direct Fax
(713) 890-3918

August 4, 2017

By Email to rosalio.banuelos@tdhca.state.tx.us
Rosalio Banuelos, Senior Asset Manager
Asset Management Division
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

RE: #16114 – Veranda Townhomes, Plano, Collin County, Texas;
Material Application Amendment – Supplemental Information

Dear Rosalio:

In our recent conversation regarding Veranda Townhomes, you requested some additional information. Enclosed please find the following:

1. Revised Tab 22 – Please see the enclosed substitute Architectural Drawings in Exhibit 1. Sheet A0-02 was revised to fix the labeling of the Unit/Bldg Tabulation chart. Several unit designed were revised with regard to meeting ADA requirements. We recommend that you simply substitute this complete set for what was sent before, instead of updating on a page-by-page basis.

2. Revised Tab 24 – Rent Schedule (Exhibit 2).

   a. Income Restrictions- This form has been revised to have the same number of units in the income restriction levels as were shown in the original 2016 Application: 2 units at 30% AMGI; 8 units at 50% AMGI and 10 units at 60% AMGI; with 20 market rate units. It is our understanding that this eliminates the need for "infeasibility" letters from the lender and investor.

   b. Unit size has not been changed from the version filed earlier. It was determined that the differences in areas were because the architect had mislabeled a chart on page A0-02 of the Architectural Drawings. The revised Architectural Drawing is provided per Item #1 above.

3. Tab 25 – Utility Allowances. Enclosed as Exhibit 3 please find back-up documentation showing Plano Housing Authority's utilities schedule for 2-BR and 3-BR townhouses.

4. Revised Tab 26 – Annual Operating Expenses (Exhibit 4).

a. Management Fee – Enclosed please find a quotation from Lincoln Properties indicating that they would manage the Project for 5% of the monthly gross income plus $500 per month for oversight of LURA/Tax credit certification applications.

b. Repairs & Maintenance – Costs have been estimated based upon the expenses experienced in BACDC's portfolio of affordable units and the Lincoln Property Company portfolio.

c. Utilities – Costs have been estimated based upon Plano Housing Authority Utility Allowances, an estimate from Meeks Design Group, Inc. for $4,900 for irrigation water (enclosed), and an estimate by Jordan & Skala Engineers for $8,800 for lighting (enclosed).

d. Property Taxes – Please see the enclosed letter from Collin Central Appraisal District evidencing the granting of a 50% CDHO exemption for the Project.

e. Property Insurance – Enclosed is a quotation from Swain & Baldwin.

f. Supportive Services have been removed from projected expenses.

5. Revised Tab 27 – The Pro Forma has been revised to reflect the changed annual operating expenses (Exhibit 5).

6. Revised Tab 30 – Development Cost Schedule (Exhibit 6).

a. Site acquisition cost – The site was purchased from Rise Residential Offices, L.P. ("RRO"), which was an affiliate of the original developer, Rise Residential Construction, LP ("Rise"). RRO purchased the land in anticipation of Rise applying for tax credits. In order to achieve the ownership transfer that separated Plano Housing Corporation ("PHC") from Rise, it was necessary to reimburse Rise and RRO for their costs.

b. The total $2,688,227.30 amount paid by RRO under the Closing Statement from Republic Title of Texas on September 25, 2015, was determined to be the cost of the site.

c. Closing Costs – Please see the enclosed Closing Statement from Chicago Title for acquisition by Partnership on June 1, 2017. The costs shown here are shown as closing costs.

d. RRO Interest Carry – During its ownership of the land from September 25, 2015 through June 1, 2017, when title was conveyed to the Partnership, RRO incurred interest costs in the amount of $228,800, which were reimbursed as part of the acquisition costs.

e. Real Estate Taxes – RRO incurred $67,713 in ad valorem taxes during its ownership of the site, which was reimbursed as part of the acquisition costs.

f. Site Work Costs – These were estimated by Astro Builders, Houston, Texas, which is a prospective general contractor for the Project.

g. Developer Fees – The Developer Fee is $1,063,000, which matches the Enterprise term sheet included in Exhibit 8.

7. Revised Tab 31 – Financing Narrative and Sources and Uses (Exhibit 7).

a. Revisions have been made to match with current versions of the term sheets.

b. The Partnership has applied for a $250,000 Section 4 grant from Enterprise Community Partners. Awards and work plans will be finalized by the end of the year. Please see enclosed letter.

8. Revised Tab 35 – Supporting Documents – Substituting new, fully-executed term sheets (Exhibit 8):

a. Bank of America dated May 17, 2017.

b. KeyBank Real Estate Capital dated July 27, 2017.

c. Enterprise Community Investment, Inc. dated July 28, 2017.

d. Dallas Housing Authority letter related to 40 Walker project-based vouchers with a 20-year term.

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We hope that this material answers the questions you raised. Please contact either Darren Smith or me if anything else is needed.

Very truly yours,

Tamea A. Dula

Enclosures

cc: Jean Brown
Darren Smith
Brian Roop

amam - 8/4/2017 6:22pm - RB

July 27, 2017

TX Coit Townhomes, LP
2320 King Arthur Boulevard
Plano, Texas, 75056

Re: Estimated landscape irrigation costs for development

Attn: To whom it may concern.

Based on the current landscape design and the current City of Plano non-residential (landscape irrigation) water meter rates, the Veranda Townhomes development will consume approximately $4,900 in landscape irrigation water costs per year.

Sincerely,

Brandon H. Booher, ASLA, CLARB, PLA
Vice-President, Landscape Architect

Jordan & Skala Engineers

August 4, 2017

Darren W. Smith
SVP - Senior Equity Development Manager
Real Estate Development
901 Main Street, 20th Floor
Dallas, TX 75202

Re: Plano Veranda Townhomes
Plano, TX
JSE Project No. 173-0473

Dear Darren:

In review of the approximately 2,500 sf clubhouse and all amenity power consumption, Jordan & Skala Engineers estimates the annual cost in electrical power to be $8,800. The annual cost is based on $0.10/kWH and the efficiency of the lighting and equipment selected.

Sincerely,

JORDAN & SKALA ENGINEERS, INC.

Corey Hewitt
Senior Associate

JORDAN & SKALA EST. 1953 www.jordanskala.com LICENSED PROFESSIONAL ENGINEERS

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Collin Central Appraisal District

O/A ID:	1030454
Prop ID:	**2707445**
Letter ID:	1186

08/01/17

(EX – CHDO 11.1825 Approved)
Owner ID: 1030454 / Prop ID: 2707445 / Letter ID: 1186
TX COIT TOWNHOMES LP
2320 KING ARTHUR BLVD
LEWISVILLE TX 75056-5641

RE: Property Exemption Approved for 2017

Prop ID / Geo ID:	2707445 / R-8985-001-0050-1
Property Address:	MCDERMOTT RD PLANO, TX
Legal Description:	SILVER FERN ADDITION (CPL), BLK 1, LOT 5; REVISED

Dear Property Owner:

Your tax exemption application on the above described property has been approved for the 2017 tax year for 50% of the total market value per Texas Property Tax Code 11.1825. This exemption will be prorated as of 5/31/2017.

In accordance with Subsection (p), the organization must be renting or offering to rent the applicable square footage of dwelling units in the property to individuals or families described by Subsection (f) not later than the third anniversary of the date the organization acquires the property.

This exemption requires an annual application to be filed with our office prior to May 1st.

Should you have any questions, please contact Anthony Cisnero at our office.

Regards,

Brian Swanson
Litigation, Abatements & Commercial Exemptions Mgr

250 Eldorado Pkwy
McKinney, Texas 75069

Metro 469.742.9200
Toll-Free 866.467.1110

Fax 469.742.9205
www.CollinCAD.org

DIST	CODE		TAX JURISDICTION	FREEZE	OPTIONAL YEAR	HOMESTEAD EXEMPTION	OVER AGE 65 AMOUNT	DISABLED PERSON EXEMPTION	TOTAL
06	*	CAL	**ALLEN CITY**				50,000	25,000	**0.520000**
39	*	SAL	**ALLEN ISD**	Y		25,000	10,000	10,000	**1.590000**
07	*	CAN	**ANNA CITY**				30,000		**0.629000**
43	*	SAN	**ANNA ISD**	Y		25,000	10,000	10,000	**1.670000**
08	*	CBL	**BLUE RIDGE CITY**				10,000	10,000	**0.538648**
47	*	SBL	**BLUE RIDGE ISD**	Y		25,000	10,000	10,000	**1.571490**
09	*	CCL	**CELINA CITY**				30,000	30,000	**0.645000**
51	*	SCL	**CELINA ISD**	Y		25,000	10,000	10,000	**1.640000**
01	*	GCN	**COLLIN COUNTY**	Y	2004	5% 5,000 min	30,000	20,000	**0.208395**
60	*	JCN	**C C COMM COLLEGE**	Y	2004		30,000	20,000	**0.081222**
201	*	WCCW3	**COLLIN COUNTY WCID #3**						**1.000000**
31	*	SCO	**COMMUNITY ISD**	Y		25,000	10,000	10,000	**1.625000**
25		CDA	DALLAS CITY			20%	64,000	64,000	**0.782500**
20	*	CFV	**FAIRVIEW CITY**				60,000	60,000	**0.359999**
11	*	CFC	**FARMERSVILLE CITY**				10,000	20,000	**0.787564**
55	*	SFC	**FARMERSVILLE ISD**	Y		25,000	10,000	10,000	**1.390000**
12	*	CFR	**FRISCO CITY**				60,000	60,000	**0.450000**
59	*	SFR	**FRISCO ISD**	Y		25,000	10,000	10,000	**1.460000**
17	*	CJO	**JOSEPHINE CITY**	Y	2005		10,000	10,000	**0.580000**
18	*	CLA	**LAVON CITY**	Y	2013	1% 10,000 min	20,000	20,000	**0.455700**
65	*	SLV	**LOVEJOY ISD**	Y		25,000	14,000	10,000	**1.670000**
41	*	CLC	**LOWRY CROSSING CITY**				15,000	15,000	**0.229536**
13	*	CLU	**LUCAS CITY**	Y	2004	8%	50,000	50,000	**0.317948**
14	*	CMC	**MCKINNEY CITY**				50,000	50,000	**0.573000**
69	*	SMC	**MCKINNEY ISD**	Y		25,000	10,000	10,000	**1.620000**
16	*	CML	**MELISSA CITY**				10,000	10,000	**0.610000**
35	*	SML	**MELISSA ISD**	Y		25,000	10,000	10,000	**1.670000**
21	*	CMR	**MURPHY CITY**				50,000	50,000	**0.510000**
61	*	CNV	**NEVADA CITY**				10,000		**0.191153**
10	*	CNH	**NEW HOPE TOWN**				50,000	50,000	**0.196000**
22	*	CPK	**PARKER CITY**				30,000		**0.365984**
23	*	CPL	**PLANO CITY**	Y	2004	20%	40,000	40,000	**0.478600**
73	*	SPL	**PLANO ISD**	Y		25,000	10,000	10,000	**1.439000**
24	*	CPN	**PRINCETON CITY**	Y	2004		25,000	25,000	**0.689890**
77	*	SPN	**PRINCETON ISD**	Y		25,000	10,000	10,000	**1.620000**
05	*	CPR	**PROSPER TOWN**	Y	2004	7% 5,000 min	10,000	3,000	**0.520000**
81	*	SPR	**PROSPER ISD**	Y		25,000	10,000	10,000	**1.670000**
28	*	CRC	**RICHARDSON CITY**				70,000	70,000	**0.625160**
29	*	CSA	**SACHSE CITY**	Y	2006		50,000	50,000	**0.757279**
88	*	WSE	**SEIS LAGOS UTIL DIST**			20% 5,000 min	25,000	25,000	**0.265730**
26	*	CSP	**ST PAUL CITY**				40,000		**0.369000**
87	*	CWS	**WESTON CITY**	Y			20,000	20,000	**0.360000**
27	*	CWY	**WYLIE CITY**	Y	2004		30,000	30,000	**0.848900**
35	*	SWY	**WYLIE ISD**	Y		25,000	10,000	10,000	**1.640000**

* Collin County Collects for These Entities

2017 Low Income Housing Apartment Capitalization Rate: 9%

The Appraisal District is giving public notice of the capitalization rate to be used each year to appraise property receiving an exemption under Section 11.1825 of the Property Tax Code for Organizations Constructing or Rehabilitating Low-Income Housing: Property Not Previously Exempt.

EXHIBIT 6

REVISED DEVELOPMENT COST SCHEDULE

A. Closing Statement from Republic Title of Texas for land acquisition by Rise Residential Offices, L.P., dated September 25, 2015.

B. Closing Statement from Chicago Title for acquisition by Partnership on June 1, 2017.

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Development Cost Schedule

Self Score Total: 0

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			
	Total Cost	Eligible Basis (If Applicable)		Scratch Paper/Notes
		Acquisition	New/Rehab.	
ACQUISITION				
Site acquisition cost	2,688,227			Republic Closing Statement 9/25/15
Existing building acquisition cost				
Closing costs & acq. legal fees	180,047			Chicago Closing Statement 06/1/2017
PLEASE SPECIFY - see footnote 1	228,800			RISE Interst Carry Cost.
PLEASE SPECIFY - see footnote 1	67,713			RISE Real Estate Taxes
Subtotal Acquisition Cost	$3,164,787	$0	$0	
OFF-SITES[2]				
Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities				
Sewer lateral(s)				
Off-site paving				
Off-site electrical				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Off-Sites Cost	$0	$0	$0	
SITE WORK[3]				
Demolition	1,357			
Asbestos Abatement (Demolition Only)				
Detention				
Rough grading	337,388		337,388	
Fine grading				
On-site concrete	104,682		104,682	
On-site electrical	30,000		30,000	
On-site paving	359,069		359,069	
On-site utilities	378,000		378,000	
Decorative masonry	2,000		2,000	
Bumper stops, striping & signs	7,500		7,500	
PLEASE SPECIFY - see footnote 1	10,000		10,000	Staking, SWPPP
Subtotal Site Work Cost	$1,229,996	$0	$1,228,639	
SITE AMENITIES				
Landscaping	100,000		100,000	
Pool and decking				
Athletic court(s), playground(s)	40,000		40,000	
Fencing	100,000		100,000	
Other (specify) - see footnote 1				
Subtotal Site Amenities Cost	$240,000	$0	$240,000	
BUILDING COSTS*:				
Concrete	577,587		577,587	
Masonry	145,000		145,000	
Metals	46,000		46,000	
Woods and Plastics	925,000		925,000	
Thermal and Moisture Protection	40,000		40,000	
Roof Covering	125,000		125,000	
Doors and Windows	73,000		73,000	
BUILDING COSTS (Continued):				

Finishes		443,102		443,102		
Specialties		5,000		5,000		
Equipment		60,000		60,000		
Furnishings		60,000		60,000		
Special Construction						
Conveying Systems (Elevators)						
Mechanical (HVAC; Plumbing)		425,000		425,000		
Electrical		237,000		237,000		
Individually itemize costs below:						
Detached Community Facilities/Building						
Carports and/or Garages		42,000		42,000		
Lead-Based Paint Abatement						
Asbestos Abatement (Rehabilitation Only)						
Structured Parking						
Commercial Space Costs						
PLEASE SPECIFY - see footnote 1		5,500		5,500		Termite Treatment
Subtotal Building Costs		$3,209,189	$0	$3,209,189		
TOTAL BUILDING COSTS & SITE WORK (including site amenities)		$4,679,185	$0	$4,677,828		
Contingency	5.55%	$259,608		259,608		
TOTAL HARD COSTS		$4,938,793	$0	$4,937,436		
OTHER CONSTRUCTION COSTS						
General requirements (<6%)	6.00%	181,450		181,450	6.00%	
Field supervision (within GR limit)		115,000		115,000		
Contractor overhead (<2%)	2.00%	98,909		98,909	2.00%	
G & A Field (within overhead limit)						
Contractor profit (<6%)	6.00%	296,477		296,477	6.00%	
TOTAL CONTRACTOR FEES		$691,836	$0	$691,836		
TOTAL CONSTRUCTION CONTRACT		*$5,630,629*	*$0*	*$5,629,272*		
SOFT COSTS[3]						
Architectural - Design fees		260,480		260,480		
Architectural - Supervision fees		45,000		45,000		
Engineering fees		110,000		110,000		
Real estate attorney/other legal fees		68,591		68,591		
Accounting fees		25,000		25,000		
Impact Fees		35,000		35,000		
Building permits & related costs		56,000		56,000		
Appraisal		10,000		10,000		
Market analysis		7,000		7,000		
Environmental assessment		23,200		23,200		
Soils report		15,000		15,000		
Survey		15,000		15,000		
Marketing		15,000				
Hazard & liability insurance		44,208		44,208		
Real property taxes		60,000		60,000		
Personal property taxes						
Other (specify) - see footnote 1						
Other (specify) - see footnote 1						
Other (specify) - see footnote 1						
Subtotal Soft Cost		$789,479	$0	$774,479		
FINANCING:						
CONSTRUCTION LOAN(S)[3]						
Interest		295,801		295,801		
Loan origination fees		62,056		62,056		

Title & recording fees					
Closing costs & legal fees					
Inspection fees	17,500		17,500		
Credit Report	15,000		15,000		
Discount Points					
Other (specify) - see footnote 1					
Other (specify) - see footnote 1					
PERMANENT LOAN(S)					
Loan origination fees	69,467				
Title & recording fees					
Closing costs & legal	26,992				
Bond premium					
Credit report					
Discount points					
Credit enhancement fees					
Prepaid MIP					
Other (specify) - see footnote 1					
Other (specify) - see footnote 1					
BRIDGE LOAN(S)					
Interest	257,521		257,521		
Loan origination fees	36,000		36,000		
Title & recording fees					
Closing costs & legal fees					
Other (specify) - see footnote 1					
Other (specify) - see footnote 1					
OTHER FINANCING COSTS[3]					
Tax credit fees					
Tax and/or bond counsel					
Payment bonds					
Performance bonds					
Credit enhancement fees					
Mortgage insurance premiums					
Cost of underwriting & issuance	20,000		20,000		
Syndication organizational cost	40,000				
Tax opinion	20,000				
Other (specify) - see footnote 1					
Other (specify) - see footnote 1					
Subtotal Financing Cost	$860,337	$0	$703,878		
DEVELOPER FEES[3]					
Housing consultant fees[4]					
General & administrative	200,000		200,000		
Profit or fee	863,000		863,000		
Subtotal Developer Fees 14.95%	$1,063,000	$0	$1,063,000	14.96%	
RESERVES					
Rent-up	178,133				
Operating	178,133				
Replacement	12,000				
Escrows					
Subtotal Reserves	$368,266	$0	$0		
TOTAL HOUSING DEVELOPMENT COSTS[5]	$11,876,498	$0	$8,170,629		

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		

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Non-qualified portion of higher quality units §42(d)(5)			
Historic Credits (residential portion only)			
Total Eligible Basis		$0	$8,170,629
**High Cost Area Adjustment (100% or 130%)			130%
Total Adjusted Basis		$0	$10,621,818
Applicable Fraction			49.94%
Total Qualified Basis	$5,304,536	$0	$5,304,536
Applicable Percentage[6]			9.00%
Credits Supported by Eligible Basis	$477,408	$0	$477,408
(May be greater than actual request)			

Name of contact for Cost Estimate: **Darren W. Smith**

Phone Number for Contact: **214-209-3631**

Footnotes:

[1] An itemized description of all "other" costs must be included at the end of this exhibit.

[2] 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.

[3] (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.

[4] *(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.

[5] *(HTC Only)* Provide **all** costs & Eligible Basis associated with the Development.

[6] (HTC Only) Use the appropriate Applicable Percentages as defined in §10.3 of the Uniform Mutifamily Rules.

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Coit & McDermott Land Acquisition

Statement of Cost

June 1, 2017

Cost Related to Original Land Acquisition			
Land		2,500,000.00	
Broker Commission		150,000.00	
Lender Origination Fee		19,500.00	
Flood Insurance		15.00	
Lender Appraisal			
Title Escrow Charges		4,923.55	
Attorneys Fees		10,000.00	
Updated Survey		3,788.75	
Total Original Land Acquisition Cost			2,688,227.30
RR/Fisher: verified Cost, no further information required			
Architectural - BGO		10,480.00	
2016 Real Estate Taxes		67,713.74	
TDHCA Fees		22,350.00	
Appraisal - BBG inv - 011160031200		2,875.00	
Interest Carry - Per Loan History Statement thru 03/20/2017		197,600.00	
Landscaping - Greenforest & Ever Perez		14,651.66	
Civil - RKM & Associates		20,750.00	
			336,420.40
TOTAL TO RR/FISHER Verified Cost:			**$ 3,024,647.70**
RR/Fisher: requested reimbursement			
Appraisal			
BBG	2nd 1/2 of Inv	2,875.00	
			2,875.00
Broker			
Bob Woods		50,000.00	
			50,000.00
Market Study			
BBG		6,250.00	
			6,250.00
Insurance		11,250.00	
			11,250.00
RR/Fisher - reimbursement Insurance for 5 months		3,750.00	
			3,750.00
Interest Carry - 03/21/2017 - 05/31/2017 or 72 days		31,199.76	
			31,199.76
TOTAL TO RR/FISHER requested reimbursement:			**$ 105,324.76**
TOTAL TO RR/FISHER:			**$ 3,129,972.46**
Seller Legal: John Shackleford			**$ 10,000.00**
Buyer Legal: Coats Rose			**$ 27,870.73**
Total:			**$ 3,167,843.19**
BACDC Acquisition Cost			
BACDC Insurance			1,401.75
Escrow Fee			500.00
Owner's Title Insurance			15,004.00
State of Texas Policy Guaranty Fee			3.00
Lender's Title Insurance			100.00
State of Texas Policy Guaranty Fee			3.00
Tax Certificate			50.95
Recording Fee			6.00
Recording Charges			108.00
Total			**$ 17,176.70**
Total Acquisition Cost			**$ 3,185,019.89**

Some "Dead deal Cost may be able to be included in basis.

Financial Model Purposes	
Land	2,668,227.30
Dead Deal Cos	471,745.16
Attorney Fees	27,870.73
Insurance	1,401.75
Closing Costs	15,774.95
	3,185,019.89

REPUBLIC TITLE®

Republic Title of Texas, Inc.

2626 Howell Street, 10th Floor •Dallas, TX 75204

Office Phone:(214)855-8888Office Fax:(214)855-8848

Buyer's Final Settlement Statement

Property: NEQ of Coit Road and McDermott, Lots 1 and 5, Silver Fern Addition, Plano, TX
Lot: 1, 5

File No: 1002-135240-RTT
Officer: Trisha Weaver/TR
Settlement Date: 09/25/2015
Disbursement Date: 09/25/2015
Print Date: 09/25/2015, 12:24 PM

Buyer: RISE RESIDENTIAL OFFICES, L.P.
Address: 5430 LBJ Freeway, Suite 1200, Dallas, TX 75240
Seller: RONALD MCCUTCHIN FAMILY PARTNERSHIP, LTD
Address: 5924 Royal Lane, Suite 200, Dallas, TX 75230
Lender: Texas Brand Bank
Address: 1919 S Shiloh Rd Ste 100, Garland, TX, 75042
New Loan No.:

Charge Description	Buyer Charge	Buyer Credit
Consideration:		
Total Consideration	2,500,000.00	
Deposits in Escrow:		
Earnest Money Deposit		15,000.00
Additional Deposit		5,000.00
Additional Deposit		15,000.00
Additional Deposit		20,000.00
Prorations:		
2015 Property Tax Prortes 01/01/15 to 09/25/15 @$52136.54/yr		38,138.24
Commission:		
Commission Paid at Settlement to Fairway Group	150,000.00	
New Loan(s):		
Lender: Texas Brand Bank		
New Loan to File - Texas Brand Bank		1,950,000.00
Origination Fee - Texas Brand Bank	19,500.00	
Flood (Texas Brand Bank fbo Lereta, LLC) - Texas Brand Bank	15.00	
Appraisal (Van Schepen Company) - Texas Brand Bank POC-L $1750.00		
Title/Escrow Charges to:		
One-Half Escrow Fee to Republic Title of Texas, Inc.	350.00	
FedEx/Courier/Copies to Republic Title of Texas, Inc.	15.00	
e-Recording Fee (Simplifile) to Simplifile	9.00	
3210 T-2/T-2R LTP Sml w/OTP (R-5a) to Republic Title of Texas, Inc.	100.00	
[0710 TX] T-3 Tax Amend End-NYD&P (R24) to Republic Title of Texas, Inc.	5.00	
[0500 TX] T-3 Survey Amendment OTP Non-Resi (R-16) to Republic Title of Texas, Inc.	1,905.15	
[0895 TX] T-19.1 REM Non-Resi OTP w/Survey Amnd (R-29D) to Republic Title of Texas, Inc.	1,270.10	
[0886 TX] T-19 REM End Non-Resi (R-29B) to Republic Title of Texas, Inc.	1,019.30	
Recording Fees - to Republic Title of Texas, Inc.	250.00	
Disbursements Paid:		
Attorneys' Fees to Shackelford Law	10,000.00	
Updated Survey to Adams Surveying Company	3,788.75	
Cash (X From).(To) Buyer		645,089.06
Totals	2,688,227.30	2,688,227.30

SIGNATURE ADDENDUM TO SETTLEMENT STATEMENT

FILE NO: 1002-135240-RTT

SELLER: RONALD MCCUTCHIN FAMILY PARTNERSHIP, LTD., a Texas limited partnership

PURCHASER: RISE RESIDENTIAL OFFICES, L.P., a Texas limited partnership

SETTLEMENT OR ESCROW AGENT: Republic Title of Texas, Inc. TIN: 75-1825384

ADDRESS OF SETTLEMENT AGENT: 2626 Howell Street, 10th Floor, Dallas, TX 75204

Purchaser understands the Closing or Escrow Agent has assembled this information representing the transaction from the best information available from other sources and cannot guarantee the accuracy thereof. Any real estate agent or lender involved may be furnished a copy of this Statement. Purchaser understands that tax and insurance prorations and reserves were based on figures for the preceding year or supplied by others or estimates for current year, and in the event of any change for current year, all necessary adjustments must be made between Purchaser and Seller direct.

The undersigned hereby authorizes Republic Title of Texas, Inc. to make expenditures and disbursements as shown and approves same for payment. The undersigned also acknowledges receipt of Loan Funds, if applicable, in the amount shown above and a receipt of a copy of this Statement.

RISE RESIDENTIAL OFFICES LP,
a Texas limited partnership

By: Rise Residential Offices GP LLC,
a Texas limited liability company,
its General Partner

By: _____
Melissa Adami, Manager

Republic Title of Texas, Inc.

By: _____
Trisha Weaver, Vice President

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Chicago Title of Texas, LLC
14755 Preston Road, Suite 600, Dallas, TX 75254
Phone: (972)419-4760 | FAX: (972)419-4725

MASTER STATEMENT

Settlement Date: ~~May 31, 2017~~ June 1, 2017 **Escrow Number:** 8000551700060
Disbursement Date: ~~May 31, 2017~~ June 1, 2017 **Escrow Officer:** Stephanie Ware
Borrower: TX Coit Townhomes, LP (100.00000%)
Seller: Rise Residential Offices, LP (100.00000%)
Coit Road and McDermott Road
Plano, TX
Property: Coit Road and McDermott Road
Plano, TX
Lot(s): 1 &5 Block: 1 Silver Fern Addition
Lender: Banc of America Community Development Corporation, a North Carolina Corporation

SELLER $ DEBITS	SELLER $ CREDITS		BORROWER $ DEBITS	BORROWER $ CREDITS
		PRORATIONS/ADJUSTMENTS		
	3,004,972.46	Land Acquisition (Includes $2,500,000 Purchase Price)	3,004,972.46	
		TITLE & ESCROW CHARGES		
500.00		Escrow Fee Coats Rose, A Professional Corporation	500.00	
		Owner's title insurance (65% to Coats Rose, P.C. /35% to CTTX) Chicago Title of Texas, LLC	15,004.00	
		State of Texas Policy Guaranty Fee Texas Title Insurance Guaranty Association	3.00	
		Lender's title insurance Chicago Title of Texas, LLC	100.00	
		State of Texas Policy Guaranty Fee Texas Title Insurance Guaranty Association	3.00	
		Tax Certificate Chicago Title FBO National TaxNet	50.95	
		E Recording Fee Chicago Title of Texas, LLC	6.00	
		Policies to be Issued: Owners Policy Coverage: $3,004,972.46 Premium: $15,004.00 Version: Owner's Policy of Title Insurance (T-1) - 2014 Loan Policy Coverage: $270,000.00 Premium: $100.00 Version: Loan Policy of Title Insurance (T-2) - 2014		
		RECORDING CHARGES		
		Government recording charges Chicago Title of Texas, LLC	108.00	
		PAYOFFS		
		Payoff of first mortgage loan ($2,608,666.66)		
2,608,666.66		Total Payoff		
		MISCELLANEOUS CHARGES		
		Attorneys Fees	10,000.00	

Master Statement, Letter - Continued

SELLER $ DEBITS	SELLER $ CREDITS		BORROWER $ DEBITS	BORROWER $ CREDITS
		MISCELLANEOUS CHARGES, CONTINUED Shackelford, Bowen, McKinley & Norton, LLP		
		Attorneys Fees Coats Rose	27,870.73	
		Funds held in escrow Shackelford, Bowen, McKinley & Norton, LLP	100,000.00	
		Insurance Premium BB&T Insurance Services	1,401.75	
		Bob Wood Fee Bob Wood	25,000.00	
2,609,166.66	3,004,972.46	**Subtotals**	3,185,019.89	
		Balance Due FROM Borrower		3,185,019.89
395,805.80		**Balance Due TO Seller**		
3,004,972.46	3,004,972.46	**TOTALS**	3,185,019.89	3,185,019.89

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APPROVED and ACCEPTED

Seller understands the Closing or Escrow Agent has assembled this information representing the transaction from the best information available from other sources and cannot guarantee the accuracy thereof. The Lender involved may be furnished a copy of this Statement. The undersigned hereby authorizes Chicago Title of Texas, LLC to make expenditures and disbursements as shown and approves same for payment.

I have carefully reviewed the Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the Settlement Statement.

SELLER:

RISE RESIDENTIAL OFFICES, LP
a Texas limited partnership

By: Rise Residential Offices GP, LLC
a Texas limited liability company, its General Partner

By: _____
Name: Melissa R. Adami
Title: Manager

I have caused or will cause the funds to be disbursed in accordance with the Statement which I have prepared.

To the best of my knowledge, the Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction.

_____
Chicago Title of Texas, LLC
Settlement Agent

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Signature Page to Borrower's Settlement Statement

APPROVED and ACCEPTED

Borrower understands the Closing or Escrow Agent has assembled this information representing the transaction from the best information available from other sources and cannot guarantee the accuracy thereof. The Lender involved may be furnished a copy of this Statement. The undersigned hereby authorizes Chicago Title of Texas, LLC to make expenditures and disbursements as shown and approves same for payment. The undersigned also acknowledges receipt of loan funds in the amount shown above and a receipt of a copy of this Statement.

I have carefully reviewed the Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the Settlement Statement.

TX COIT TOWNHOMES, LP
A Texas limited partnership

By: TX COIT TOWNHOMES GP, LLC
A Texas limited liability company, its General Partner

By: Jean Brown
Name: Jean Brown
Title: Manager

I have caused or will cause the funds to be disbursed in accordance with the Statement which I have prepared.

To the best of my knowledge, the Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction.

Rebecca L. Brinkley
Chicago Title of Texas, LLC
Settlement Agent

EXHIBIT 7

REVISED FINANCING NARRATIVE AND SOURCES AND USES

Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

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	
Debt										
TDHCA	Multifamily Direct Loan (Repayable)	$0	0.00%		$ -	0.00%	30	0		
TDHCA	Multifamily Direct Loan (Deferred Forgivable)	$0	0.00%		$ -	0.00%	0	0		
TDHCA	Mortgage Revenue Bond	$0	0.00%		$ -	0.00%	0	0		
Bank of America	Conventional Loan	$9,291,408	4.40%	1st						
Key Bank	Federal Loan			1st	$ 6,218,727	5.67%				
Third Party Equity										
Enterprise	HTC $ 1	$ 977,083			$ 4,885,414					
Grant										
Enterprise	Private Grant	$ 250,000			$ 250,000					E
Deferred Developer Fee										
		$ 522,505			$ 522,357					
Other										
	Total Sources of Funds	$ 11,040,996			$ 11,876,498					
	Total Uses of Funds				$ 11,876,498					

Briefly describe the complete financing plan for the Development, including a discussion of the sources of funds. The information must be consistent with all other documentation in this section. Provide sufficient detail so that the reader can understand all terms related to each source that are not readily apparent above or in the term sheets.

Veranda Townhomes is a mixed-income single family attached development on 5.4 acres in NW Plano, Texas. It consists of 40 townhome living units with clubhouse. Of the living units, 50% are market rate, 25% are at 60% AMGI, 20% are at 50% AMGI and 5% are at 30% AMGI. All 40 units will have project-based Walker vouchers provided by the Dallas Housing Authority. The development will be financed with $4.8M in housing tax credit equity priced at $1.03 per credit; a $9,291,408 construction loan at 30-day LIBOR plus 2.50%, floating daily (underwritten at 4.40%), for 24 months with one 6-month extension; and a $6,218,727 fixed rate permanent take-out loan with a 15-year term, to be Freddie Mac-approved. Application has been made for a $250,000 Section 4 grant from Enterprise Community Partners, with award to be announced during the fourth quarter of 2017.

Enterprise™ COMMUNITY INVESTMENT

July 28, 2017

Jean Brown
Executive Director
Plano Housing Corporation
2320 King Arthur Blvd.
Lewisville, TX 75056

Darren W. Smith
SVP – Senior Development Officer
Bank of America CDC
901 Main Street, 20th Floor
Dallas, TX 75202

Dear Jean and Darren:

This letter is intended to serve as confirmation that the development team for the TX Coit Townhomes, LP or Veranda Townhomes has submitted a response to the RFP for funding from Section 4 funds through Enterprise Community Partners. The application was submitted for an award of $250,000. Awards and workplans will be finalized by the fourth quarter 2017.

Please contact me for any further information or clarifications at (410) 209-7635 or aweisner@enterprisecommunity.com.

Sincerely,

ENTERPRISE COMMUNITY INVESTMENT, INC.

Aron Weisner

Aron Weisner
Vice President, Syndication

KeyBank
Real Estate Capital

July 27, 2017

Mrs. Jean Brown
Executive Director
Plano Housing Corporation
1740 Avenue G
Plano, TX 75074

Mr. Darren Smith
Senior Vice President
Bank of America Community Development Corporation
901 Main Street
Dallas, TX 75202

Re: **The Veranda Townhomes**
40 Units in Plano, TX

Dear Mrs. Brown and Mr. Smith:

Thank you for the opportunity to provide you with the following terms pertaining to the permanent financing of the The Veranda Townhomes in Plano, TX. KeyBank Real Estate Capital has a strong interest in providing the financing for this property and we appreciate your consideration. Based upon our preliminary review of the Proforma Budget, and the balance of the information submitted, we find that your financing needs are best accommodated by executing with KeyBank for a 9% Unfunded Forward Permanent Loan product from our Freddie Mac Platform. The proposed terms of the permanent loan are as follows:

Permanent Loan:

Permanent Loan Amount:	$6,218,727
Term:	15-year term (fixed rate)
Forward Period:	18 months (one, free 6 month extension available)
Amortization:	35 years

The Veranda Townhomes
July 27, 2017

Loan to Value:	90% maximum for all hard debt (senior and subordinate)
Debt Coverage Ratio:	1.15x minimum for all hard debt (senior and subordinate).
Underwriting Rate:	5.67%
Interest Rate Indication:	5.50%, estimated spread is 3.19% over the 10-year treasury (2.31% as of 7-27-17). This spread is subject to market fluctuation until rate locked.
Prepayment:	14.5 years of Yield Maintenance until 6 months prior to maturity. The loan is pre-payable at 1%, six months before maturity. The loan is open at par for the last 90 days.
Guaranty/Recourse:	Non-recourse, execution of an exception to non-recourse obligations is required.
Subordinate Debt:	Subject to Freddie Mac approval and Form Subordination Agreement. Hard subordinate debt permitted only from public or nonprofit lenders and subject to minimum DCR and LTV requirements.
Interest Accrual:	Act/360
Originations Fee:	1% of the Loan Amount payable at closing of the construction loan.
Application Fee:	$7,500 due at application and non-refundable
Freddie Mac Review Fee:	Greater of $3,000 or 0.10% of the loan amount due at application and non-refundable
Third Party Report Deposit:	$12,000 due at application for third party reports including appraisal, environmental, physical needs assessment, zoning, and other required reports. The actual cost of third party reports will be billed at closing. ($5,500 additional deposit will be required for Legal Costs). Will coordinate 3rd parties with Construction Lender if applicable.
Freddie Mac Commitment Fee & Rate Lock:	Commitment Fee of 2% of the loan amount (refundable at conversion). Borrower shall the option to lock the Interest Rate subsequent to acceptance of the Loan Commitment and posting of Freddie Mac Commitment Fee.

The Veranda Townhomes
July 27, 2017

Delivery Assurance Note:	Upon Rate Lock, a Delivery Assurance Agreement and Promissory Note for 5% of the Loan Amount will be required during the forward period. The Note will be released upon conversion.
Conversion Fee:	$12,500 payable upon Conversion.
Conversion Requirements:	- Project Completion in accordance with Plans and Specifications - 90% occupancy for 90 days - 1.15 DSCR based on underwritten NOI
Escrow Requirements:	Tax and Insurance escrows are required. Replacement Reserves of not less than $250/unit/year are required.
Special Conditions:	Prior to application, Borrower to provide sufficient information to obtain a firm quote and application from Freddie Mac. Subject to review and approval of the 15 year contract for project-based 'Walker Vouchers'. It is assumed that all subordinate debt will be structured as soft debt. Subject to an Appraisal that will provide a Restricted Valuation.
Timing:	Loan process timing from Application to Rate Lock /Commitment and initial closing is estimated to be 60 to 90 days.

Upon your acceptance of these terms, we can present the transaction to Freddie Mac for issuance of a firm quote and application. Should you have any questions or concerns in the interim, please do not hesitate to contact us. I may be reached by phone at (214) 540-9153 or via email at jeffrey_s_rodman@keybank.com. We very much look forward to working with you on this transaction.

Many thanks,

Jeffrey S. Rodman
Vice President
Sr. Mortgage Banker – Affordable Housing
KeyBank Real Estate Capital

Enterprise™ COMMUNITY INVESTMENT

July 28, 2017

Jean Brown
Executive Director
Plano Housing Corporation
2320 King Arthur Blvd.
Lewisville, TX 75056

Darren W. Smith
SVP – Senior Development Officer
Bank of America CDC
901 Main Street, 20th Floor
Dallas, TX 75202

Dear Jean and Darren:

Thank you for considering our proposal! This letter outlines the terms and conditions under which Enterprise Community Investment, Inc. ("Enterprise") as representative for one or more equity funds (the "Fund") will make an equity investment in the Veranda Townhomes (the "Project") located in Plano, Texas.

A. <u>The Project</u>

- Involves the new construction of 40 rental units in 8 buildings.
- Includes 40 rental units subsidized by project-based rental or operating subsidy.
- Will qualify for a tax credit percentage of 9% for construction which will be locked at closing.
- The applicable fraction will be 49.94%.
- Will qualify for $474,312 of annual Federal Low-Income Housing Tax Credits (the "Federal LIH Credit").

B. <u>Project Ownership, Fees, Cash Flow and Capital Proceeds Allocations</u>

- Owned by a partnership, TX Coit Townhomes, LP (the "Partnership").
- Sponsored by Plano Housing Corporation (the "Sponsor").
- The general partner will be a for/non-profit subsidiary of the Sponsor (the "General Partner"), which will be a single purpose entity with a 0.01% partnership interest.
- The Fund will be the limited partner (the "Limited Partner") with a 99.99% partnership interest.

Alternative ownership structures are possible, but may require adjustments of cash-flow fees and the allocations of the economic benefits for each partner as compared to the following proposal:

- Development Fee – the developer will earn a fee in the amount of $1,063,000, payable as follows:
    - $748,593 is projected to be paid out of equity as detailed in Section C below.
    - The remainder of the capitalized fee is projected to be deferred and paid from cash flow. The General Partner will be obligated to pay any unpaid fee by the end of the compliance period.
- Investor Services Fee - the Limited Partner will receive an investor services fee of $3,500 inflating 3% per year paid in accordance with Section E. Unpaid investor services fee will accrue without interest and be paid as a priority from subsequent cash flow or proceeds from refinancing or sale.
- Partnership Administration Fee - the General Partner will receive a partnership administration fee of up to $21,609, inflating at 3% per year paid in accordance with Section E. Unpaid partnership administration fee will accrue without interest to be paid from subsequent cash flow or proceeds from refinancing or sale.
- Incentive Lease-up Fee – the General Partner may receive up to one month gross rent from excess development sources under certain conditions.
- Credits and operating profits and losses - will be allocated 0.01% to the General Partner with the remainder to the Limited Partner.
- Cash Flow Split – cash flow will be distributed 90% to the General Partner (accompanied by a special allocation of an equal amount of income) with the remainder to the Limited Partner.
- Refinance or Sale Proceeds Split – proceeds will be distributed 90% to the General Partner with the remainder to the Limited Partner.

C. Pricing of Credits and Schedule of Capital Contribution Payments

The Limited Partner proposes making an investment of $4,885,414 based upon:

- $1.03 per dollar of Federal LIH Credit ("Federal LIHTC Price")

We assume the Limited Partner will be admitted to the Partnership on October 1, 2017. If prior to closing there are material changes in the underwriting or timing assumptions or Enterprise's cost or availability of capital, the Limited Partner may reprice the credits. Capital contributions ("Payments") will be due upon meeting the conditions outlined below. Additional conditions may be imposed during underwriting and will be reflected in the final partnership agreement (the "Partnership Agreement"). All Payments are contingent upon meeting the conditions of prior Payments, and receipt of reporting items (see Section I below) and representations and warranties to insure the Project's viability.

First Payment: Admission

Second Payment: On the latest to occur of January 1, 2019 and achievement of the following with receipt and approval by the Limited Partner of:

a) Temporary certificates of occupancy for 100% of the units

b) Construction completion which requires that the Limited Partner and its consultant accept the architect certification that construction is complete in accordance with the relevant

project documents, excepting punch list items that do not impede occupancy on a full rent paying basis provided that funds are escrowed to complete those punch list items

c) Satisfactory radon testing for each building and evidence of mitigation if required

d) Title report evidencing there are no recorded mechanics liens that have not been released or bonded against

e) Draft accountant prepared cost certification documenting the Project's eligible basis, balanced sources and uses, and calculation of annual credit

f) Current source and use schedule for the Project confirming sufficient funds will be available to achieve loan conversion ("Loan Conversion"), where Loan Conversion consists of:

   i. Conversion of all Loans to permanent status

   ii. Closing and funding of all permanent Loans in accordance with the terms shown on the Projections

   iii. Repayment of all construction loans

   iv. Approval of all loan documents

g) Required insurance

h) Operating or rental subsidy agreements

Third Payment: On the latest to occur of July 1, 2019 and achievement of the following with receipt and approval by the Limited Partner of:

a) Permanent certificates of occupancy for 100% of the units

b) Final mechanic's lien release

c) Final as-built ALTA survey for projects involving new construction or changes to the footprint of a building due to renovation

d) Recorded extended use agreement. When the state process precludes recording the Extended Use Agreement prior to the end of the first credit year, Enterprise may defer this requirement

e) Final accountant certified cost certification documenting the Project's eligible basis, balanced sources and uses, and calculation of annual credit

f) 100% tax credit qualified occupancy including receipt and approval of initial tenant documentation

g) Credit projection

h) Stabilization Date, which is the date subsequent to construction completion that is the later of:

   a. the achievement of 100% qualified occupancy

   b. the date the Project has satisfied the Required Debt Service Coverage Ratio (the "Coverage Ratio") of 1.15 (to be confirmed in underwriting) for a period of three (3) consecutive calendar months with revenues calculated on a cash basis and expenses on an accrual basis. Revenue shall not include non-recurring revenue nor tenant-based voucher income exceeding maximum LIHTC rents. Throughout this period the underwritten physical occupancy of the residential units is achieved and

revenue equals or exceeds projected Effective Gross Income. Project expenses (including required reserve funding) will be the greater of:

i. actual expenses; OR

ii. the lesser of

1. the expenses shown on the projections

2. the current approved budget

Note that the Coverage Ratio may be adjusted upward during underwriting to maintain appropriate minimum Coverage Ratio during the initial compliance period.

i) Loan Conversion, which may be simultaneous with equity funding per this Payment

Fourth Payment: On the latest to occur of October 1, 2019 and achievement of the following with receipt and approval by the Limited Partner of:

a) Draft IRS Form(s) 8609 before submission to IRS and IRS Form(s) 8609 filed with IRS

b) Tax return for the first LIH Credit year

Fifth Payment: On the latest to occur of January 1, 2024

These Payments will be used as follows:

Timing and Amount of LP Capital Contributions

Payment	Project Milestone	Date	Amount	Percent	Project Costs	Developer Fee and Overhead	Legal	Lease Up Reserve	Operating Reserve	Replacement Reserve
					3,722,671	748,593	50,000	25,000	327,150	12,000
1	Admission	10/01/17	977,083	20.00%	739,935	187,148	50,000			
2	During Construction	10/01/17		0.00%	-					
3	Completion / Cost Cert	01/01/19	25,000	0.51%	-	-		25,000		
4	Qualified Occupancy	04/01/18		0.00%	-					
5	Stabilization / Conversion	07/01/19	3,808,472	75.28%	2,982,736	486,586			163,575	12,000
6	Tax Return / 8609	10/01/19	74,859	1.04%		74,859				
7	Reserves	01/01/24	163,575	3.17%					163,575	

D. Adjusters

The maximum aggregate upward adjuster is 5% of the projected total capital contribution. An upward adjuster will reimburse development advances or reduce deferred development fee or partner loans or pay an Incentive Lease-up Fee with any remaining balance distributable as Refinance or Sale Proceeds in accordance with section E below. If the unpaid Payments are less than any downward adjustment, the General Partner will make a cash contribution or loan in the amount of the deficiency to be distributed to the Limited Partner. The specific adjustments follow:

1. Total Credit Adjuster:

If there is a reduction of total credits of any type reflected in either the draft cost certification, the final cost certification, or 8609(s), as compared to projections, then the next Payment will be reduced. The amount of the downward adjuster will be the respective credit price multiplied by the reduction of the relevant credits. If there is an increase of total credits of any type as compared to projections then the aggregate capital contribution will be increased as of the Payment for which 8609s are received. The amount of the upward adjuster will be the respective credit price multiplied by the increase of the relevant credits.

2. Timing Adjuster:

If the Project delivers (using the actual basis methodology) less than $434,000 Federal LIH Credits for calendar year 2019, the Limited Partner's capital contributions will be reduced by $0.49 per dollar of credit differential. If the project delivers Federal LIH Credits in excess of the projected amounts for the first year of the credit period, the total capital contribution will be increased by $0.49 per dollar of the credit differential. If the increase in first year Federal LIH Credits results in any loss of Federal LIH Credits due to the 2/3 rule, the increase will be reduced to take into account the permanent loss of Federal LIH Credits and present value of the rescheduled credit delivery.

3. Recapture Adjuster

If the actual Federal Credits allocated to the Limited Partner on the Federal tax return are less than projected (after adjustments per D.1 and D.2 above), or there is recapture of Federal Credits, then the Limited Partner's capital will be reduced by $1.00 for every dollar reduction in the amount of Federal Credits plus any interest and penalties imposed by the IRS.

4. Depreciation Adjuster

Failure to make various General Partner or Sponsor tax (which may include elections under Code section 168(h)) and Project depreciation elections as called for in the projections and the Partnership Agreement will result in a reduction in capital contributions to reflect the reduction in tax benefits. If unpaid capital contributions are less than such adjustment, the General Partner will be required to make a cash contribution up to the amount of such reduction in tax benefits. This contribution will be distributed to the Limited Partner.

E. Application of Cash Flow and Refinance or Sale Proceeds

1. Cash Flow

Cash remaining after funding operating expenses, reserve deposits, and required debt service will be applied according to the following priority:

a) to the Limited Partner for unpaid credit adjusters

b) to the Limited Partner for taxes owed on taxable income allocated to the Limited Partner

c) to the Limited Partner for unpaid Investor Services Fees

d) to replenish the operating reserve to required level

e) to the developer to pay off remaining deferred Development Fee

f) to the General Partner to reimburse operating deficit contributions

g) to the General Partner for Partnership Administration Fee

h) Contingent loan payments with limits for each loan scheduled in the projections and in accordance with the loan documents

i) A percentage to the General Partner accompanied by a special allocation of income of such amount and the remainder to the Limited Partner per Section B above

2. Refinance or Sale Proceeds

The proceeds of a refinance or sale of the Partnership property, net of paying off outstanding debt, will be distributed according to the following priorities:

a) to the Limited Partner for unpaid credit adjusters

b) to the Limited Partner for taxes owed resulting from the sale or refinancing

c) to the Limited Partner for unpaid Investor Services Fees

d) to the developer for unpaid Development Fee

e) to the General Partner to reimburse operating deficit contributions and credit adjuster advances

f) to the General Partner for Partnership Administration Fee (if applicable)

g) Distributions to the General Partner and the remainder to the Limited Partner according to Refinance or Sale Proceeds Split

F. Disposition of the Limited Partner's Interest

The Limited Partner will have an absolute right to withdraw from the Partnership at any time after the end of the credit period. In addition, beginning after the end of the credit period, the Limited Partner may, in its sole and absolute discretion, require the General Partner or its designee to purchase the Limited Partner's entire Interest in the Partnership for one thousand dollars ($1,000.00), provided the General Partner provides adequate protection against the possibility of tax credit recapture prior to the end of the compliance period, which protection may include, but shall not be limited to, indemnification from a credit-worthy entity acceptable to the Limited Partner.

The General Partner will have the following purchase options:

1. Purchase of the Limited Partner's Interest

The General Partner will have the option to purchase the Limited Partner's interest at the end of the compliance period for a price ("Buyout Price") equal to the greater of (i) the appraised value of the Limited Partner's interest, or (ii) any taxes *[in excess of projections] payable by the Limited Partner attributable to the sale of its interest.

2. Early Purchase of the Limited Partner's Interest

The General Partner shall have the option to purchase the Limited Partner's interest for the Buyout Price after all credits have been delivered if conditions in (i) and (ii) are both met:

(i) the Limited Partner determines in its sole discretion that:

(a) the deal will deliver the internal rate of return projected at closing (adjusted to take into account the actual delivery of credits and losses to the Limited Partner through the exercise of the option), even after the exercise of the buyout option, and

(b) there are no other negative tax consequences to the Limited Partner, and

(ii) to the extent required by the Limited Partner, the General Partner provides adequate protection against the possibility of tax credit recapture through the remainder of the compliance period, which may include, but shall not be limited to, indemnification from a credit-worthy entity acceptable to the Limited Partner.

3. Purchase of the Project

After the compliance period, the General Partner will have the option to purchase the Project for a price equal to the greater of (i) the appraised value of the Project, or (ii) the total amount of any taxes payable in excess of projections by the Limited Partner due to the sale.

4. Right of First Refusal

The Sponsor, or another qualified 501(c)(3) corporation approved by Enterprise, will have a right of first refusal which will allow the non-profit to purchase the real estate of the Partnership for a price equal to the sum of: (i) taxes payable by the Limited Partner due to the sale, and (ii) outstanding debt secured by the real estate.

G. General Partner Obligations

All obligations of the General Partner will be guaranteed by Plano Housing Corporation and all related entities and Bank of America CDC (the "Guarantor") jointly and severally. The Bank of America CDC obligation will be released upon achievement of Stabilization, Conversion and delivery of 8609s and 100% of project-based rental subsidy. The General Partner and Guarantor must demonstrate to Enterprise, in its sole and absolute discretion, their ability to provide meaningful guarantees.

1. Guarantees

A) Achieve lien-free construction completion, cover all cost overruns during construction, ensure payment of all development costs (including any demolition, relocation, environmental remediation and infrastructure construction necessary for the completion of the Project), and convert to permanent financing at the amounts and terms shown in the projections. Advances under this guarantee will not be reimbursed. Funding under this guarantee may be in the form of a cash-flow contingent loan at the Fund's sole discretion after tax analysis.

In lieu of making advances per this guarantee, the General Partner shall have the option to purchase the Limited Partner's Interest for an amount equal to one hundred ten percent (110%) of the total Capital Contributions made to date by the Limited Partner plus $100,000, but only in the event that

a. the General Partner would be required to incur Development Advances in excess of twenty percent (20%) of the Total Construction Costs, and
b. construction of the Project will be abandoned for at least two (2) years from the date of the exercise of this buyout option.

In the event the Project is completed within three (3) years after the exercise of this buyout option, the General Partner shall pay the Limited Partner an additional $100,000.

B) Advance funds needed to cover all operating deficits until the later of the Stabilization Date or Loan Conversion.

C) After the later of the Stabilization Date or Loan Conversion, advance funds needed to cover all operating deficits up to 6 months of operating expenses, reserve contributions, and debt service currently scheduled to be $327,150. The duration of this guarantee is at least 5 consecutive audited years (including the calendar year of Stabilization or Loan Conversion) following the later of Loan Conversion or Stabilization Date. This guarantee will continue until such time as:

a. the operating reserve is funded as per Projections
b. the Project has achieved the Coverage Ratio for the final 2 consecutive years of the guarantee period. This ratio may be adjusted during underwriting to maintain a minimum Coverage Ratio during the initial compliance period
c. the project-based rental or operating subsidy and/or service subsidy is in full force and effect per the projections.

D) Contribute capital to cover adjusters as described in Section D above.

E) Repurchase the Limited Partner's interest upon an Event of Bankruptcy with respect to the General Partner or the Guarantor prior to the Completion Date or if the Partnership fails to:

- Receive a valid carryover allocation or spend the required 10% or place the construction expenses in service by the end of the second year following receipt of a valid carryover allocation
- Achieve the minimum set-aside test for the Project
- Achieve at least 75% of the projected Federal LIH Credit
- Operate at break-even for 3 consecutive months within 18 months of the Completion Date
- Avoid foreclosure, abandonment, or permanent enjoinment of construction before the Project has operated at break-even for 3 consecutive months
- Achieve Loan Conversion
- Avoid the withdrawal of any loan commitment which is not replaced by a comparable commitment acceptable to the Limited Partner
- Receive 8609s by September 1 of the year after the first year of the credit period

The repurchase price will be 100% of capital contributions made to date plus interest at the Prime Rate plus 2%, plus the costs and expenses (including reasonable attorneys' fees) incurred, if any, in connection with the enforcement of these provisions.

F) Indemnify the Partnership and the Limited Partner for any income tax liability or costs to remove liens realized by the Partnership or the Limited Partner in any taxable year attributable to any taxable grant not approved by the Limited Partner or to any deemed sale of the State Credits (if applicable). This indemnification is a recourse obligation of the General Partner and shall survive the dissolution of the Partnership and/or the insolvency, bankruptcy, removal, or withdrawal of the General Partner.

2. Reserve Requirements

A) The operating reserve (the "Operating Reserve") will be funded in the total amount of at least 6 months of operating expenses, reserve contributions, and debt service and is currently scheduled to be $327,150. It will be funded by the Limited Partner's capital contributions as

detailed in Section C above. After the Project has achieved the Stabilization Date and Loan Conversion, the General Partner will be permitted to use the Operating Reserve prior to making Operating Deficit Contributions to the extent the Operating Reserve has been funded as of the date of the deficit.

Upon termination and winding up of the Partnership, subject to the provisions of the Limited Partnership Agreement, the balance in the Operating Reserve shall be used to pay any tax (including exit and transfer taxes) imposed on the Partnership, the Limited Partner and its partners as a result of the sale of the Partnership Property and winding up of the Partnership or for other uses approved by the Limited Partner. Paying off Sponsor Notes is an eligible use of these funds.

B) The lease-up reserve ("Lease-Up Reserve") must be budgeted in the amount needed to cover the projected deficits prior to the Stabilization Date, projected to be $25,000. Borrowing authority under construction period loans may be used as a source and drawn only if needed if capital is not used to fund this reserve. After the Stabilization Date, unused Lease-Up Reserve will *reimburse development advances or reduce deferred development fee or partner or other loans (with the approval of the Limited Partner) with any remaining balance deposited into the Operating Reserve.

C) The replacement reserve (the "Replacement Reserve") will be funded from operations in the amount of $300 per unit per year, increasing 3% annually and $12,000 will be capitalized.

H. Opinion of Counsel

The Limited Partner's attorneys will prepare the Partnership Agreement, review due diligence, and prepare the tax opinion. The Partnership will pay $50,000 toward the Limited Partner's attorney fees.

The Limited Partner will require a satisfactory opinion of Partnership's counsel on certain corporate and other matters including formation of the Partnership, limited liability of the Limited Partner, no conflict between the Partnership Agreement and other binding contracts, no litigation, etc. The General Partner and the Partnership's counsel will prepare all other necessary documents, collect due diligence, legal opinions, and perform other work necessary to complete the transaction.

I. Reporting

The Partnership will deliver to the Limited Partner (i) quarterly unaudited financial statements not later than 15 days after the end of each period and (ii) annual audited financial statements and tax returns not later than 45 days after the end of each year. The audit and tax return must be prepared by a certified public accountant approved by Enterprise. Late reporting subjects the Partnership to a $100 per day late fee.

J. Additional Requirements

In addition to the conditions set forth above, any investment by the Limited Partner is contingent upon availability of capital at the time of closing and upon review and approval by Enterprise's Investment Committee, in its sole and absolute discretion, of all of the following:

- Evidence of satisfactory market demand and appropriate rent and operating expense assumptions;
- Approval of the management agent and management plan;

amam - 8/4/2017 6:22pm - RB

- Receipt of a satisfactory Phase I Environmental Assessment including radon, lead based paint and asbestos reports, as applicable;
- Satisfactory negotiation of the Partnership Agreement;
- Acceptable commitments and documents from all other sources of financing;
- Receipt and approval of all opinions;
- All other items material to the underwriting of the Project; and
- Investor approval,

Enterprise may waive any of the conditions to closing set forth in this letter. The waiver of any condition does not constitute a waiver of any remaining conditions.

The Sponsor acknowledges that this letter of interest is proprietary and confidential and may not be shared with competing investors or any other developer. Upon execution of this letter, Enterprise will commence its underwriting and due diligence review and will have its outside counsel commence the preparation of the transaction documents. In light of the direct and indirect costs of underwriting and due diligence, the Sponsor agrees that Enterprise will have an exclusive right to syndicate the credits for this Project which will terminate if the Limited Partner has not been admitted to the Partnership within 90 days after the projected closing date. Enterprise reserves the right to terminate this letter if the Limited Partner has not been admitted to the Partnership within 90 days (or, if later, the period required by the state allocating agency) after the projected closing date.

This letter of interest will expire in 10 business days if the counter-signed copy is not received by Enterprise by the 11th day. Please countersign this letter and remit one fully executed copy right away. We look forward to working with you!

Sincerely,

ENTERPRISE COMMUNITY INVESTMENT, INC.

Aron Weisner

Aron Weisner
Vice President, Syndication

Agreed and accepted:

By:

Title: SVP Development Mgr.

PROJECT ASSUMPTIONS

The terms and conditions are based on the following assumptions, which may be adjusted prior to closing:

1. Market rents as established by the Enterprise market analyst are at least 10% above the scheduled unsubsidized rents and at least equal to the rental subsidy contract rents.
2. Economic vacancy rate of 5%
3. Annual operating expenses of $5,057 per unit net of Replacement Reserves and Investor Services Fee
4. Should the Project not break even, the Property Management Fee paid to parties related to the General Partner or Guarantor will be deferred and collected from Cash Flow.
5. The Project contractor will provide a 15% letter of credit or 100% payment and performance bond. Retainage will be 10% through completion unless limited by state law.
6. Construction will begin by October 1, 2017 and project will be placed in service no later than September 30, 2018. Liquidated damages for delayed delivery will be built into the General Contract according to the following minimum standards:
    - Contracts up to $5MM - $500 per day
    - Contracts over $5MM up to $10MM - $1,000 per day
    - Contracts over $10MM up to $15MM - $1,500 per day
7. Depreciation according to the following base election schedule, but with special allocations as specified in the projections (including depreciating soft costs pro-rata according to the useful lives of the hard costs):

Depreciable Life of Building	27.5
Depreciable Life of Furniture, Fixtures, Equipment	5
Depreciable Life of Site Work	15

8. The financing and tax structure will be approved by our tax attorney.

amam - 8/4/2017 6:22pm - RB

Dallas Housing Authority

EQUAL HOUSING OPPORTUNITY

3939 N. Hampton Rd., Dallas, TX 75212 | Phone: 214.951.8300 | Fax: 214.951.8800 | www.dhadal.com

July 31, 2017

Plano Housing Corporation
Attn: Jean Brown
2320 King Arthur Blvd.
Lewisville, TX 75056

Dear Ms. Brown,

The purpose of this letter is to certify your award of forty (40) units under the Dallas Housing Authority Walker Project-Based Voucher Program (PBV).

The Dallas Housing Authority intends to execute a Housing Assistance Payments Contract (HAP) with the Veranda Townhomes for a period up to twenty (20) years once the owner has submitted documentation certifying that construction has been completed and all units have passed the Housing Quality Standards (HQS) inspection as set forth by the U.S. Department of Housing and Urban Development (HUD).

The current Walker Payment Standard in zip code 75025 for a two-bedroom unit is $1,600 and $2,163 for a three-bedroom unit.

We look forward to receiving confirmation from you that the newly constructed units are ready for inspection and occupancy. If you need any additional information, please contact Ms. Brooke Etie at (214) 640-6810 or by e-mail at betie@dhadal.com.

Sincerely,

Troy Broussard
President/CEO

cc: D. Zappasodi
B. Etie

DHA is a Fair Housing and Equal Opportunity Agency
Individuals with disabilities may contact the 504/ADA Coordinator at 214.951.8348,
TTY 1.800.735.2989 or 504ADA@dhadal.com

amam - 8/9/2017 FTP - RB

COATS | ROSE

A Professional Corporation

TAMEA A. DULA
OF COUNSEL

tdula@coatsrose.com
Direct Dial
(713) 653-7322
Direct Fax
(713) 890-3918

August 9, 2017

By Email to rosalio.banuelos@tdhca.state.tx.us
Rosalio Banuelos, Senior Asset Manager
Asset Management Division
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

RE: #16114 – Veranda Townhomes, Plano, Collin County, Texas;
Material Application Amendment – Supplemental Information

Dear Rosalio:

Per your request of August 7, 2017, I enclose the following:

1. Revised Term Sheet from Bank of America for construction financing. The enclosed letter has been revised to correct the date problems on the last page, and it has been re-executed.

2. Although you did not yet request it, I noted that the revised 15-Year Pro Forma provided on August 4th had not been executed by the Lender to evidence acceptability, although the one originally provided had been signed. Enclosed is the current Pro Forma, signed by Valerie Williams of Bank of America.

3. You have requested information concerning the reasons the Project was redesigned to have 36 two-bedroom units and only 4 three-bedroom units instead of 20 two-bedroom and 20 three-bedroom units as originally proposed. This was strictly a result of the effort of Banc of America Community Development Corporation (BACDC) to pare down the development cost. Disassociating the Project from the former Co-Developer resulted in higher than originally anticipated land acquisition costs, because the former Co-Developer had incurred reimbursable expenses that had to be paid in order to secure the Project site. This was noted by you in your initial review of the Development Cost Schedule. Additionally, the original Application included extremely large units (1218 sf – 1531 sf) and the majority of the units had 2-1/2 or 3 bathrooms.

Internally within BACDC, a comprehensive market review was completed to determine the optimal unit mix to achieve future success and long term sustainability for the Project. Several sources combined with BACDC's internal methodology suggested the following market demand:

> Within proximity of the 75025 zip code there are approximately **857 three-bedroom** units currently available, compared to **718 two-bedroom units** as of June 2017. Among the following zip codes in Plano Texas (75023, 75024, 75025, 75074, 75075, 75093), the demographics of 106,532 households reflects 65,778 without children and 40,757 with children. The average people per household is 2.60. This data suggest a greater number of three-bedroom units are available for an area where 61% of the households are without children vs. 39% with children. Thus, the demand for two-bedroom units will continue to outstrip the demand for three-bedroom units, creating a need for additional two-bedroom units in the market.
>
> As market conditions have continued to shift, debt & equity requirements have become tighter. This has placed a greater importance on the impact of operating costs relative to the size of a smaller project encompassing only 40 units. As BACDC annually reviews its portfolio, it is provided with a snapshot of market data on various unit types. Internally, BACDC reached the same conclusion as outlined in the July 24, 2016 TDHCA underwriting report on page ten. The three-bedroom units are more costly to maintain than units with fewer bedrooms. A greater number of three-bedroom units would create additional operating expenses that would negatively impact the debt service coverage ratio.

Sources: BOA Proprietary Data, For Rent, REIS, LPC database.

BACDC noted that the budget was extremely tight to develop these 40 units, even with a higher credit price ($0.04 cents higher per credit). BACDC reduced the size of the units to square footages (1086 sf – 1464 sf) that are still at least 200 sf larger than needed to qualify for points for the enhanced size of the units. By also limiting the bathrooms to two per unit, the costs were reduced. Please see the enclosed letter from Astro Builders (one contender for the general contractor) who priced the Project and estimates that the changes resulted in a $1.9 million reduction in the construction cost.

The economics were additionally assisted by obtaining a commitment from the Dallas Housing Authority for 40 Project-Based Walker Vouchers which carry a substantial rental subsidy (Currently $1,600 and $2,163). Having the Walker Vouchers available also benefits the Project by making all of the units affordable, even though only half of the units are LIHTC restricted.

By maximizing the income to the Project, providing more customary unit sizes and value-engineering the Project, BACDC now believes the Project is financially feasible, and requests these amendments to the Application to position Veranda Townhomes for economic success.

4. As you are aware, the architect used for this Project questioned whether the second floor of ADA units were required to be designed to accessible standards. We have clarified that this is required, and the floor plans of Unit Types B2-ada and C2-ada have been redesigned to include elevators. Additionally, the change in square footage of those units required some changes to the unit matrix on page A0-02. Please now use the following link to access the Architectural Drawings:

Link:
Veranda TDHCA set_17_0809

Also enclosed is an updated Rent Schedule showing the new square footages and indicating the units that are ADA accessible and those that are visitable.

We hope that this material answers the questions you raised. Please contact either Darren Smith or me if anything else is needed.

Very truly yours,

Tamea A. Dula

Enclosures

cc: Jean Brown
Darren Smith
Brian Roop

Bank of America
Merrill Lynch

August 2, 2017

Mrs. Jean Brown
Executive Director
Plano Housing Corporation
1740 Avenue G
Plano, Texas 75074

Mr. Darren Smith
Senior Vice President
Banc of America Community Development Corporation
901 Main Street, 20th Floor
Dallas, Texas 75202

VIA EMAIL

Re: The Veranda Townhomes
40 Units - Plano, Texas

Dear Mrs. Brown and Mr. Smith:

This Summary of Terms and Conditions (this "Term Sheet") is an outline only and does not purport to summarize all of the conditions, terms, covenants, representations, warranties and other provisions which would be contained in definitive legal documentation for the credit facility contemplated hereby (the "Facility"). This Term Sheet is not a commitment by or an obligation of Bank of America, N.A. ("Bank") or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPFS" and, together with Bank and their respective subsidiaries and affiliates, "Bank of America").

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.

This Term Sheet is delivered to you with the understanding that neither the Term Sheet nor any of its terms and substance shall be disclosed, directly or indirectly, to any other person except: (i) to your employees, agents and advisors who are directly involved in the consideration of the Facility; (ii) to subscribing and potential investors and their advisors who agree to keep such materials confidential; and (iii) as disclosure may be compelled in a judicial or administrative proceeding or as otherwise required by law or the Securities and Exchange Commission.

All interest rates and other pricing terms are quoted based on the assumption that the Facility will not be classified as HVCRE (High Volatility Commercial Real Estate Exposure) pursuant to Basel III Regulations. The quoted interest rates and other pricing terms are potentially subject to change if the Facility is anticipated to be classified as HVCRE pursuant to Basel III Regulations.

Any Facility, as contemplated by this Term Sheet, will be subject to applicable flood insurance regulations at all times during the life of such Facility. Compliance with flood insurance regulations will be tested prior to making, increasing, renewing or extending any such Facility.

Bank of America and MLPFS hereby notify you that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act") and recent regulations implemented by the US Treasury's Financial Crimes Enforcement Network ("FinCEN") under the Bank Secrecy Act ("Additional KYC Regulations"), each of them is required to obtain, verify and record information that identifies you, which information includes, but is not limited to, your name, your address, a list of individuals, if any, who own directly or indirectly 25% or more equity interests of Borrower, the identification of one controlling person, organizational information on the ultimate parent of Borrower, and such other information that will allow Bank of America or MLPFS, as applicable, to identify you and comply with the Patriot Act and the Additional KYC Regulations prior to closing the Facility.

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.

The proposed terms and conditions are as follows:

Project:	To be constructed 40-unit apartment complex located in Plano, Texas.
Borrower:	TBD - SPE—form and substance of Borrower must be acceptable to the Bank.
Construction Facility 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: a) $9,291,408 based on an underwriting rate of 4.40% b) 75% LTC based on final Bank approved construction budget, or c) 80% LTV based on an appraisal in form and substance acceptable to the Bank; or

d) An amount, which taken together with all available and committed sources of funds for repayment of the Facility, would result in a minimum Debt Service Coverage Ratio for the Project after stabilization of 1.15. "Debt Service" will be defined in the Facility documentation and generally will refer to the aggregate amount of principal and interest payments required to amortize the Facility amount based on a 35-year repayment schedule and an interest rate equal to the greater of (i) 6.00% and (ii) the [10]-year U.S. Treasury rate plus 3.00% per annum. "Debt Service Coverage Ratio" means the ratio obtained by dividing Net Operating Income by Debt Service. "Net Operating Income" will be defined in the Facility documentation based, as of any date, on annualizing revenues generated by the Property for the then most recently ended fiscal quarter and deducting operating expenses for the Property based upon then actual operating expenses, including but not limited to payments for replacement reserves, as adjusted by Bank in its reasonable discretion.

Construction Interest Rate:

30 LIBOR + 2.50%, floating. An interest rate protection product from a financial provider acceptable to the Bank may be required prior to funding of a loan. As of the date of this terms letter and based on current market conditions, this transaction could be swapped to a fixed rate of 3.75%. ***Rate is indicative of a rate as of the date of letter and is subject to change based upon the closing date, terms of the transaction, and market conditions.* 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.

Construction Facility Term:

24 months from the loan closing.

Take Out Financing:

Take out commitment conditions must be acceptable to the Bank, and may include a requirement for interest rate protection. 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.

Amortization:

Interest only for 24 months; 30 year amortization paid monthly thereafter.

Commitment Fee:

1% of the total Facility Commitment, payable at closing.

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 0.50% renewal fee based on the committed Facility 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 % guarantee of completion, performance and repayment to be provided by *Banc of America Community Development Corporation* and the *Plano Housing Corporation*. 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 to have financial covenants including but not limited to minimum net worth and liquidity – TO BE DETERMINED.

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 interest rate hedge agreement, if any.

General Contractor:

To Be Named – acceptable to Bank of America as to financial capacity and ability to build and complete the construction.

Take-out Lender:

Borrower will provide a Firm Permanent Loan Take-out prior to the construction loan closing. All of the assumed terms and conditions of the take out loan have been provided by the Borrower from *KeyBank Real Estate Capital* – Letter dated July 27, 2017.

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. In the event that the proposed facility does not close, the undersigned will pay all such costs. Payment by Borrower/the undersigned of these expenses will not be contingent upon closing of the facility. 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.

Reporting Requirements:	Annually: Borrower and Guarantors' financial statements and covenant compliance. Semi-Annually: Guarantors' financial statements and covenant compliance. Monthly: Property operating statements and rental summary report.
Principal Depository:	Borrower shall maintain Bank of America, N.A. as its principal depository bank, including for the maintenance of business, cash management, operating and administrative deposit accounts.
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, standard flood hazard determination forms, legal documentation, insurance, 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, information regarding real estate taxes (including proof of any tax-exempt status if applicable) and other terms and conditions as may be required.
Credit Verification:	Each legal entity and individual signing this term sheet hereby authorizes Bank to order credit reports, court searches, verification of deposits, and verification of mortgages on Borrower and Borrower's owners or principals, including any to-be-formed entity or entities. Each individual signing below further authorizes Bank to check any credit references, verify his/her employment and obtain credit reports from credit reporting agencies of Bank's choice in connection with the Facility.
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.

Tax Credits: Bank of America will need to approve the tax credit investor and pay-in schedule.

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 August 31, 2017 along with a good-faith deposit of $15,000. 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. CT, September 15, 2017 time on that date which is sixty (60) 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,

BANK OF AMERICA, N.A.

Valerie A. Williams

Name: Valerie A. Williams
Title: Senior Vice President

Please submit a loan application as outlined above:

By: Jean Brown
Name: Jean Brown
Title: ED
Date: 8/8/2017

amam - 8/9/2017 FTP - RB

Astro Builders
3134 Parker Rd
Houston, TX 77093

Veranda Townhomes
Plano Housing Corporation
8/9/2017

Veranda Cost Comparison

Darren:

After reviewing the original plans submitted with the 2016 application in comparison to the set of plans we are pricing currently, there is an overall reduction in net rentable area of 14,416 sqft.

Overall reduction is attributed to the items listed below:

* Reduction in 16-bedrooms & closets w/hardware, electrical, and low voltage- a total of 2,240 sqft.
Total - **$291,200**

* Reduction in 30-1/2 Baths
Plumbing only total - **$87,000**

* Reduction in 4-Full Baths
Plumbing only total - **$12,465**

* Reduction in overall project sqft. (less sqft. adjustment for bedrooms) is 12,416 @ $125.00/ sqft.-
Total - **$1,522,000**

* Overall project reduction from 2016 plans provided totaled - **$1,912,665.**

Respectfully,

Mike Seimer

VERANDA

IN PLANO, TEXAS

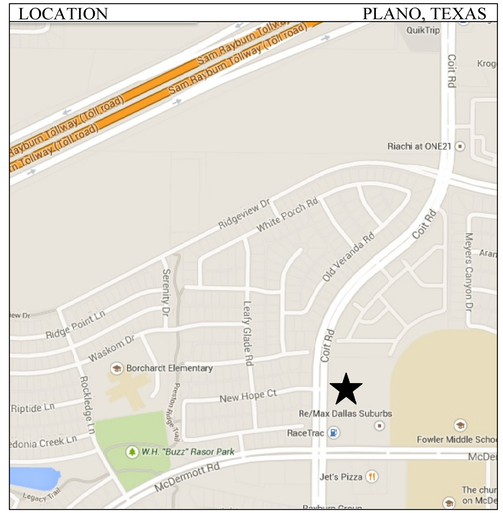
EABPRJB _____

CODE OF ORDINANCES

- 2015 INTERNATIONAL BUILDING CODE WITH LOCAL AMENDMENTS
- 2015 INTERNATIONAL MECHANICAL CODE WITH LOCAL AMENDMENTS
- 2015 INTERNATIONAL PLUMBING CODE WITH LOCAL AMENDMENTS
- 2014 NATIONAL ELECTRIC CODE WITH LOCAL AMENDMENTS
- 2015 INTERNATIONAL FIRE CODE WITH LOCAL AMENDMENTS
- 2015 INTERNATIONAL ENERGY CONSERVATION CODE WITH LOCAL AMENDMENTS
- FAIR HOUSING ACCESSIBILITY GUIDELINES
- 2009 ANSI A117.1
- 2012 TAS

DEFERRED SUBMITTALS

LOCATION PLANO, TEXAS



LATEST ISSUE DATE

06-16-17	100% DESIGN DEVELOPMENT SET
07-24-17	60% CONSTRUCTION DOCUMENTS SET

PROJECT CONTACT INFORMATION:

OWNER/DEVELOPER:
PLANO HOUSING CORPORATION
1704 AVENUE G
PLANO, TX 75074
214-906-1085

CONTRACTOR:

ARCHITECT:
BGO ARCHITECTS
4202 BELTWAY DRIVE
ADDISON, TX 75001
V-214-520-8878 F-214-524-8422

CIVIL ENGINEER:
BGE
500 WEST 7TH STREET, SUITE 1800
FT. WORTH, TX 76102
V-817-887-6130

LANDSCAPE ARCHITECT:
MEEKS DESIGN GROUP
1755 N. COLLINS BLVD SUITE 300
RICHARDSON, TEXAS 75080
V-972-690-7474 F-972-690-7878

MEP ENGINEER:
JORDAN SKALA ENGINEERING
17855 DALLAS PKWY, SUITE 320
DALLAS, TX 75287
V-469-385-1616

STRUCTURAL ENGINEER:
PARKIN, PERKINS, OLSEN
9330 LBJ FREEWAY, SUITE 1055
DALLAS, TX 75243
V-214-221-2220 F-214-221-2252

INTERIOR DESIGNER:

BGO architects

REVISIONS

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
PLANO HOUSING CORPORATION

ISSUED FOR
TDHCA MODIFICATION SUBMISSION
08-09-17

REVIEW SET NOT TO BE USED FOR REGULATORY APPROVAL, PERMIT, OR CONSTRUCTION.

BGO architects
4202 Beltway Drive
Addison, TX 75001
214.520.8878
bgoarchitects.com

DATE
08-09-17

PROJECT
14251

SHEET NUMBER
A0-00

COVER

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BUILDING A BUILDING INFORMATION

OCCUPANCY: R-2 & U
GROSS BLDG. AREA: 11,180 S.F. TOTAL

FIRST LEVEL:
BUILDING AREA (R-2): 3,508 S.F.
BUILDING AREA (U): 3,211 S.F.

SECOND LEVEL:
BUILDING AREA (R-2): 4,461 S.F.

TOTAL NET LEASABLE AREA: 7,692 S.F. A/C SPACE

TYPE OF CONSTRUCTION:	V-A
R-2 OCCUPANCY LOAD: 1/200 GROSS	39
U OCCUPANCY LOAD: 1/200 GROSS	16
REQ'D EXITS:	2
FIRE SPRINKLERS (NFPA 13):	YES
ATTIC SPRINKLERS (NFPA 13):	YES
GARAGE SPRINKLERS (NFPA 13):	YES
BALCONY SPRINKLERS (NFPA 13):	YES
STAND PIPES:	NO
FIRE ALARMS:	YES
EMERGENCY LIGHTING:	YES
AGE OF BUILDING:	NEW
FIRE WALLS:	NO

BUILDING B BUILDING INFORMATION

OCCUPANCY: R-2 & U
GROSS BLDG. AREA: 6,621 S.F. TOTAL

FIRST LEVEL:
BUILDING AREA (R-2): 2,548 S.F.
BUILDING AREA (U): 1,963 S.F.

SECOND LEVEL:
BUILDING AREA (R-2): 2,110 S.F.

TOTAL NET LEASABLE AREA: 4,468 S.F. A/C SPACE

TYPE OF CONSTRUCTION:	V-A
R-2 OCCUPANCY LOAD: 1/200 GROSS	23
U OCCUPANCY LOAD: 1/200 GROSS	9
REQ'D EXITS:	2
FIRE SPRINKLERS (NFPA 13R):	YES
ATTIC SPRINKLERS (NFPA 13R):	YES
GARAGE SPRINKLERS (NFPA 13R):	YES
BALCONY SPRINKLERS (NFPA 13R):	YES
STAND PIPES:	NO
FIRE ALARMS:	YES
EMERGENCY LIGHTING:	YES
AGE OF BUILDING:	NEW
FIRE WALLS:	NO

BUILDING C BUILDING INFORMATION

OCCUPANCY: R-2 & U
GROSS BLDG. AREA: 11,644 S.F. TOTAL

FIRST LEVEL:
BUILDING AREA (R-2): 4,682 S.F.
BUILDING AREA (U): 2,955 S.F.

SECOND LEVEL:
BUILDING AREA (R-2): 4,007 S.F.

TOTAL NET LEASABLE AREA: 7,789 S.F. A/C SPACE

TYPE OF CONSTRUCTION:	V-A
R-2 OCCUPANCY LOAD: 1/200 GROSS	40
U OCCUPANCY LOAD: 1/200 GROSS	14
REQ'D EXITS:	2
FIRE SPRINKLERS (NFPA 13R):	YES
ATTIC SPRINKLERS (NFPA 13R):	YES
GARAGE SPRINKLERS (NFPA 13R):	YES
BALCONY SPRINKLERS (NFPA 13R):	YES
STAND PIPES:	NO
FIRE ALARMS:	YES
EMERGENCY LIGHTING:	YES
AGE OF BUILDING:	NEW
FIRE WALLS:	NO

BUILDING D BUILDING INFORMATION

OCCUPANCY: R-2 & U
GROSS BLDG. AREA: 6,386 S.F. TOTAL

FIRST LEVEL:
BUILDING AREA (R-2): 1,988 S.F.
BUILDING AREA (U): 1,859 S.F.

SECOND LEVEL:
BUILDING AREA (R-2): 2,539 S.F.

TOTAL NET LEASABLE AREA: 4,332 S.F. A/C SPACE

TYPE OF CONSTRUCTION:	V-A
R-2 OCCUPANCY LOAD: 1/200 GROSS	22
U OCCUPANCY LOAD: 1/200 GROSS	9
REQ'D EXITS:	N/A
FIRE SPRINKLERS (NFPA 13R):	YES
ATTIC SPRINKLERS (NFPA 13R):	YES
GARAGE SPRINKLERS (NFPA 13R):	YES
BALCONY SPRINKLERS (NFPA 13R):	YES
STAND PIPES:	NO
FIRE ALARMS:	YES
EMERGENCY LIGHTING:	YES
AGE OF BUILDING:	NEW
FIRE WALLS:	YES

LEASING/CLUB BUILDING INFORMATION

OCCUPANCY: A-3
GROSS BLDG. AREA: 3,819 S.F. TOTAL

NET AREA (A-3): 2,540 S.F.

TYPE OF CONSTRUCTION:	V-A
RE: 1 A2-51 FOR OCCUPANCY LOAD BREACK DOWN	121
REQ'D EXITS:	2
FIRE SPRINKLERS (NFPA 13R):	NO
ATTIC SPRINKLERS (NFPA 13R):	NO
GARAGE SPRINKLERS (NFPA 13R):	NO
BALCONY SPRINKLERS (NFPA 13R):	NO
STAND PIPES:	NO
FIRE ALARMS:	YES
EMERGENCY LIGHTING:	YES
AGE OF BUILDING:	NEW
FIRE WALLS:	NO

Veranda #14251

UNIT/BLDG TABULATION CREATED 08-09-17

TYPE	AREA	NO.	NOTE	%	TOT. AREA	
B1(a)	1,111	2	-	5.00%	2,222	90.00%
B1(b)	1,086	2	-	5.00%	2,172	
B1(c)	1,111	2	-	5.00%	2,222	
B1(d)	1,098	2	-	5.00%	2,196	
B1(e)	1,098	6	-	15.00%	6,588	
B1(f)	1,098	4	1-A/V	10.00%	4,392	
B1(g)	1,098	8	-	20.00%	8,784	
B1(h)	1,086	2	-	5.00%	2,172	
B2(a)	1,130	7	7-VISIBILITY UNIT	17.50%	7,910	
B2(ada)	1,256	1	1-ADA	2.50%	1,256	
C1(a)	1,299	2	1-A/V	5.00%	2,598	10.00%
C2(a)	1,350	1	1-VISIBILITY UNIT	2.50%	1,350	
C2(ada)	1,464	1	1-ADA	2.50%	1,464	
TOTAL		40	0.00%	100.00%	45,326	

AVERAGE NET UNIT SIZE : 0.03

BUILDING TABULATION

TYPE	COUNT	UNIT TYPES	BLDG. AREA	TOT. AREA
A	2	1-B1(a);1-B1(b);1-B1(c);1-B1(d);1-B1(e);1-B1(g);	7,688	15,376
B	3	2-B2(a);2-B1(g);	4,456	13,368
C	1	1-B2(a);1-B2(ada);2-C1(a);	7,798	7,798
D	2	2-B1(e);2-B1(f);	4,392	8,784
TOTAL	8			45,326

	BUILDING TYPES				TOTAL
	A	B	C	D	
NO. BLDGS	2	3	1	2	8
B1(a)	1				2
B1(b)	1				2
B1(c)	1				2
B1(d)	1				2
B1(e)	1			2	6
B1(f)				2	4
B1(g)	1	2			8
B1(h)	1				2
B2(a)		2	1		7
B2(ada)			1		1
C1(a)			2		2
C2(a)			1		1
C2(ada)			1		1
UNITS/BLDG	7	4	6	4	
UTS/BLDG TYPE	14	12	6	8	40

GARAGE TABULATION

DIRECT	14	8	12	8	80	TOTAL DIRECT
ASSIGNABLE	0	0	0	0	0	TOTAL ASSIGNABLE
GAR/BLDG TYPE	14	8	12	8	80	TOTAL GARAGES

MISCELLANEOUS:

LAND AREA: 5.4 ACRES

DENSITY: 7.41 UNITS/ACRE

PARKING:

REQUIRED	64 SPACES	2.25 P/UNIT	
PROVIDED	172 SPACES	4.30 P/UNIT	
		2.61 P/BED	
DIRECT	80 SPACES		
TANDEM	80 SPACES		
SURFACE	12 SPACES		

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BUILDING INFORMATION

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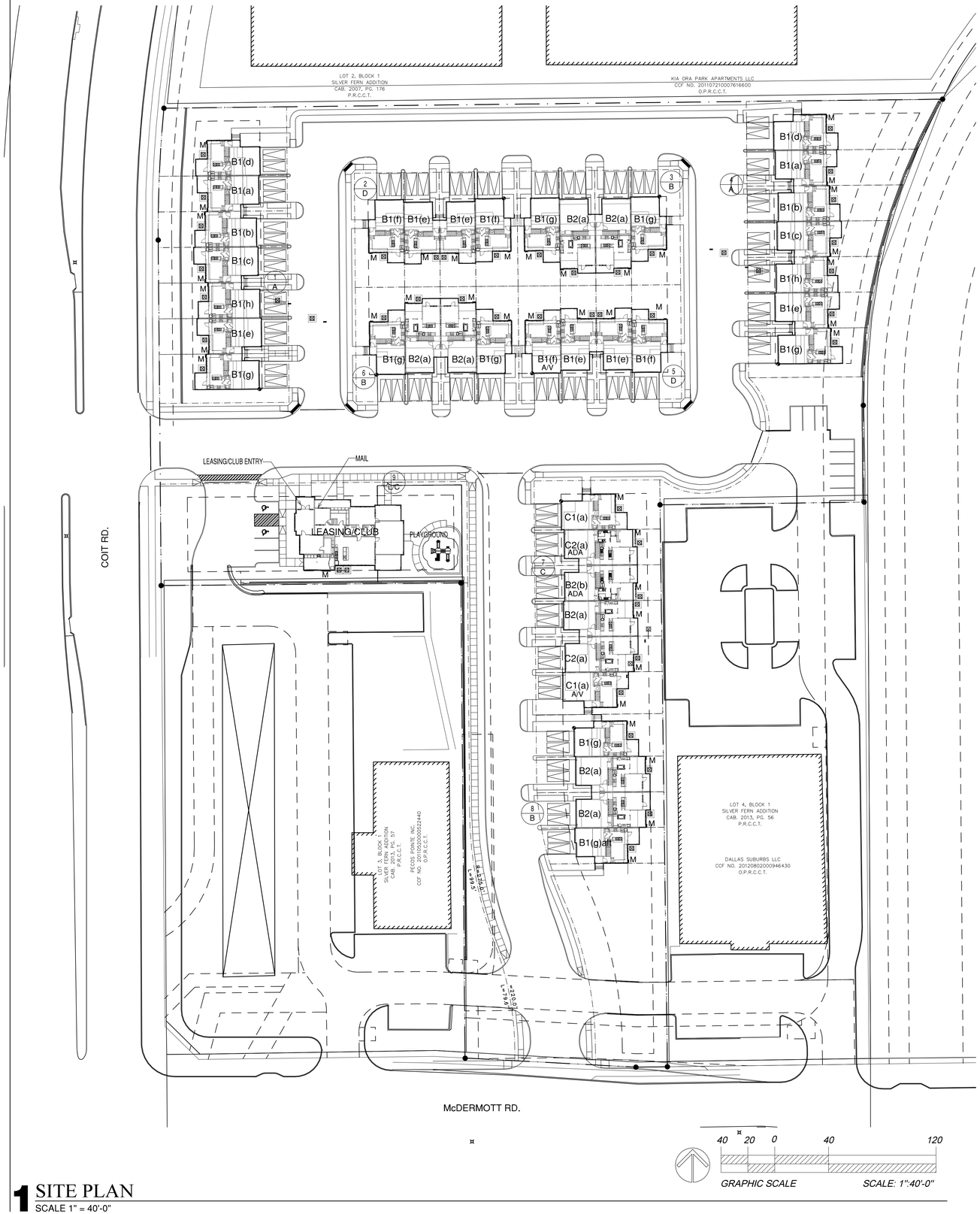
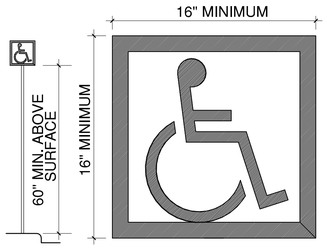


1 SITE PLAN
SCALE 1" = 40'-0"

LEGEND

- TYPICAL PARKING SPACE (18.0' × 9.0')
- HANDICAP ACCESSIBLE PARKING SPACE (18.0' × 8.0' + 5.0' + 8.0')
- VAN ACCESSIBLE HANDICAP PARKING SPACE (18.0' × 8.0' + 8.0')
- TANDEM PARKING SPACE
- BUILDING ORIENTATION
- BUILDING NUMBER / BUILDING TYPE INDICATION (2 / A)
- M — ELECTRICAL METER
- HANDICAP ACCESSIBLE UNIT
- HANDICAP PARKING SPACE
- C.L.U. — CHAIR LIFT UNIT



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SITE PLAN

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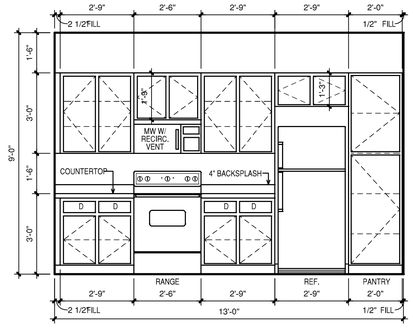
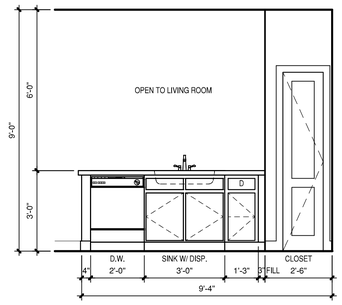
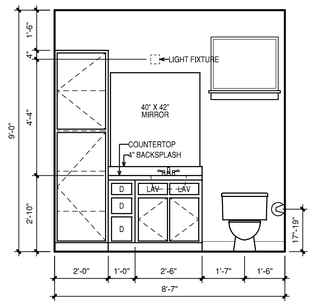


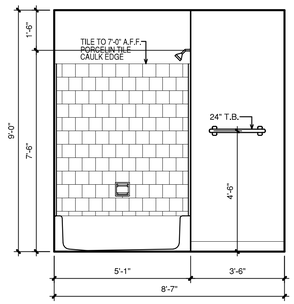
1 B1-1 KITCHEN
SCALE: 3/8"=1'-0"



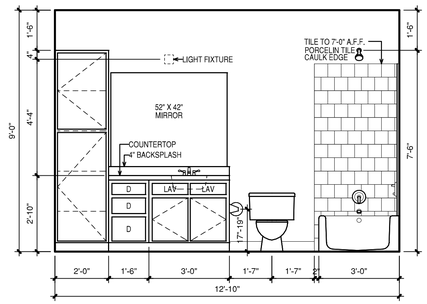
2 B1-1 KITCHEN
SCALE: 3/8"=1'-0"



3 B1-2 BATH #1
SCALE: 3/8"=1'-0"



4 B1-2 BATH #1
SCALE: 3/8"=1'-0"



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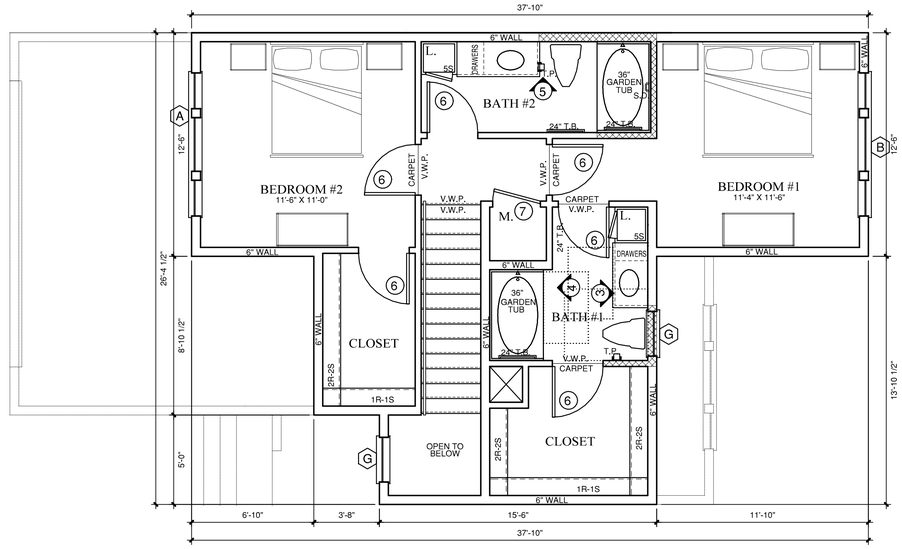
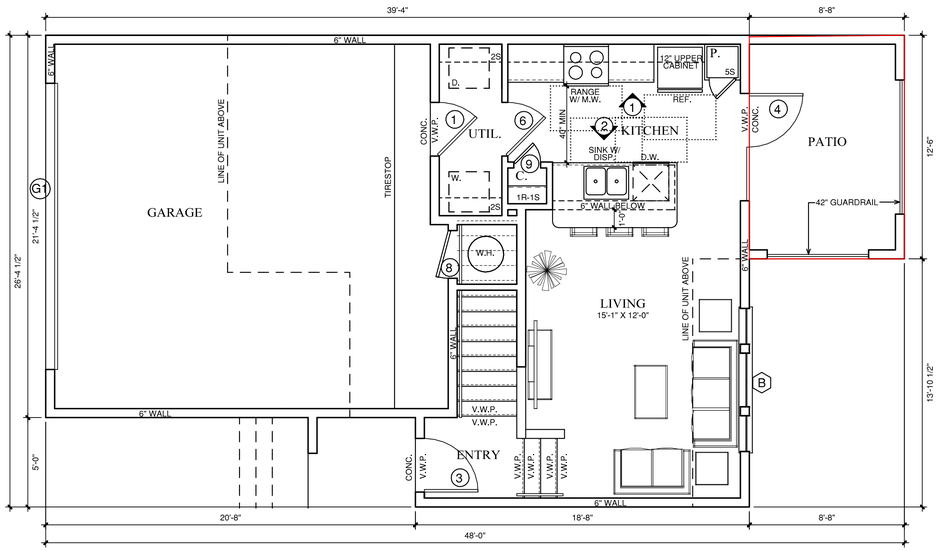
SCALE: 3/8"=1'-0"



B1-2(a) TWO BEDROOM/TWO BATH — 647 S.F. NET (2ND)
SCALE: 1/4"=1'-0" — SECOND FLOOR



B1-1(a) TWO BEDROOM/TWO BATH — 464 S.F. NET (1ST) / 1,111 S.F. TOTAL NET
SCALE: 1/4"=1'-0" — FIRST FLOOR

HATCH/SYMBOL LEGEND:

- CROSSHATCHING IN PLAN AND ELEVATION INDICATES AREAS TO BE SUFFICIENTLY BLOCKED FOR GRAB BARS. OCCURS AT GROUND FLOOR UNITS ONLY REFER TO FHA AND SHEETS FOR DIMENSIONS.
- HATCHING IN PLAN AND ELEVATION INDICATES 14" FURRDOWN
- HATCHING INDICATES REMOVABLE CABINET FACE
- DOTTED OUTLINE IN PLAN INDICATES REQUIRED CLEAR FLOOR SPACE REFER TO FHA SHEETS FOR DIMENSIONS

#S = NUMBER OF SHELVES
(DX) = DOOR TYPE RE: A2-01
(X) = WINDOW TYPE RE: A2-02
(#) = MUST MEET ANSI A REQUIREMENTS
(*) = INDICATES TEMPERED WINDOWS

ABBREVIATE NOTE:
1R-1S - ONE ROD & ONE SHELF
2R-2S - TWO ROD & TWO SHELF
S.D. - SOAP DISH
T.B. - TOWEL BAR
T.P. - TOILET PAPER
M.C. - MEDICINE CABINET
T.H. - TOWEL HOOK
T.R. - TOWEL RING
F.D. - FLOOR DRAIN

FLOOR FINISH LEGEND:
V.W.P. = VINYL WOOD PLANK
CONC = CONCRETE (BROOM FINISH)
CPT = CARPET

LINETYPE LEGEND:
- WALL BELOW
- SHELF W/ ROD 1R1S = 1ROD/1 SHELF 2R2S = 2ROD/2 SHELVES
- CABINET/SHELF BELOW COUNTER

GENERAL NOTES:
- ALL PLAN DIMS ARE TO FRAMING
- REFER TO A0-11, A0-12 AND A0-13 FOR ACCESSIBILITY REQUIREMENTS.
- REFER TO BUILDING PLAN FOR LOCATION OF UNIT PARTIAL.
- REFER TO SHEET A7-11 & A7-12 FOR TYPICAL DETAILS
- USE CABINET FILL AS REQUIRED.
- TUB R.O. TO 5'-1 1/2", TYPICAL.
- ACOUSTAMAT 1 AT HARD SURFACES
- RE: MEP FOR WASHER/DRYER DRAIN PAN LOCATIONS
- SWITCHES/CONTROLS/THERMOSTATS, ETC., ARE INSTALLED AT A RANGE OF 15" TO 48" FOR FORWARD REACH OR 9" TO 54" FOR SIDE REACH, ABOVE THE FLOOR. ANSI 308 AND IEC 380
- RECEPTACLE OUTLETS ARE INSTALLED AT LEAST 15" ABOVE THE FLOOR. ANSI 308 AND IEC 210
- WIRE SHELVING TO BE INSTALLED IN CLOSETS, LINEN, PANTRY AND SHOE SHELVES

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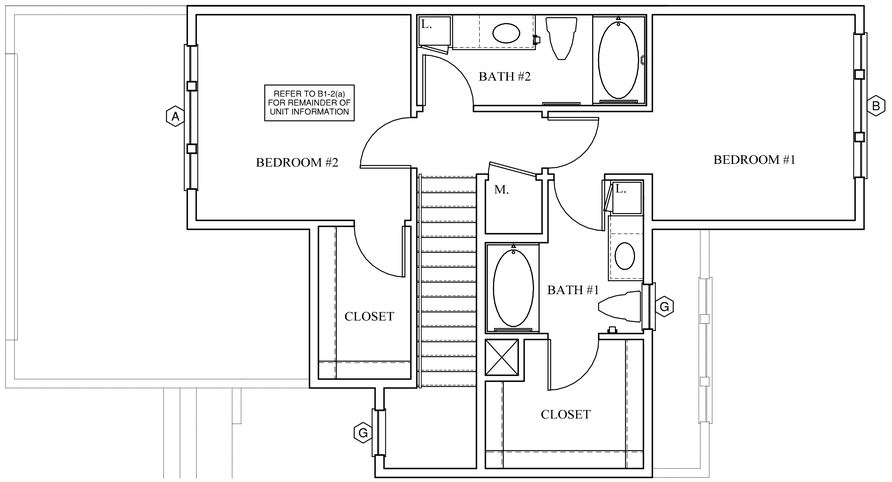
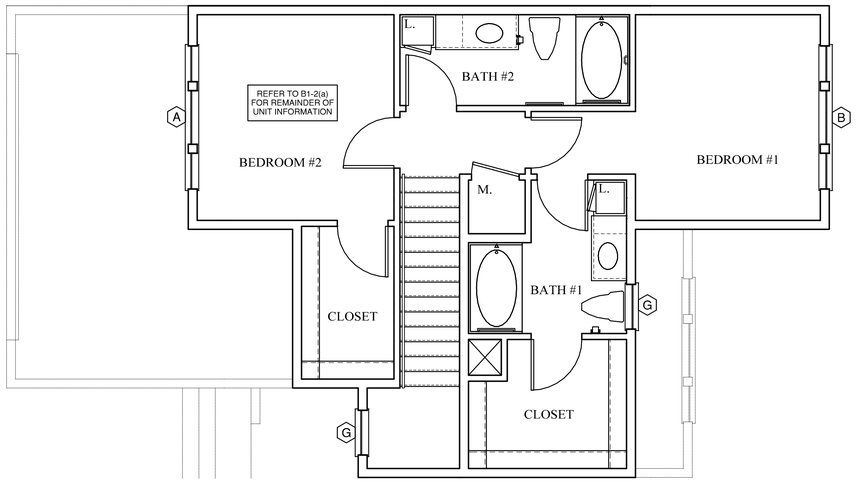


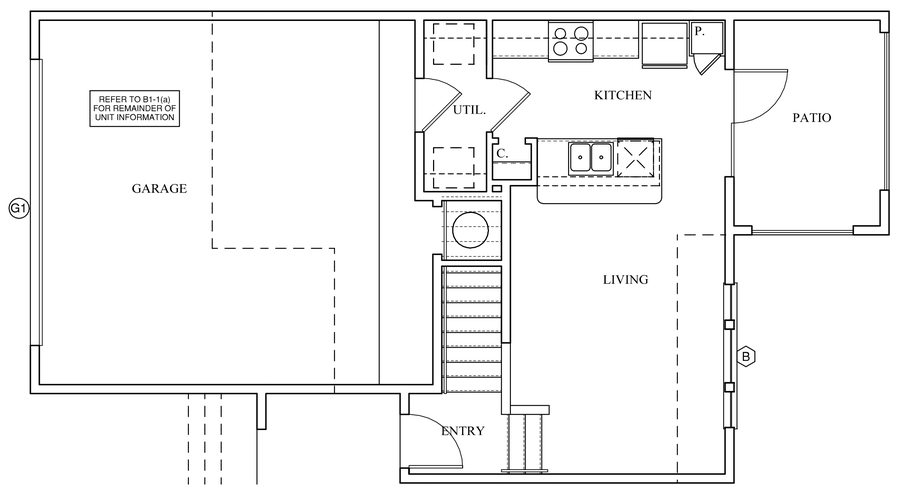
B1-2(c) TWO BEDROOM/TWO BATH — 646 S.F. NET (2ND)

SCALE: 1/4"=1'-0"



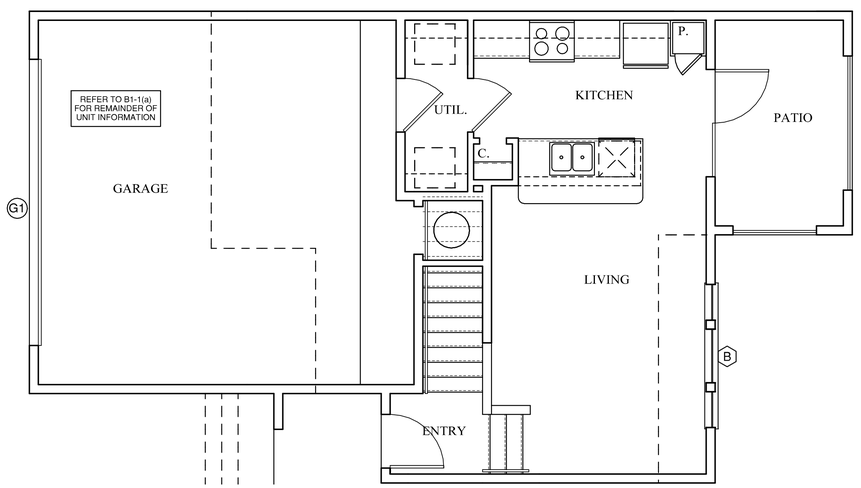
B1-2(b) TWO BEDROOM/TWO BATH — 621 S.F. NET (2ND)

SCALE: 1/4"=1'-0"



B1-1(c) TWO BEDROOM/TWO BATH — 464 S.F. NET (1ST) / 1,111 S.F. TOTAL NET

SCALE: 1/4"=1'-0" FIRST FLOOR



B1-1(b) TWO BEDROOM/TWO BATH — 464 S.F. NET (1ST) / 1,086 S.F. TOTAL NET

SCALE: 1/4"=1'-0" FIRST FLOOR

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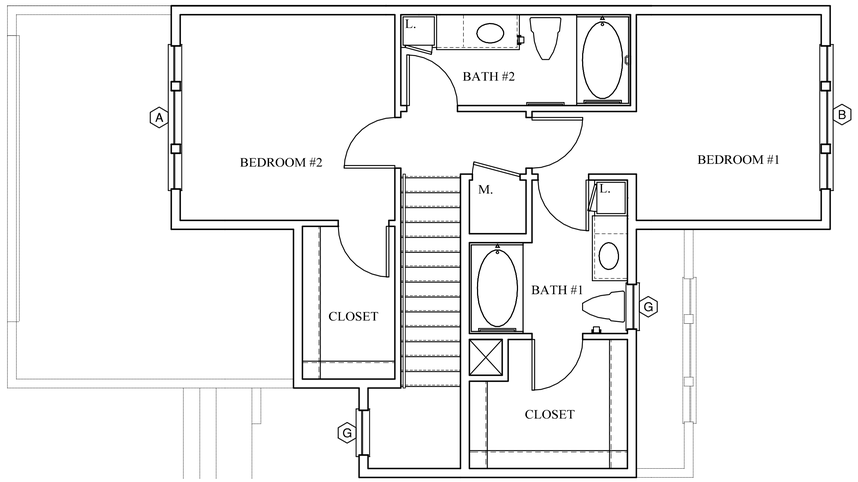
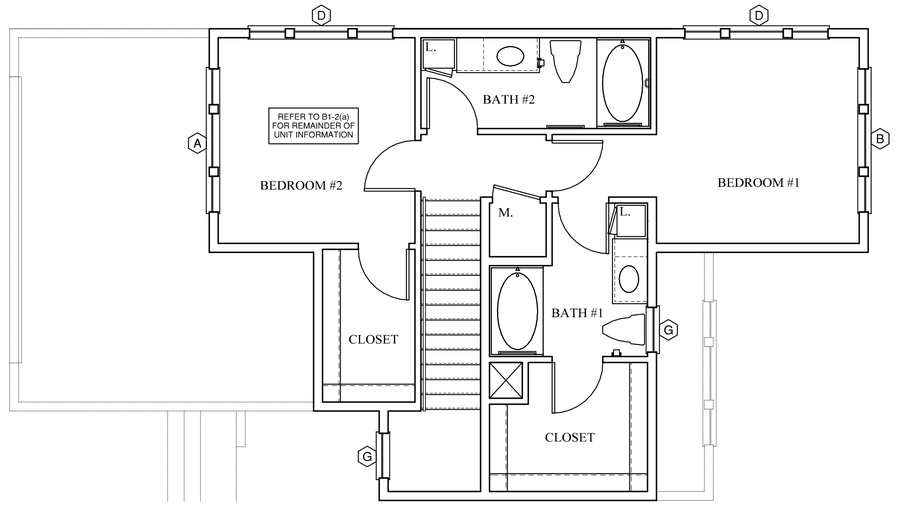


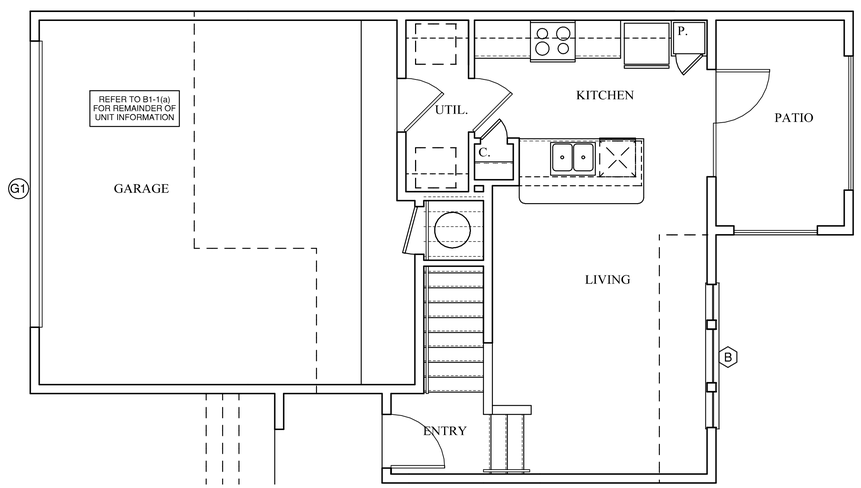
B1-2(e) TWO BEDROOM/TWO BATH — 634 S.F. NET (2ND)

SCALE: 1/4"=1'-0"



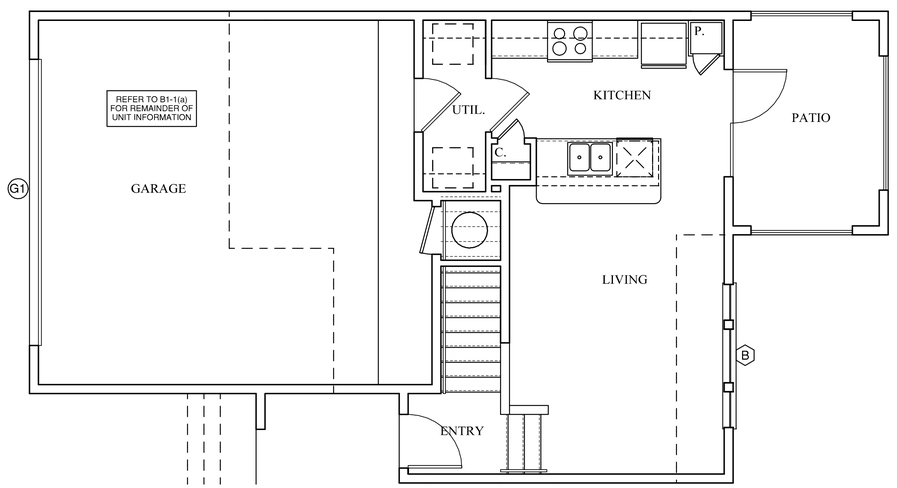
B1-2(d) TWO BEDROOM/TWO BATH — 634 S.F. NET (2ND)

SCALE: 1/4"=1'-0"



B1-1(e) TWO BEDROOM/TWO BATH — 464 S.F. NET (1ST)

SCALE: 1/4"=1'-0" FIRST FLOOR — 1,098 S.F. TOTAL NET



B1-1(d) TWO BEDROOM/TWO BATH — 464 S.F. NET (1ST)

SCALE: 1/4"=1'-0" FIRST FLOOR — 1,098 S.F. TOTAL NET

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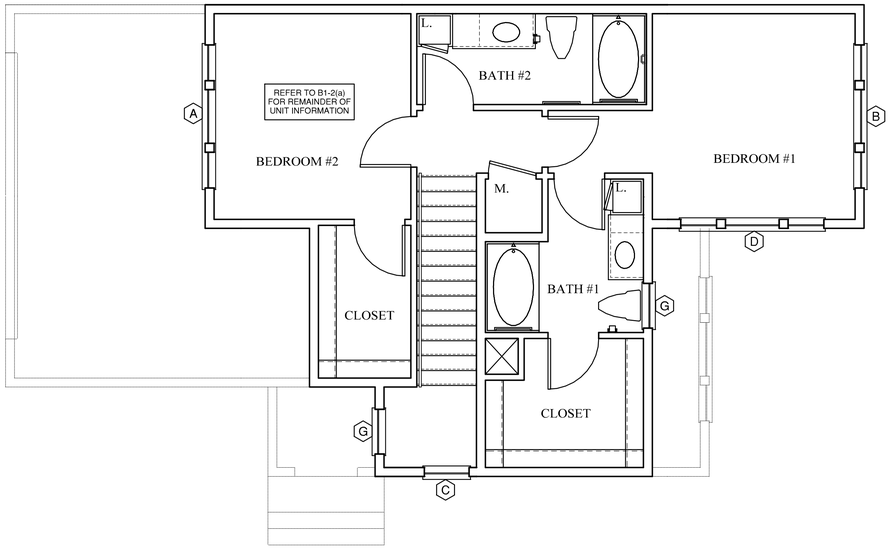
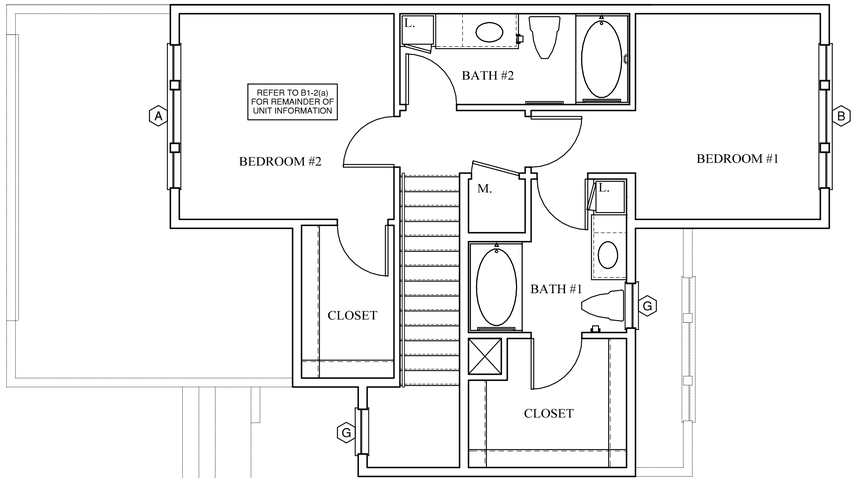


B1-2(g) TWO BEDROOM/TWO BATH — 634 S.F. NET (2ND)
SCALE: 1/4"=1'-0"



B1-2(f) TWO BEDROOM/TWO BATH — 634 S.F. NET (2ND)
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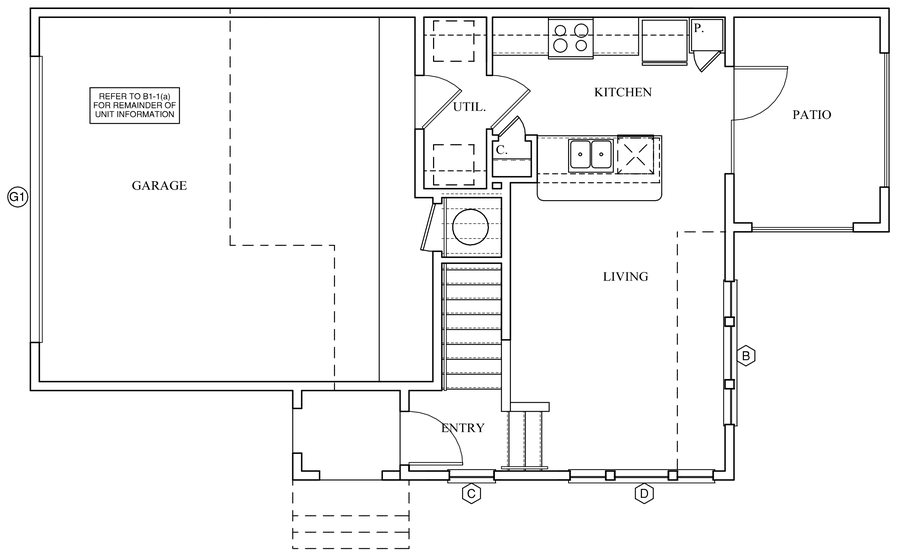
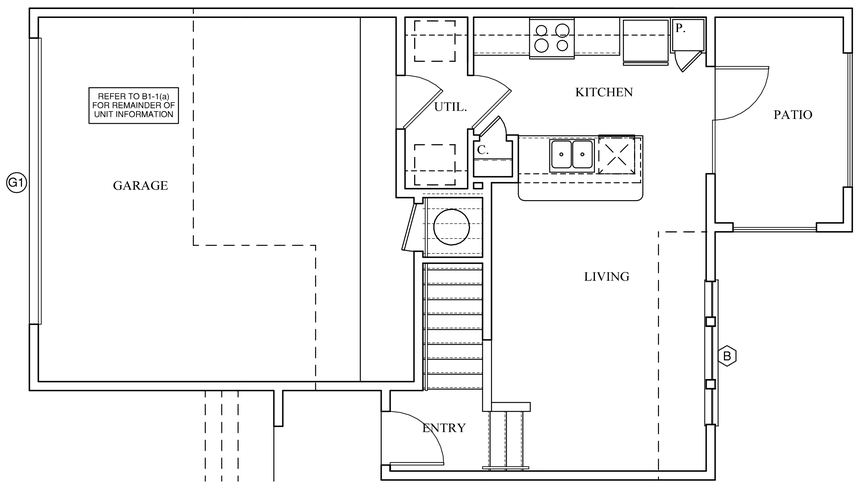


B1-1(g) TWO BEDROOM/TWO BATH — 464 S.F. NET (1ST)
SCALE: 1/4"=1'-0" — FIRST FLOOR — 1,098 S.F. TOTAL NET



B1-1(f) TWO BEDROOM/TWO BATH — 464 S.F. NET (1ST)
SCALE: 1/4"=1'-0" — FIRST FLOOR — 1,098 S.F. TOTAL NET

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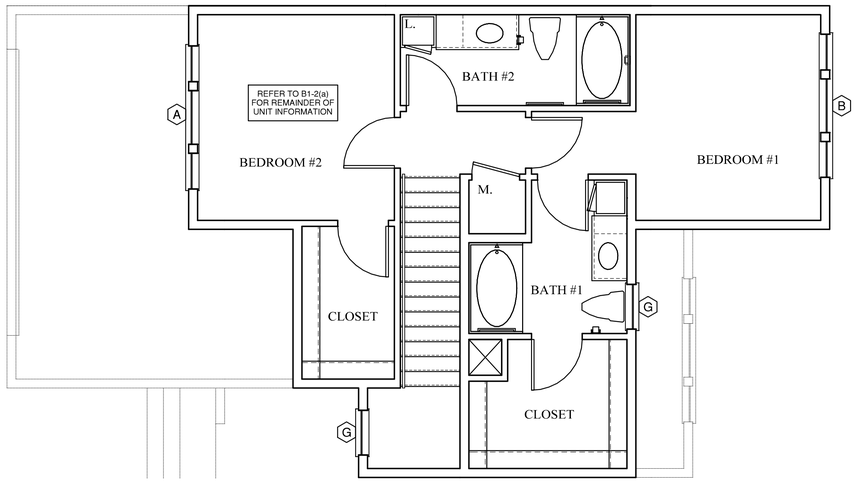

B1-2(h) TWO BEDROOM/TWO BATH — 622 S.F. NET (2ND)

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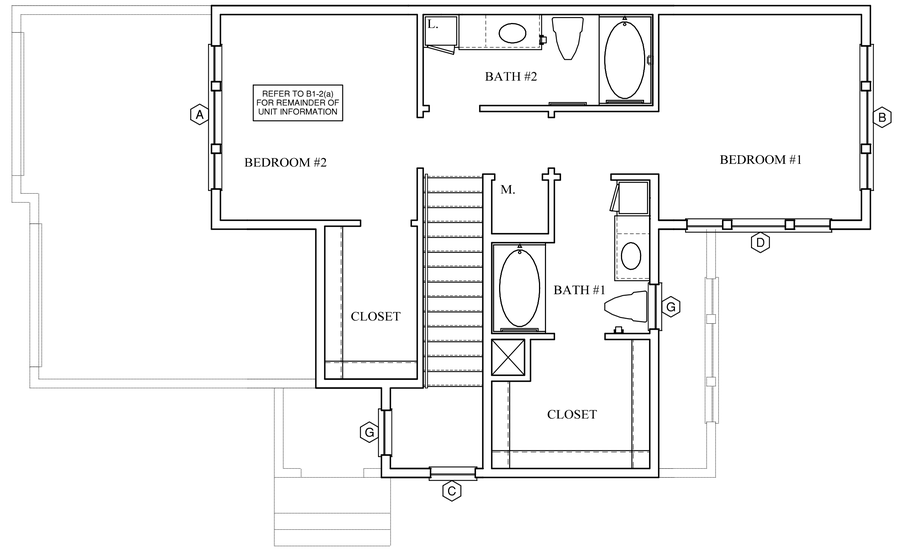
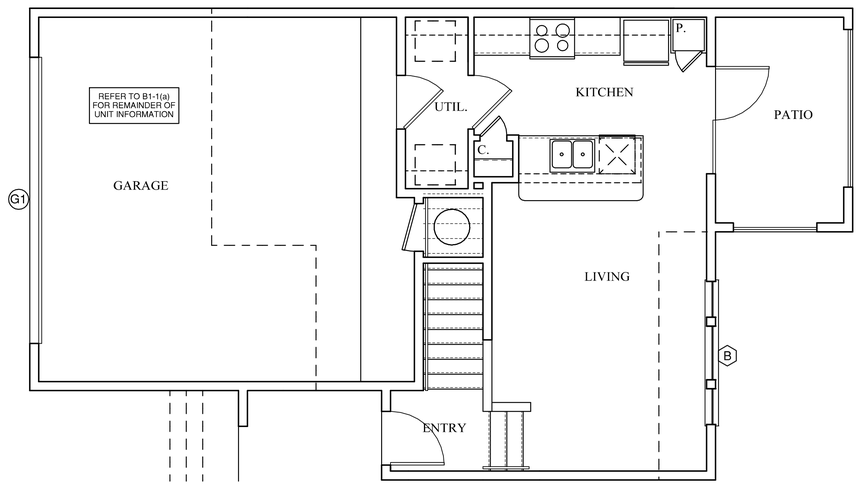


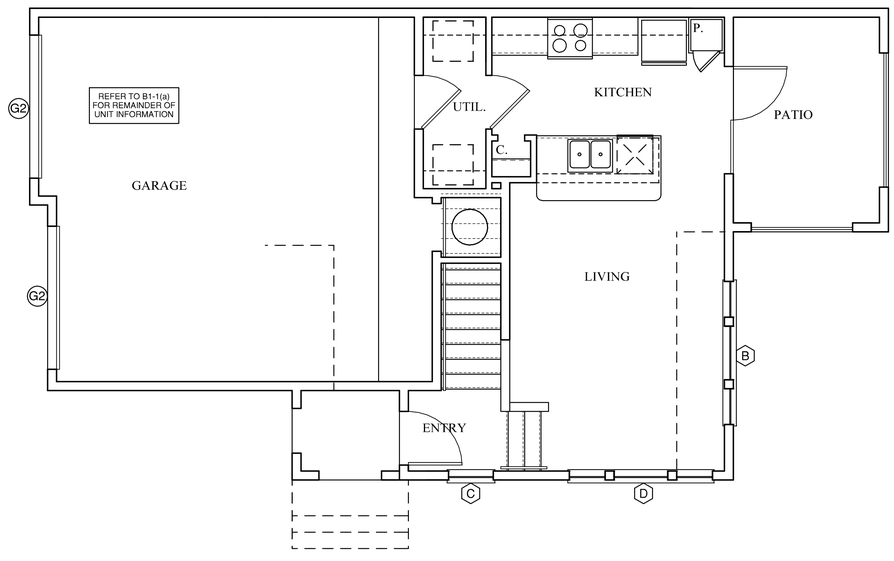
B1-2(g)alt TWO BEDROOM/TWO BATH — 634 S.F. NET (2ND)

SCALE: 1/4"=1'-0"



B1-1(h) TWO BEDROOM/TWO BATH — 464 S.F. NET (1ST)

SCALE: 1/4"=1'-0" — FIRST FLOOR — 1,086 S.F. TOTAL NET



B1-1(g)alt TWO BEDROOM/TWO BATH — 464 S.F. NET (1ST)

SCALE: 1/4"=1'-0" — FIRST FLOOR — 1,098 S.F. TOTAL NET

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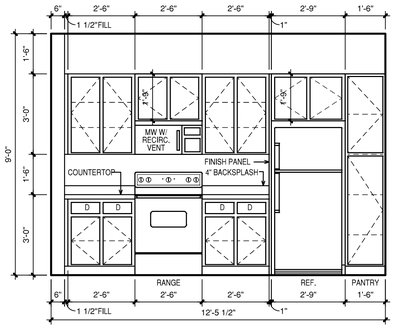
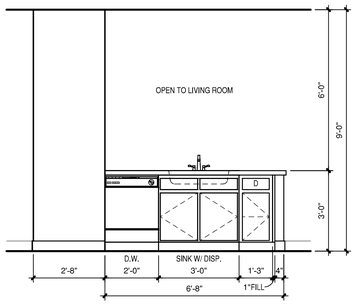
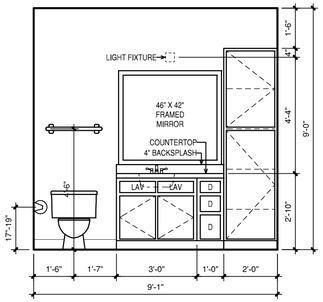


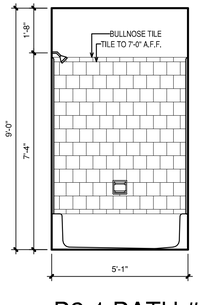
1 B2-1 KITCHEN
SCALE: 3/8"=1'-0"



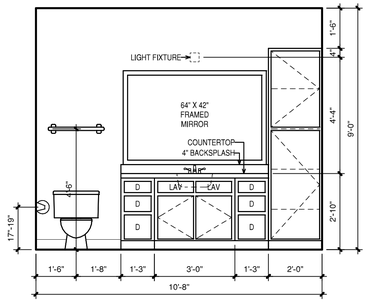
2 B2-1 KITCHEN
SCALE: 3/8"=1'-0"



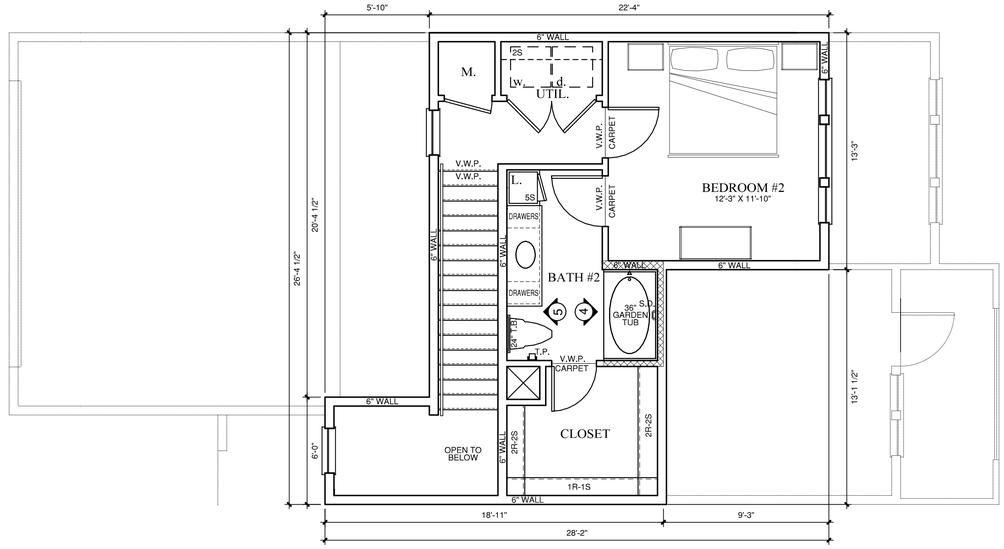
3 B2-1 BATH #1
SCALE: 3/8"=1'-0"



4 B2-1 BATH #1 & B2-2 BATH #2
SCALE: 3/8"=1'-0"



5 B2-2 BATH #2
SCALE: 3/8"=1'-0"



* NOTE: REFER TO SITE PLAN FOR CHAIR LIFT LOCATION AT B2 UNIT

B2-2(a)(b) TWO BEDROOM/TWO BATH — 398 S.F. NET (2ND)
SCALE: 1/4"=1'-0" — SECOND FLOOR

HATCH/SYMBOL LEGEND:

- CROSSHATCHING IN PLAN AND ELEVATION INDICATES AREAS TO BE SUFFICIENTLY BLOCKED FOR GRAB BARS. OCCURS AT GROUND FLOOR UNITS ONLY REFER TO FHA AND SHEETS FOR DIMENSIONS.
- HATCHING IN PLAN AND ELEVATION INDICATES 14" FURRDOWN
- HATCHING INDICATES REMOVABLE CABINET FACE
- DOTTED OUTLINE IN PLAN INDICATES REQUIRED CLEAR FLOOR SPACE REFER TO FHA SHEETS FOR DIMENSIONS

#S = NUMBER OF SHELVES
(DX) = DOOR TYPE RE: A2-01
(X) = WINDOW TYPE RE: A2-02
(#) = MUST MEET ANSI A REQUIREMENTS
(*) = INDICATES TEMPERED WINDOWS

ABBREVIATE NOTE:

1R-1S	- ONE ROD & ONE SHELF
2R-2S	- TWO ROD & TWO SHELF
S.D.	- SOAP DISH
T.B.	- TOWEL BAR
T.P.	- TOILET PAPER
M.C.	- MEDICINE CABINET
T.H.	- TOWEL HOOK
T.R.	- TOWEL RING
F.D.	- FLOOR DRAIN

FLOOR FINISH LEGEND:

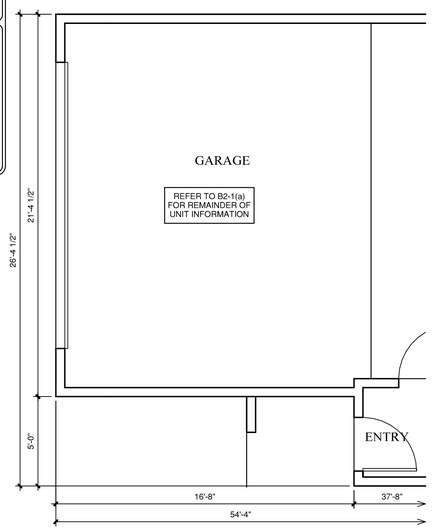
V.W.P. = VINYL WOOD PLANK
CONC = CONCRETE (BROOM FINISH)
CPT = CARPET

LINETYPE LEGEND:

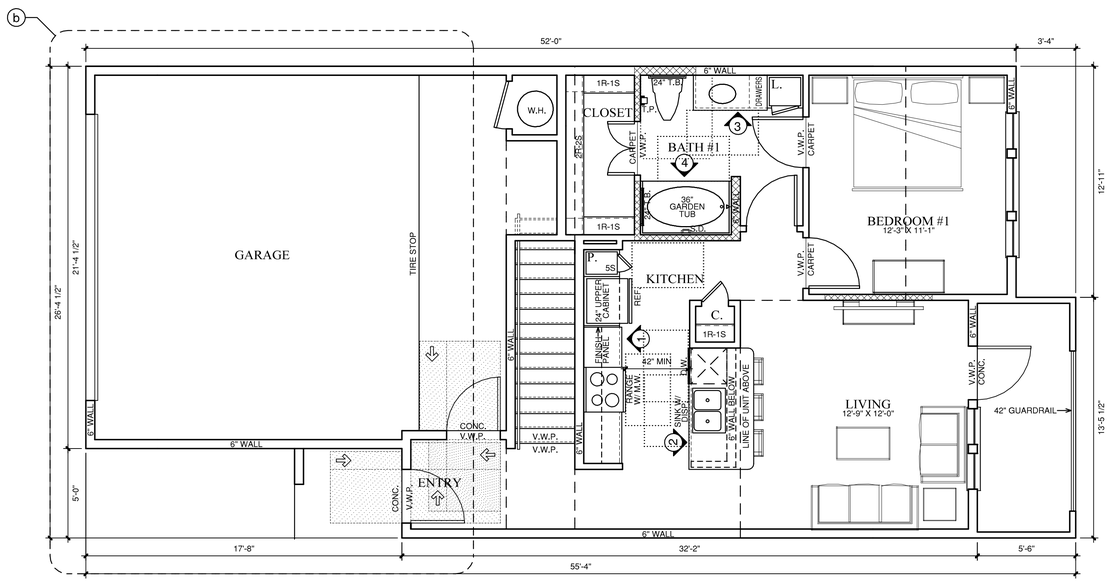
- WALL BELOW
- SHELF W/ ROD — 1R1S = 1ROD/1 SHELF — 2R2S = 2ROD/2 SHELVES
- CABINET/SHELF BELOW COUNTER

GENERAL NOTES:

- ALL PLAN DIMS ARE TO FRAMING
- REFER TO A0-11, A0-12 AND A0-13 FOR ACCESSIBILITY REQUIREMENTS.
- REFER TO BUILDING PLAN FOR LOCATION OF UNIT PARTIAL.
- REFER TO SHEET A7-11 & A7-12 FOR TYPICAL DETAILS
- USE CABINET FILL AS REQUIRED.
- TUB R.O. TO 5'-1 1/2", TYPICAL
- ACOUSTAMAT 1 AT HARD SURFACES
- RE: MEP FOR WASHER/DRYER DRAIN PAN LOCATIONS
- SWITCHES/CONTROLS/THERMOSTATS, ETC., ARE INSTALLED AT A RANGE OF 15" TO 48" FOR FORWARD REACH OR 9" TO 54" FOR SIDE REACH, ABOVE THE FLOOR. ANSI 308 AND IEC 380
- RECEPTACLE OUTLETS ARE INSTALLED AT LEAST 15" ABOVE THE FLOOR, ANSI 308 AND IEC 210



B2-1(b) TWO BEDROOM/TWO BATH — 732 S.F.
SCALE: 1/4"=1'-0" — FIRST FLOOR — 1,130 S.F. TOTAL



* NOTE: REFER TO SITE PLAN FOR CHAIR LIFT LOCATION AT B2 UNIT

B2-1(a) TWO BEDROOM/TWO BATH — 732 S.F. NET (1ST)
SCALE: 1/4"=1'-0" — FIRST FLOOR — 1,130 S.F. TOTAL NET

REVISIONS

VERANDA
40 APARTMENTS PLANO, TEXAS FOR
PLANO HOUSING CORPORATION

ISSUED FOR
TDHCA MODIFICATION SUBMISSION
07-21-17

REVIEW SET NOT TO BE USED FOR REGULATORY APPROVAL, PERMIT, OR CONSTRUCTION.

BGO architects
4202 Beltway Drive
Addison, TX 75001
214.520.8878
bgoarchitects.com

DATE
07-21-17

PROJECT
14251

SHEET NUMBER
A2-15
B2 UNIT & CONDITIONS

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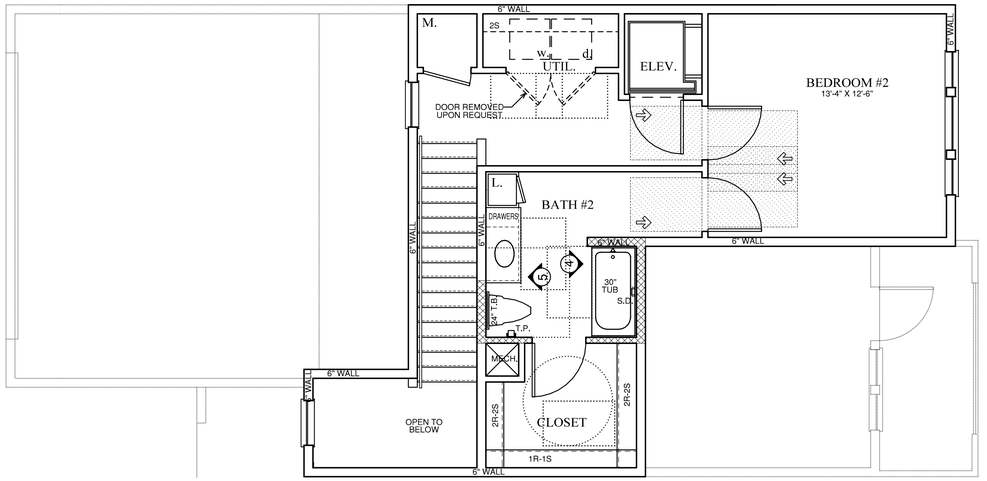
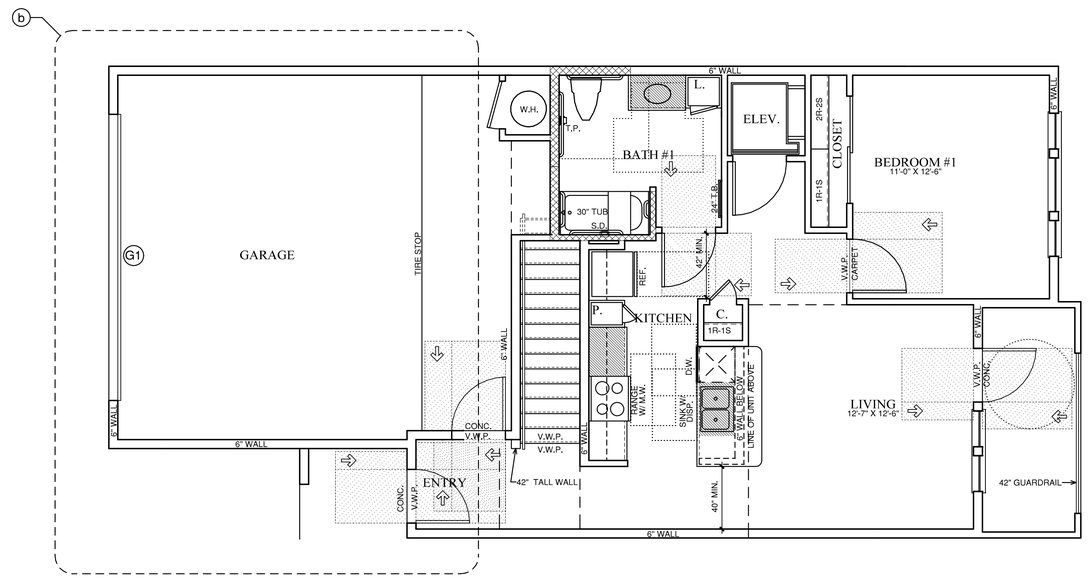


B2-2(ada) TWO BEDROOM/TWO BATH — 490 S.F. NET (2ND)

SCALE: 1/4"=1'-0" — SECOND FLOOR



B2-1(ada) TWO BEDROOM/TWO BATH — 766 S.F. NET (1ST) / 1,256 S.F. TOTAL NET

SCALE: 1/4"=1'-0" — FIRST FLOOR

HATCH/SYMBOL LEGEND:

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- RECEPTACLE OUTLETS ARE INSTALLED AT LEAST 15" ABOVE THE FLOOR, ANSI 308 AND IEC 210
- WIRE SHELVING TO BE INSTALLED IN CLOSETS, LINEN, PANTRY AND SHOE SHELVES

REVISIONS

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
PLANO HOUSING CORPORATION

ISSUED FOR
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08-09-17

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DATE
08-09-17

PROJECT
14251

SHEET NUMBER
A2-16
B2 ADA UNIT & CONDITIONS

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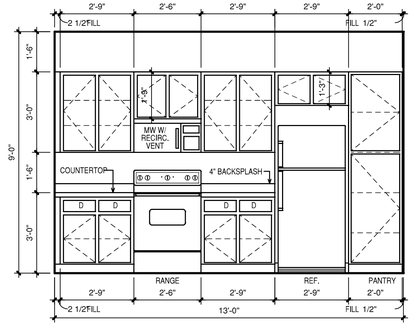
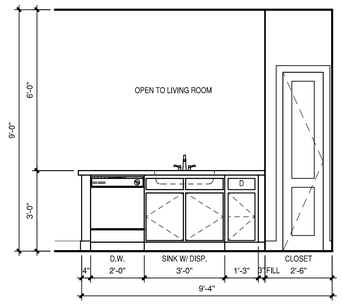
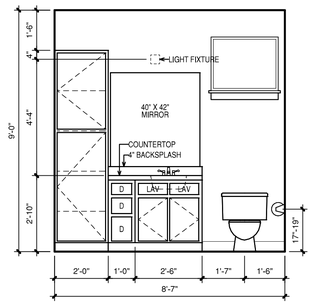


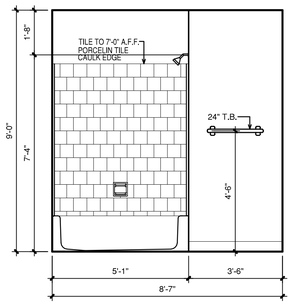
1 C1-1 KITCHEN
SCALE: 3/8"=1'-0"



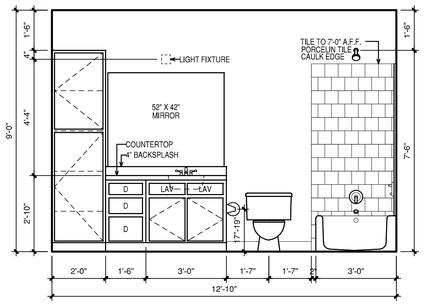
2 C1-1 KITCHEN
SCALE: 3/8"=1'-0"



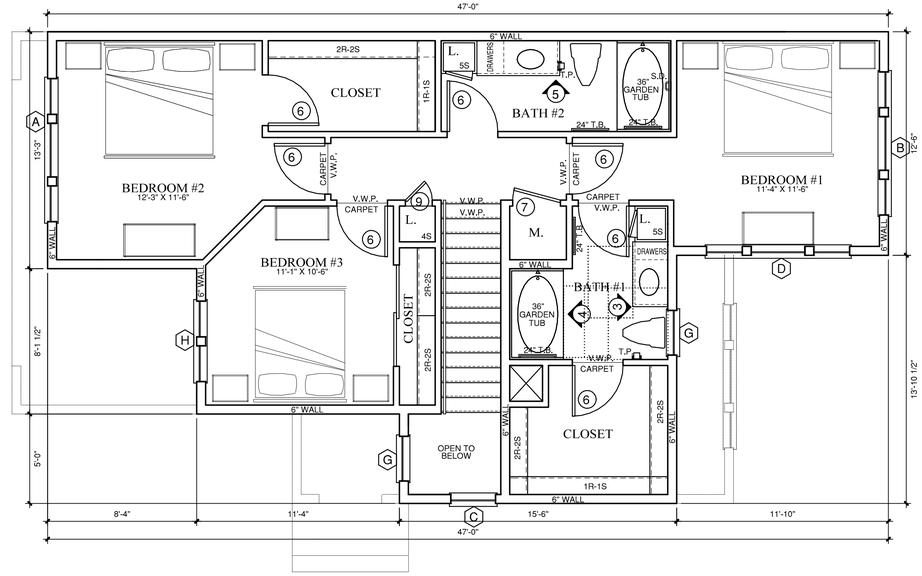
3 C1-2 BATH #1
SCALE: 3/8"=1'-0"



4 C1-2 BATH #1
SCALE: 3/8"=1'-0"



5 C1-2 BATH #2
SCALE: 3/8"=1'-0"



C1-2(a) THREE BEDROOM/TWO BATH
SCALE: 1/4"=1'-0"

835 S.F. NET (2ND)

SECOND FLOOR

HATCH/SYMBOL LEGEND:

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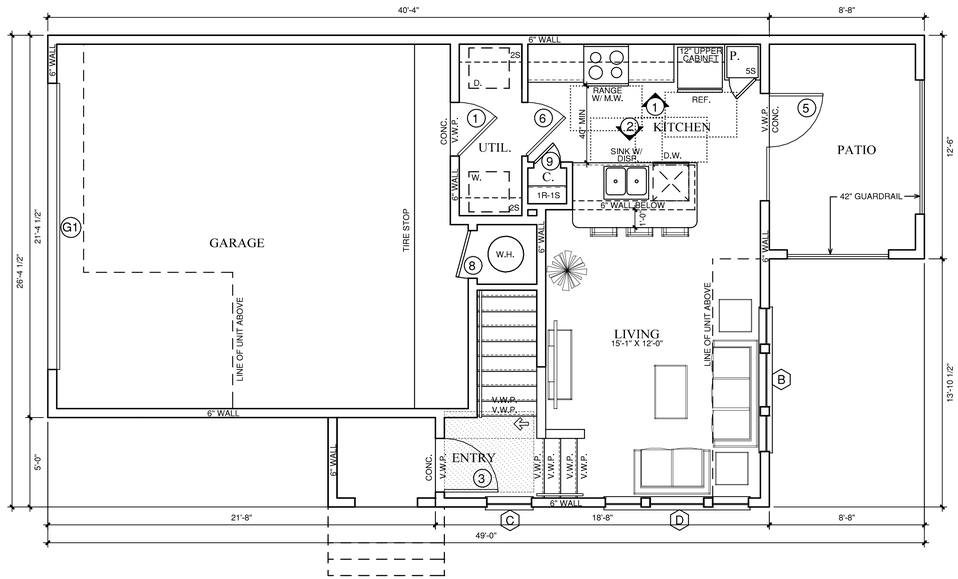

C1-1(a) THREE BEDROOM/TWO BATH
SCALE: 1/4"=1'-0"

464 S.F. NET (1ST)
1,299 S.F. TOTAL NET

FIRST FLOOR

amam - 8/9/2017 - RB

REVISIONS

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
PLANO HOUSING CORPORATION

ISSUED FOR
TDHCA MODIFICATION SUBMISSION
08-09-17

REVIEW SET NOT TO BE USED FOR REGULATORY APPROVAL, PERMIT, OR CONSTRUCTION.

BGO architects
4202 Beltway Drive
Addison, TX 75001
214.520.8878
bgoarchitects.com

DATE
08-09-17

PROJECT
14251

SHEET NUMBER
A2-17
C1 UNIT & CONDITIONS

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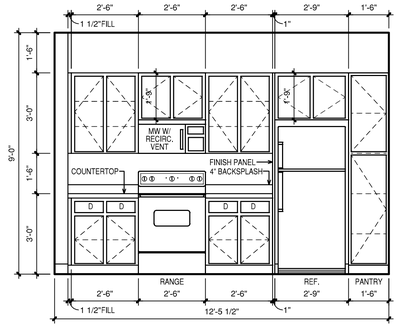
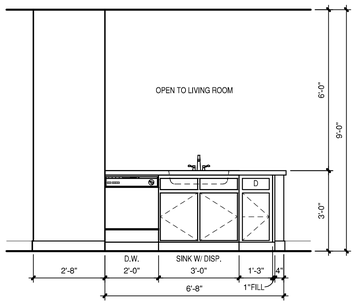
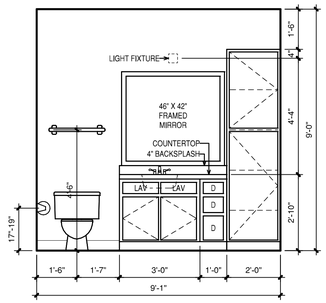


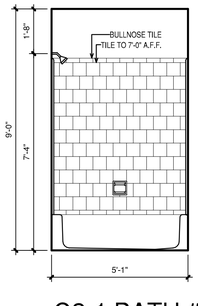
1 C2-1 KITCHEN
SCALE: 3/8"=1'-0"



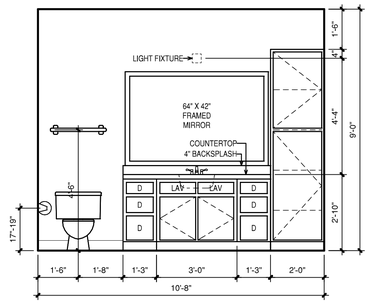
2 C2-1 KITCHEN
SCALE: 3/8"=1'-0"



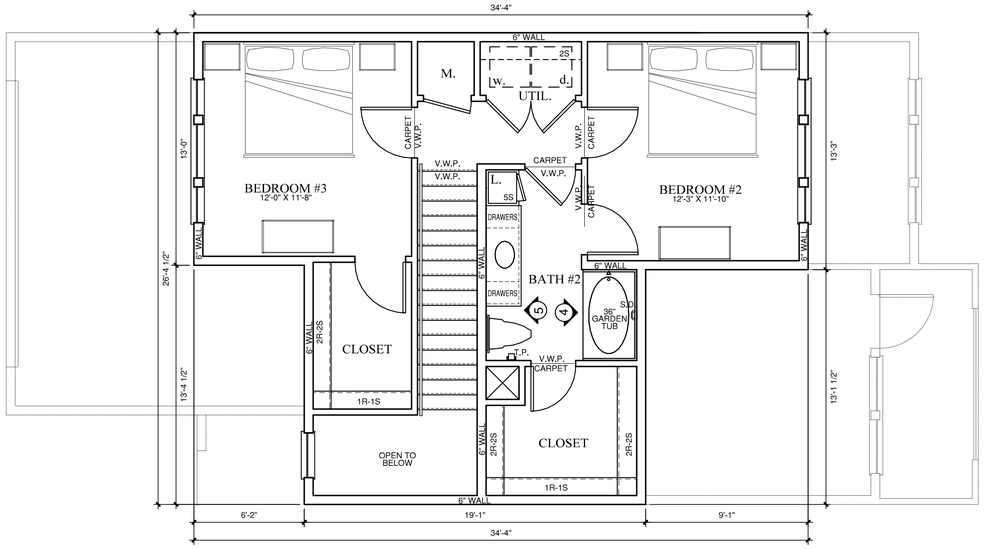
3 C2-1 BATH #1
SCALE: 3/8"=1'-0"



4 C2-1 BATH #1 & C2-2 BATH #2
SCALE: 3/8"=1'-0"



5 C2-2 BATH #2
SCALE: 3/8"=1'-0"



* NOTE: REFER TO SITE PLAN FOR CHAIR LIFT LOCATION AT C2 UNIT

C2-2(a) THREE BEDROOM/TWO BATH — 607 S.F. NET (SECOND)
SCALE: 1/4"=1'-0" — SECOND FLOOR

HATCH/SYMBOL LEGEND:
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1R-1S	- ONE ROD & ONE SHELF
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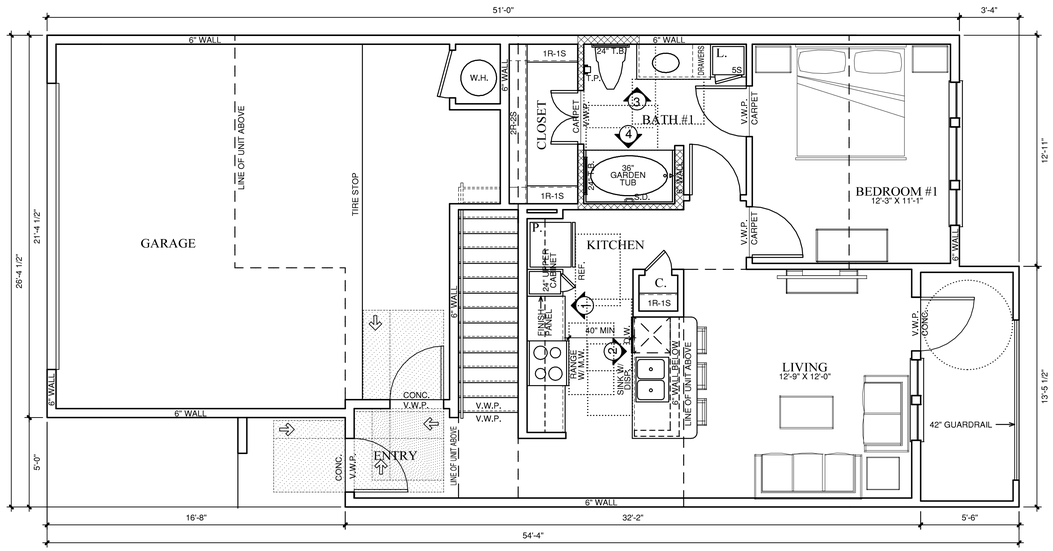

* NOTE: REFER TO SITE PLAN FOR CHAIR LIFT LOCATION AT C2 UNIT

C2-1(a) THREE BEDROOM/TWO BATH — 743 S.F. NET (IST) / 1,350 S.F. TOTAL NET
SCALE: 1/4"=1'-0" — FIRST FLOOR

REVISIONS

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SHEET NUMBER
A2-17
C2 UNIT & CONDITIONS

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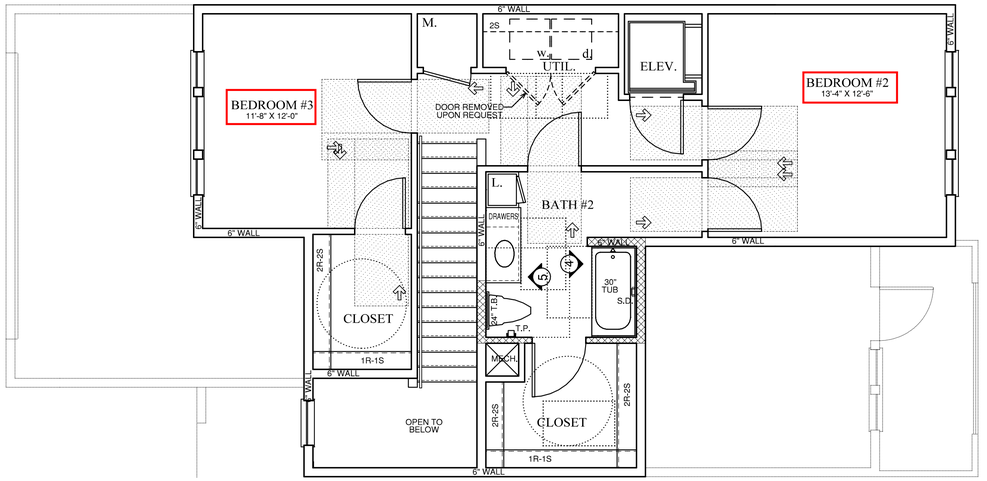
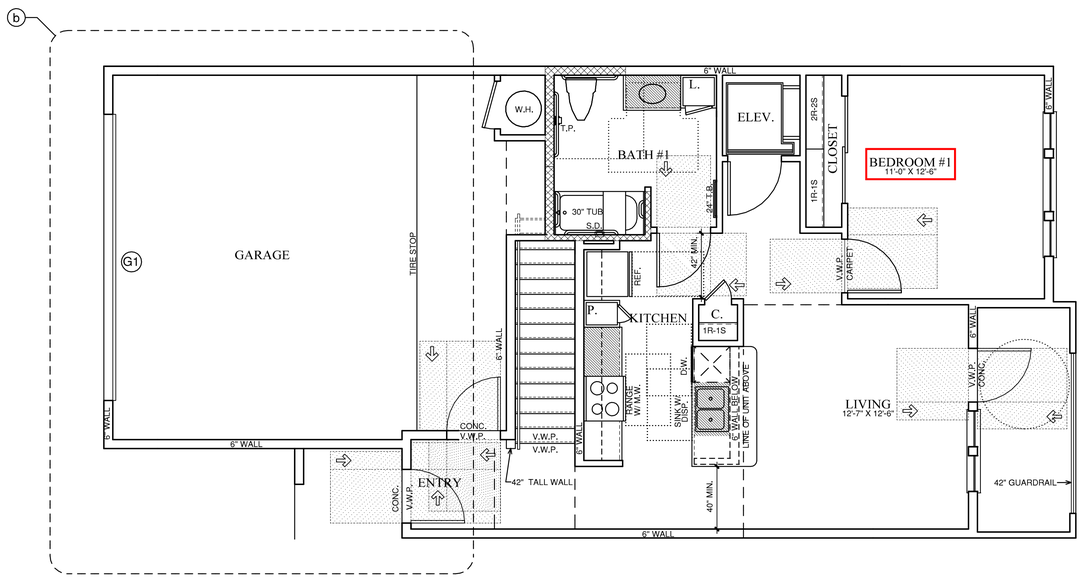


C2-2(ada)

TWO BEDROOM/TWO BATH — 698 S.F. NET (2ND)

SCALE: 1/4"=1'-0" — SECOND FLOOR



C2-1(ada)

TWO BEDROOM/TWO BATH — 766 S.F. NET (1ST)

SCALE: 1/4"=1'-0" — FIRST FLOOR — 1,464 S.F. TOTAL NET

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- REFER TO A0-11, A0-12 AND A0-13 FOR ACCESSIBILITY REQUIREMENTS.
- REFER TO BUILDING PLAN FOR LOCATION OF UNIT PARTIAL.
- REFER TO SHEET A7-11 & A7-12 FOR TYPICAL DETAILS
- USE CABINET FILL AS REQUIRED.
- TUB R.O. TO S-1 1/2", TYPICAL
- ACOUSTAMAT 1 AT HARD SURFACES
- RE: MEP FOR WASHER/DRYER DRAIN PAN LOCATIONS
- SWITCHES/CONTROLS/THERMOSTATS, ETC., ARE INSTALLED AT A RANGE OF 15" TO 48" FOR FORWARD REACH OR 9" TO 54" FOR SIDE REACH, ABOVE THE FLOOR. ANSI 308 AND IEC 380
- RECEPTACLE OUTLETS ARE INSTALLED AT LEAST 15" ABOVE THE FLOOR, ANSI 308 AND IEC 210
- WIRE SHELVING TO BE INSTALLED IN CLOSETS, LINEN, PANTRY AND SHOE SHELVES

REVISIONS

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
PLANO HOUSING CORPORATION

ISSUED FOR
TDHCA MODIFICATION SUBMISSION
08-09-17

REVIEW SET NOT TO BE USED FOR REGULATORY APPROVAL, PERMIT, OR CONSTRUCTION.

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08-09-17

PROJECT
14251

SHEET NUMBER
A2-19
C2 ADA UNIT & CONDITIONS

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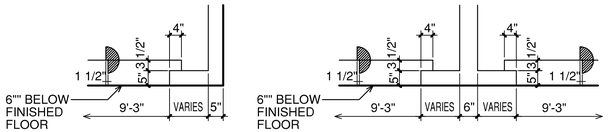
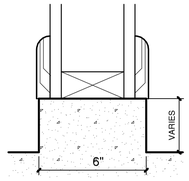


3 DETAIL AT GARAGE DOOR
1/2"=1'-0"



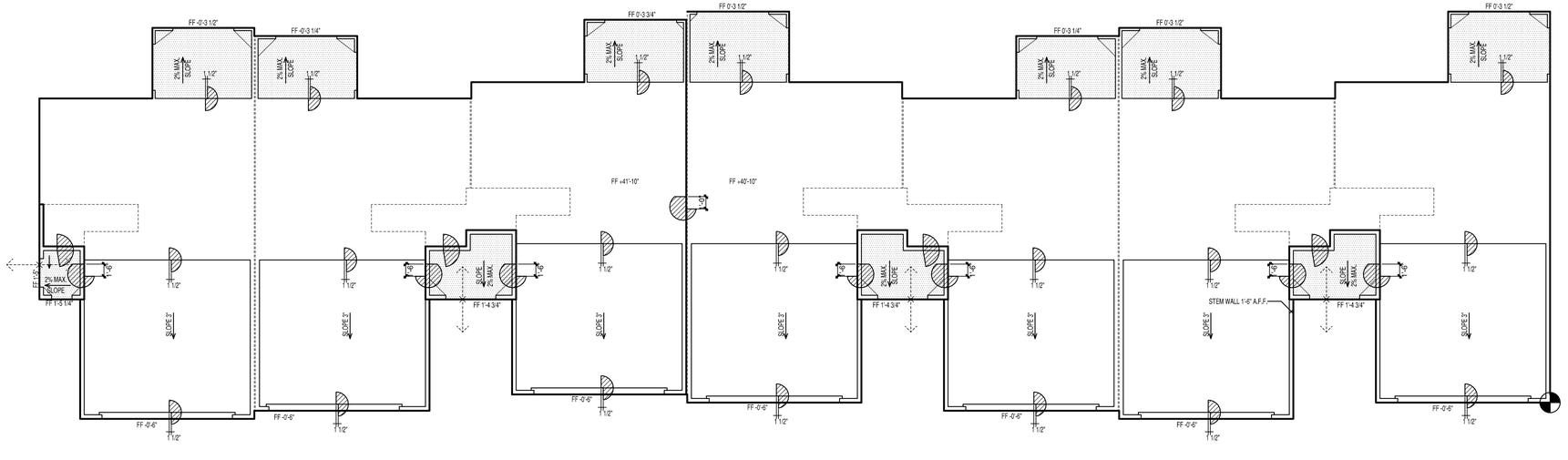
4 STEM WALL DETAIL AT GARAGE
3"=1'-0"

FORMING NOTES:

- REFER TO STRUCTURAL PLANS AND SPECIFICATIONS FOR ADDITIONAL REQUIREMENTS.
- CONTRACTOR SHALL COMPARE STRUCTURAL AND ARCHITECTURAL DRAWINGS AND REPORT ANY DISCREPANCY TO THE ARCHITECT PRIOR TO PROCEEDING WITH CONSTRUCTION.
- STRUCTURAL MEMBERS PLACED ON TOP OF STRUCTURAL MEMBERS PLACED BELOW.
- MAX. SLOPE IS 2% PER FOOT AT LOCATIONS NOTED AS "2% MAX SLOPE".
- ARROWS INDICATE DIRECTION OF SLOPE DOWN.
- WHERE SLOPE IS NOT SHOWN, FLOOR IS LEVEL WITH STEP AT FACE OF BELOW FINISHED FLOOR.
- SLOPE CONCRETE IN CORNERS SO NO PONDING OCCURS ON FINISHED FLOOR.
- CONCRETE FINISH TO BE NON-SLIP BROOM FINISH UNLESS NOTED OTHERWISE.
- COORDINATE CONTROL JOINTS IN ARCHITECTURAL FINISH WITH STRUCTURAL SLAB CONTROL JOINTS. TYPICAL.
- REFER TO ARCHITECTURAL FOUNDATION DETAILS

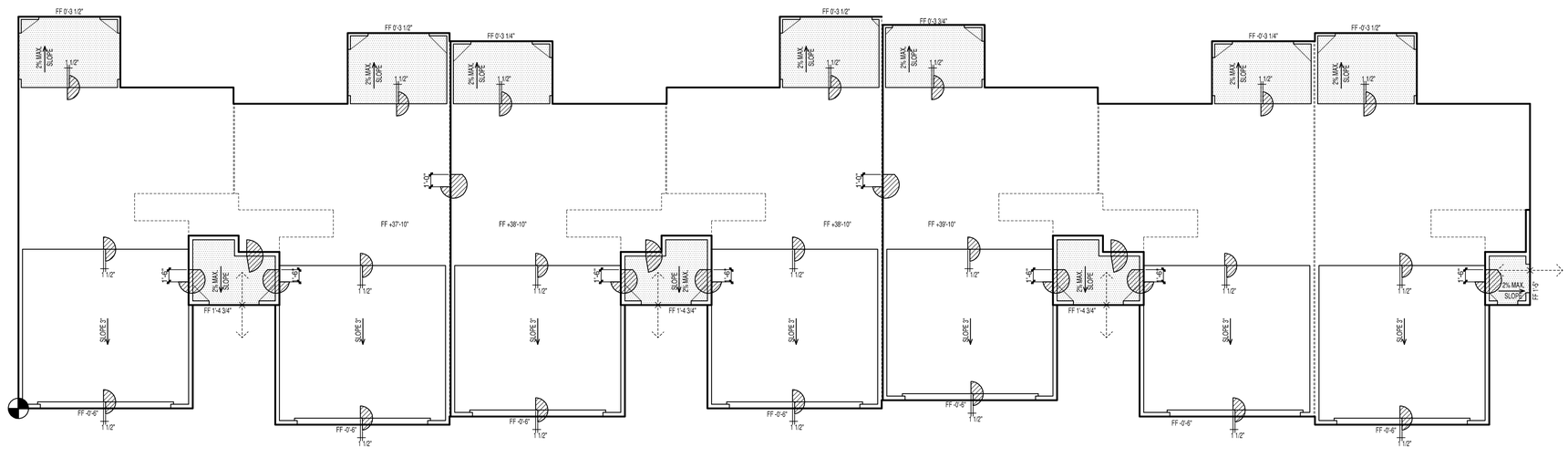
LEGEND:

- TO BE AT F.F.
- CONCRETE BROOM FINISH
- SLOPED CONCRETE BROOM FINISH
- FP — FLOOR PLUG
- FD — FLOOR DRAIN
- BUILDING ENTRANCE
- BUILDING ORIENTATION KEY
- INDICATES DROP IN ELEVATION
- INDICATES SLOPE FROM HIGH TO LOW (MAX. 1/4" PER FOOT)
- BUILDING DROP



2 BUILDING 'A' FORMING PLAN
SCALE: 1/8" = 1'-0"

BUILDINGS NUMBER(S) 4



1 BUILDING 'A' FORMING PLAN
SCALE: 1/8" = 1'-0"

BUILDINGS NUMBER(S) 1

REVISIONS

VERANDA

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BUILDING 'A' FLOOR PLANS

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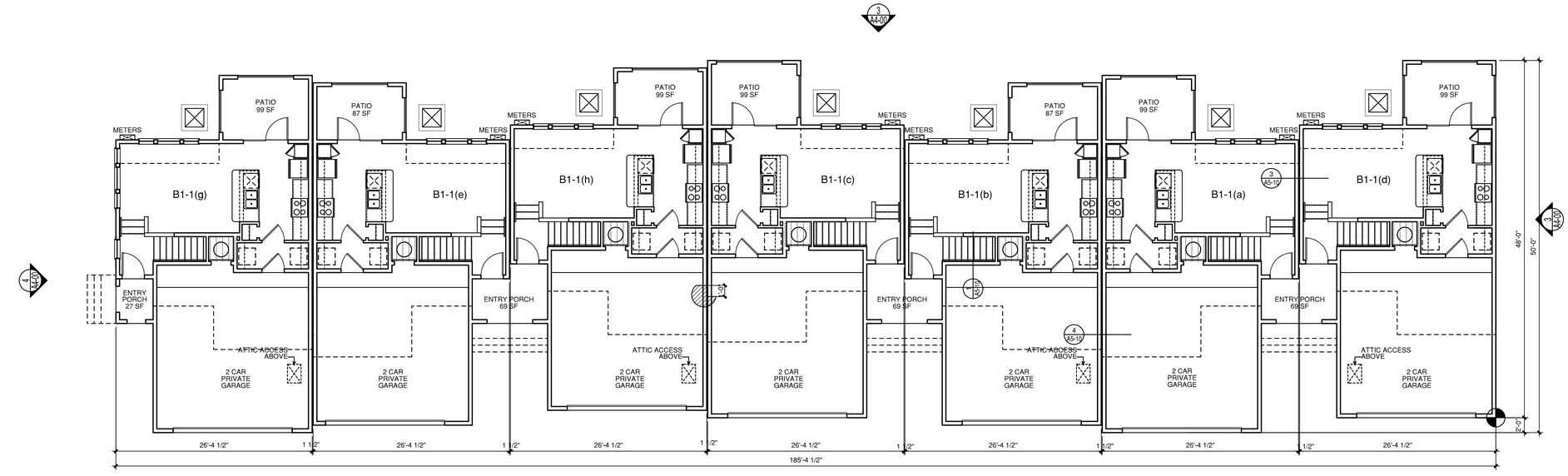
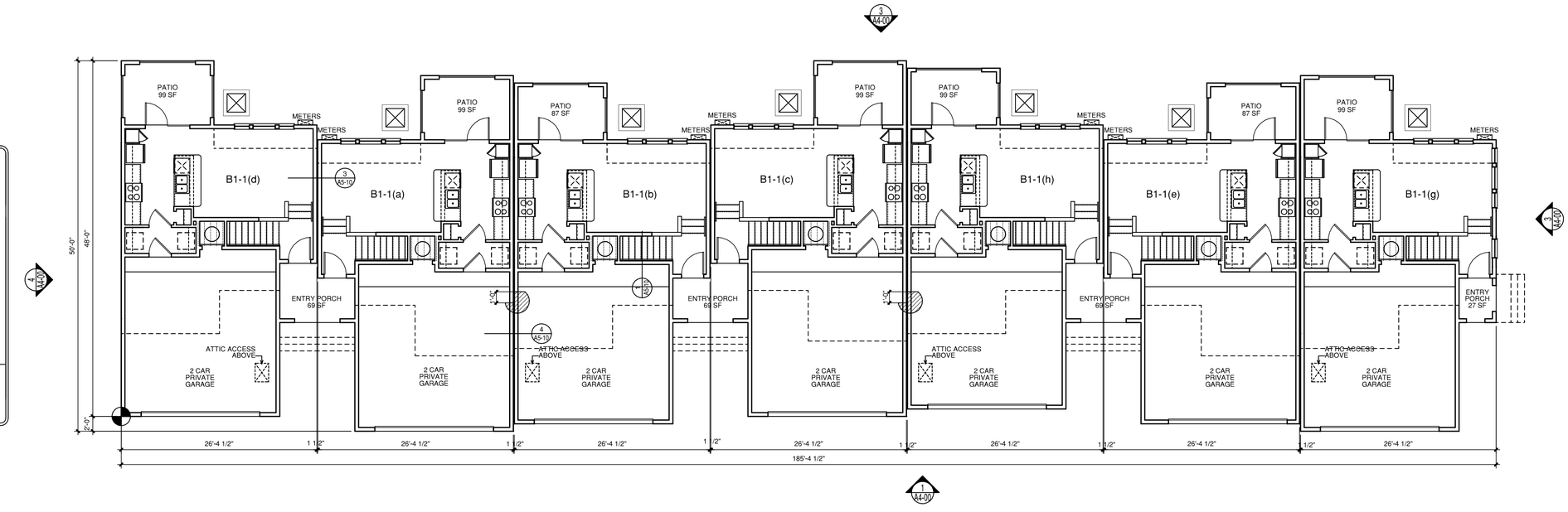


2 BUILDING 'A' FIRST FLOOR PLAN

SCALE: 1/8" = 1'-0"

BUILDINGS NUMBER(S) 4



1 BUILDING 'A' FIRST FLOOR PLAN

SCALE: 1/8" = 1'-0"

BUILDINGS NUMBER(S) 1

PLAN LEGEND:

- FE — FIRE EXTINGUISHERS
- X — DOOR KEY
- X — WINDOW KEY
- METER LOCATIONS
- CONDENSER
- W-1 — WALL TYPE INDICATOR
- X / W-XX — PLAN DETAIL KEY
- X / W-XX — SECTION DETAIL KEY
- X / W-XX — ELEVATION KEY

GENERAL NOTES:

WALL MOUNTED SERVICE EQUIPMENT AND SERVICE LINES TO BE PAINTED TO MATCH BUILDING.

ALL EXTERIOR MATIAL TRANSITIONS TO OCCUR AT INSIDE CORNER. IF A DISCREPANCY IS FOUNT INFORM THE ARCHITECT.

REVISIONS

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BUILDING 'A'
FLOOR PLANS

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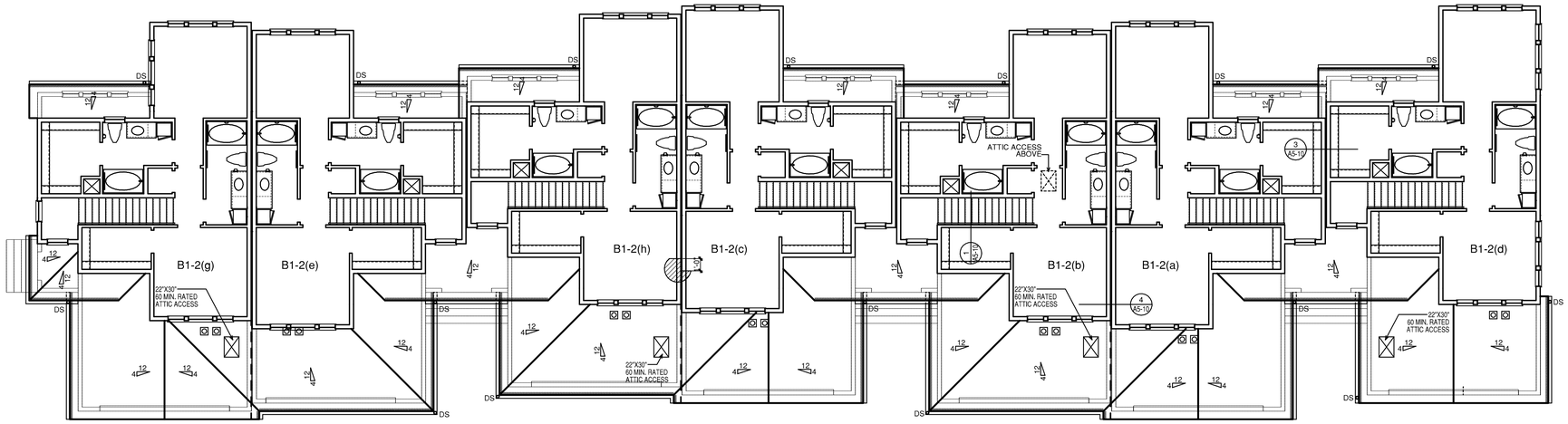
ROOF LEGEND:

X	ROOF SLOPE	DS	DOWN SPOUT
	GUTTER		RAISE PLATE PER ELEV. & SECTIONS
D1	DRAFT STOP AREA		DRAFTSTOP
	ROOF VENTS		SOFIT VENT LOCATION

GENERAL NOTES:

- ALL DOWNSPOUTS BASED ON A 4" DIAMETER OR SQUARE EQUIVALENT, CALCULATIONS BASED ON A MAXIMUM RAINFALL RATE OF 8 IN. PER HOUR.
- ATTICS TO BE SPRINKLED AT ANY BUILDINGS EQUIPPED WITH A NFPA 13 OR NFPA 13R SPRINKLER SYSTEM.
- SPRINKLER DESIGNER TO ENSURE ATTIC SPRINKLERS WILL BE PROTECTED FROM FREEZING.
- INSTALLATION OF ROOF MOUNTED EQUIPMENT MUST MEET THE REQUIREMENTS OF IMC 306.5-306.5.2



2 BUILDING 'A' SECOND FLOOR PLAN

SCALE: 1/8" = 1'-0"

BUILDINGS NUMBER(s) 4

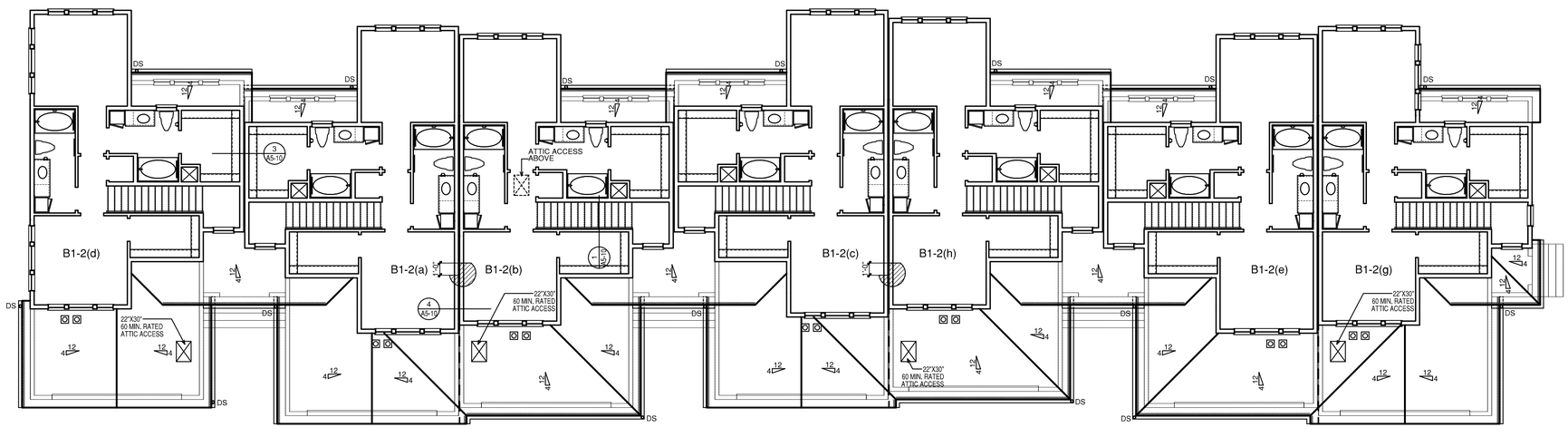
PLAN LEGEND:

- FE — FIRE EXTINGUISHERS
- X — DOOR KEY
- X — WINDOW KEY
- METER LOCATIONS
- CONDENSER
- W-1 — WALL TYPE INDICATOR
- X / W-XX — PLAN DETAIL KEY
- X / W-XX — SECTION DETAIL KEY
- X / W-XX — ELEVATION KEY

GENERAL NOTES:

WALL MOUNTED SERVICE EQUIPMENT AND SERVICE LINES TO BE PAINTED TO MATCH BUILDING.

ALL EXTERIOR MATIAL TRANSITIONS TO OCCUR AT INSIDE CORNER. IF A DISCREPANCY IS FOUNT INFORM THE ARCHITECT.



1 BUILDING 'A' SECOND FLOOR PLAN

SCALE: 1/8" = 1'-0"

BUILDINGS NUMBER(s) 1 & 4

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BUILDING 'A' FLOOR PLANS

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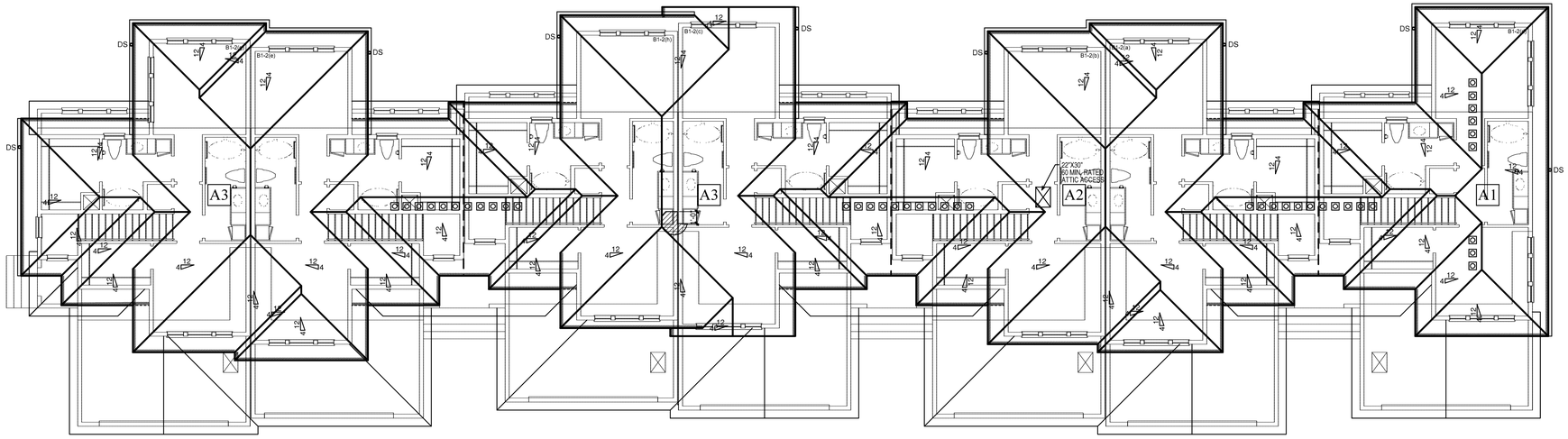
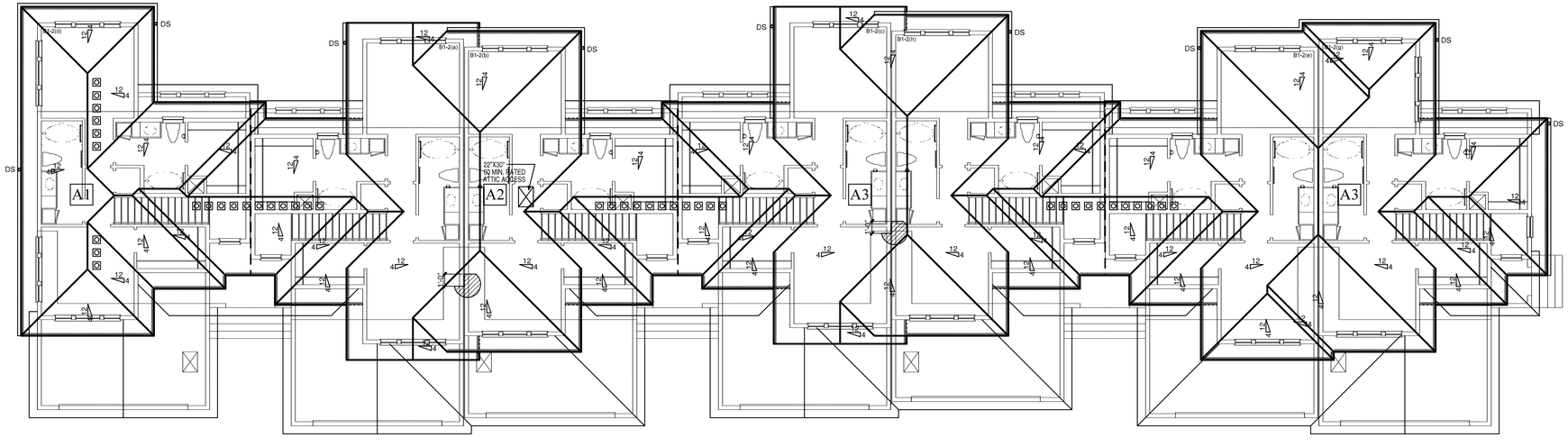


2 BUILDING 'A' ROOF PLAN

SCALE: 1/8" = 1'-0"

BUILDINGS NUMBER(s) 4



1 BUILDING 'A' ROOF PLAN

SCALE: 1/8" = 1'-0"

BUILDINGS NUMBER(s) 1

ROOF LEGEND:

X / X	ROOF SLOPE	DS	DOWN SPOUT
	GUTTER		RAISE PLATE PER ELEV. & SECTIONS
DI	DRAFT STOP AREA		DRAFTSTOP
	ROOF VENTS		SOFIT VENT LOCATION

GENERAL NOTES:

- ALL DOWNSPOUTS BASED ON A 4" DIAMETER OR SQUARE EQUIVALENT. CALCULATIONS BASED ON A MAXIMUM RAINFALL RATE OF 8 IN. PER HOUR.
- ATTICS TO BE SPRINKLED AT ANY BUILDINGS EQUIPPED WITH A NFPA 13 OR NFPA 13R SPRINKLER SYSTEM.
- SPRINKLER DESIGNER TO ENSURE ATTIC SPRINKLERS WILL BE PROTECTED FROM FREEZING.
- INSTALLATION OF ROOF MOUNTED EQUIPMENT MUST MEET THE REQUIREMENTS OF IMC 306.5-306.5.2

REVISIONS

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40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
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BUILDING 'A' ROOF PLANS

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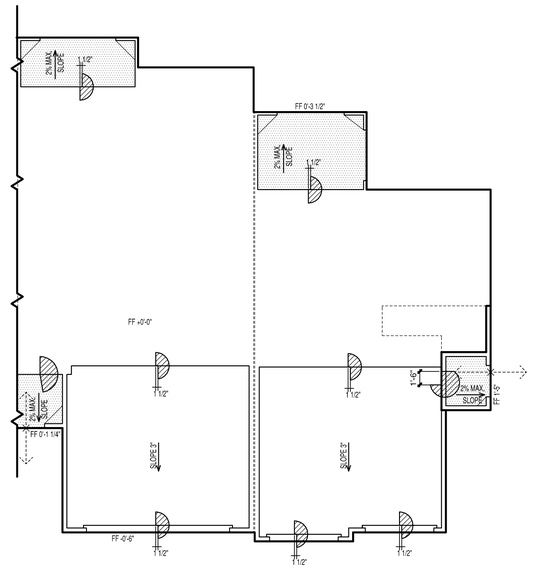
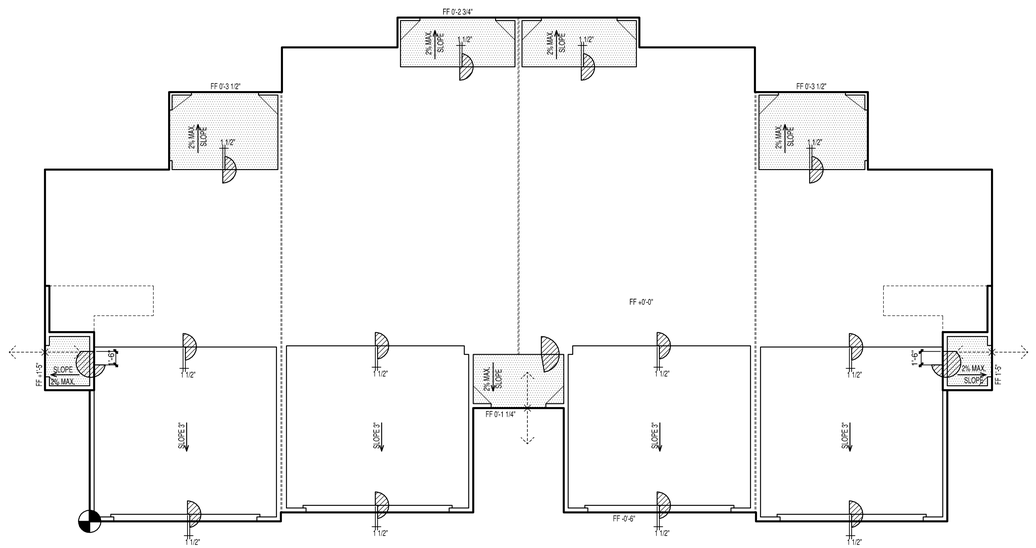
- REFER TO STRUCTURAL PLANS AND SPECIFICATIONS FOR FOUNDATION REQUIREMENTS.
- CONTRACTOR SHALL COMPARE STRUCTURAL AND ARCHITECTURAL DRAWINGS AND REPORT ANY DISCREPANCY TO THE ARCHITECT PRIOR TO FABRICATION OR INSTALLATION OF STRUCTURAL MEMBERS & FOUNDATION.
- MAX. SLOPE IS 2%" PER FOOT AT LOCATIONS INDICATED IN PLAN.
- ARROWS INDICATE DIRECTION OF SLOPE DOWN.
- DIMENSION AT EDGE OF CONCRETE INDICATED WITH B.F.F. NOTATION (BELOW FINISH FLOOR)
- SLOPE CONCRETE IN CORNERS SO NO PUDDLING OF WATER WILL OCCUR.
- CONCRETE FINISH TO BE NON-SLIP IN BREEZEWAYS AND BALCONIES.
- COORDINATE CONTROL JOINTS IN ARCHITECTURAL FINISH WITH STRUCTURAL
- RE: 3 & 4/A3-20 FOR TYPICAL FOUNDATION DETAILS

LEGEND:

- TO BE AT F.F.
- CONCRETE BROOM FINISH
- SLOPED CONCRETE BROOM FINISH
- FP — FLOOR PLUG
- FD — FLOOR DRAIN
- BUILDING ENTRANCE
- BUILDING ORIENTATION KEY
- INDICATES DROP IN ELEVATION
- INDICATES SLOPE FROM FINISH FLOOR (MAX. 1/4" PER FOOT)
- BUILDING DROP



2 BUILDING 'B' FORMING PLAN — **BUILDINGS NUMBER(S) 8**
SCALE: 1/8" = 1'-0"



1 BUILDING 'B' FORMING PLAN — **BUILDINGS NUMBER(S) 3 & 6**
SCALE: 1/8" = 1'-0"

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VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
PLANO HOUSING CORPORATION

REVISIONS

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08-09-17

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14251

SHEET NUMBER
A3-10

BUILDING 'B' FLOOR PLANS

ROOF LEGEND:

X	ROOF SLOPE	DS	DOWN SPOUT
	GUTTER		RAISE PLATE PER ELEV. & SECTIONS
DI	DRAFT STOP AREA		DRAFTSTOP
	ROOF VENTS		SOFIT VENT LOCATION

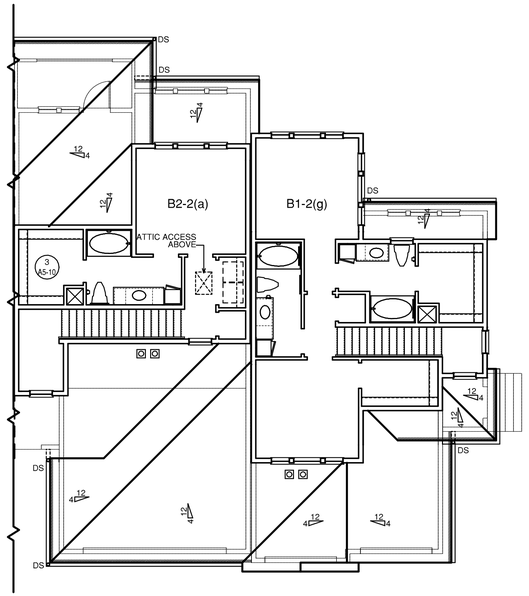
GENERAL NOTES:

--- ALL DOWNSPOUTS BASED ON A 4" DIAMETER OR SQUARE EQUIVALENT. CALCULATIONS BASED ON A MAXIMUM RAINFALL RATE OF 8 IN. PER HOUR.

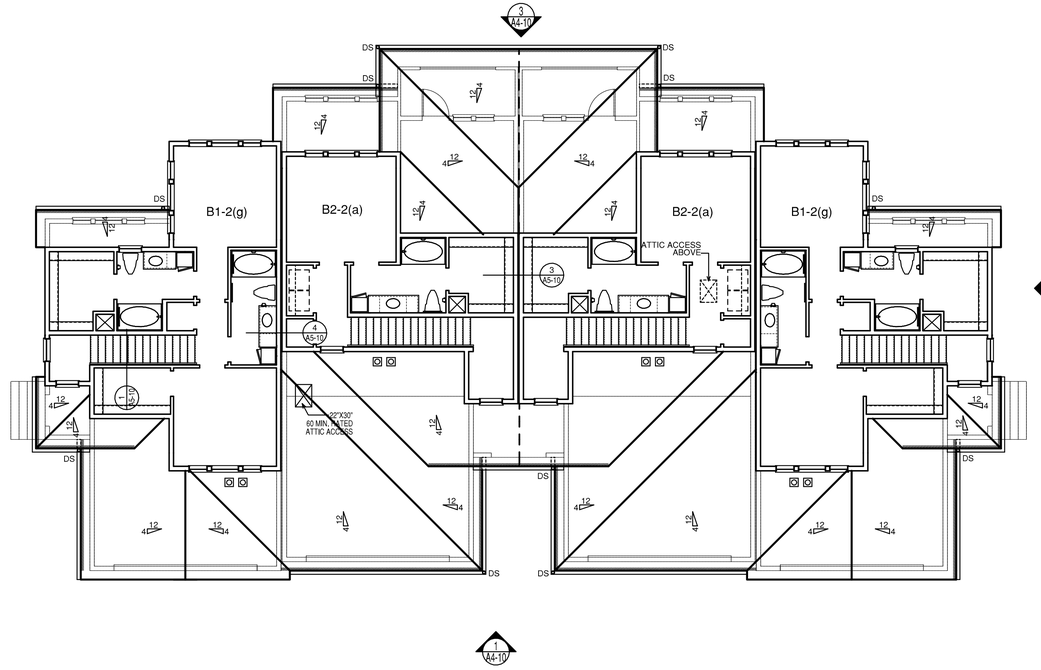
--- ATTICS TO BE SPRINKLED AT ANY BUILDINGS EQUIPPED WITH A NFPA 13 OR NFPA 13R SPRINKLER SYSTEM.

--- SPRINKLER DESIGNER TO ENSURE ATTIC SPRINKLERS WILL BE PROTECTED FROM FREEZING.

--- INSTALLATION OF ROOF MOUNTED EQUIPMENT MUST MEET THE REQUIREMENTS OF IMC 306.5-306.5.2



4 BUILDING 'B' FIRST FLOOR PLAN BUILDINGS NUMBER(S) 8
SCALE: 1/8" = 1'-0"



* NOTE: REFER TO SITE PLAN FOR CHAIR LIFT LOCATION (BLDG 6) AT B2 UNIT

2 BUILDING 'B' SECOND FLOOR PLAN BUILDINGS NUMBER(S) 3, 6, & 8
SCALE: 1/8" = 1'-0"

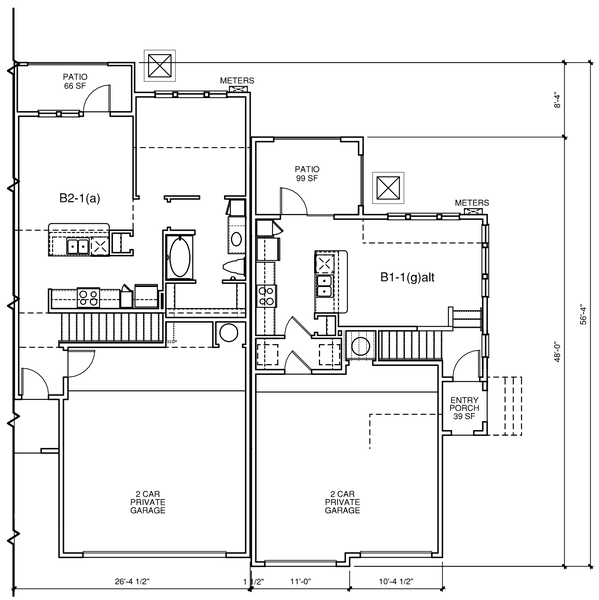
PLAN LEGEND:

- FE — FIRE EXTINGUISHERS
- X — DOOR KEY
- X — WINDOW KEY
- METER LOCATIONS
- CONDENSER
- W-1 — WALL TYPE INDICATOR
- X / AX-XX — PLAN DETAIL KEY
- X / AX-XX — SECTION DETAIL KEY
- X / AX-XX — ELEVATION KEY

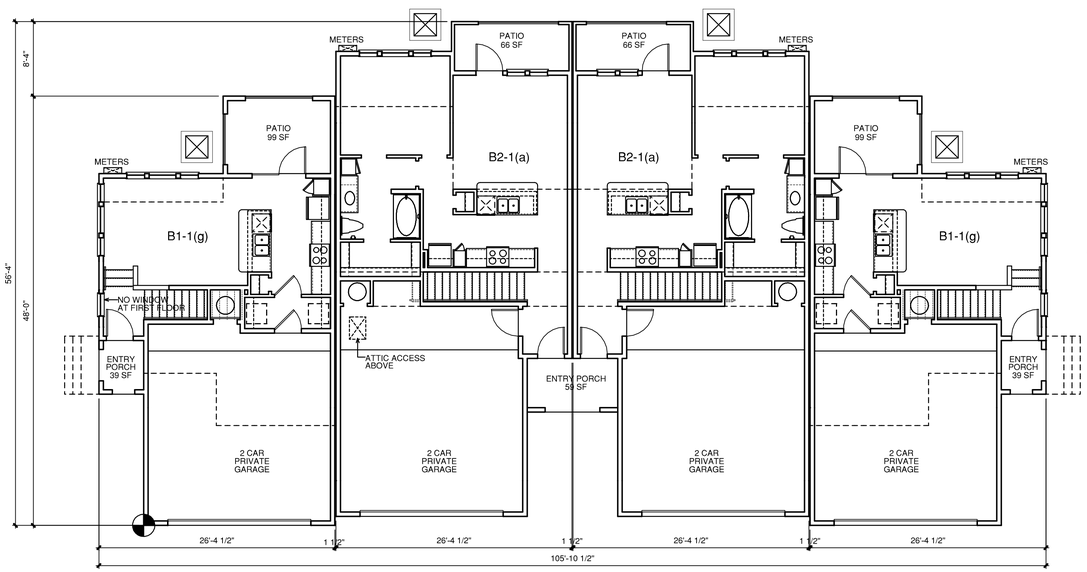
GENERAL NOTES:

WALL MOUNTED SERVICE EQUIPMENT AND SERVICE LINES TO BE PAINTED TO MATCH BUILDING.

ALL EXTERIOR MATIAL TRANSITIONS TO OCCUR AT INSIDE CORNER. IF A DISCREPANCY IS FOUNT INFORM THE ARCHITECT.



3 BUILDING 'B' FIRST FLOOR PLAN BUILDINGS NUMBER(S) 8
SCALE: 1/8" = 1'-0"



* NOTE: REFER TO SITE PLAN FOR CHAIR LIFT LOCATION (BLDG 6) AT B2 UNIT

1 BUILDING 'B' FIRST FLOOR PLAN BUILDINGS NUMBER(S) 3, 6, & 8
SCALE: 1/8" = 1'-0"

REVISIONS

VERANDA
40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
PLANO HOUSING CORPORATION

ISSUED FOR
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08-09-17

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SHEET NUMBER
A3-11
BUILDING 'B' FLOOR PLANS

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ROOF LEGEND:

X	ROOF SLOPE	DS	DOWN SPOUT
	GUTTER		RAISE PLATE PER ELEV. & SECTIONS
DI	DRAFT STOP AREA		DRAFTSTOP
	ROOF VENTS		SOFIT VENT LOCATION

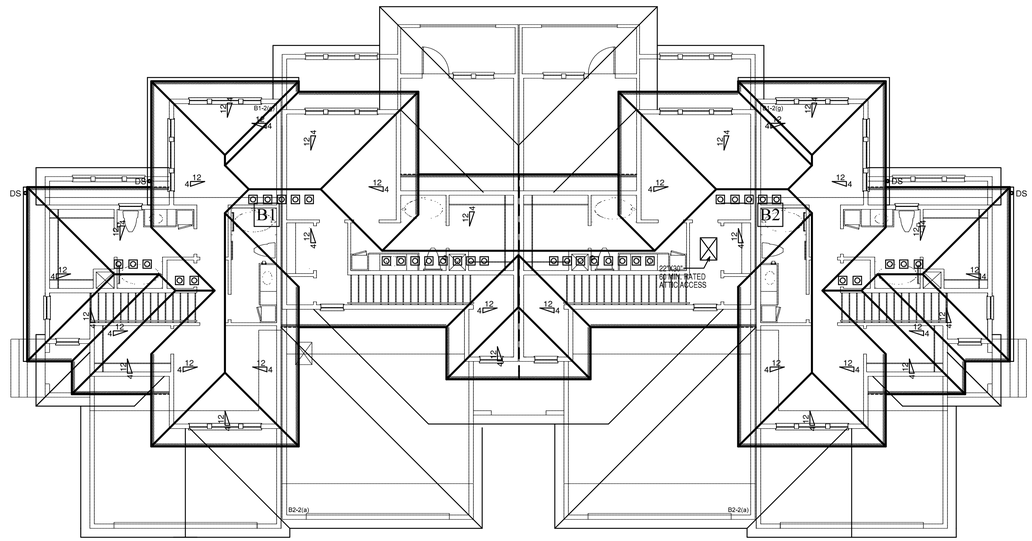
GENERAL NOTES:

--- ALL DOWNSPOUTS BASED ON A 4" DIAMETER OR SQUARE EQUIVALENT. CALCULATIONS BASED ON A MAXIMUM RAINFALL RATE OF 8 IN. PER HOUR.

--- ATTICS TO BE SPRINKLED AT ANY BUILDINGS EQUIPPED WITH A NFPA 13 OR NFPA 13R SPRINKLER SYSTEM.

--- SPRINKLER DESIGNER TO ENSURE ATTIC SPRINKLERS WILL BE PROTECTED FROM FREEZING.

--- INSTALLATION OF ROOF MOUNTED EQUIPMENT MUST MEET THE REQUIREMENTS OF IMC 306.3-306.5.2



* NOTE: REFER TO SITE PLAN FOR CHAIR LIFT LOCATION (BLDG 6) AT B2 UNIT

1 BUILDING 'B' ROOF PLAN

SCALE: 1/8" = 1'-0"

BUILDINGS NUMBER(S) 3, 6, & 8

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
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BUILDING 'B' FLOOR PLANS

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FORMING NOTES:

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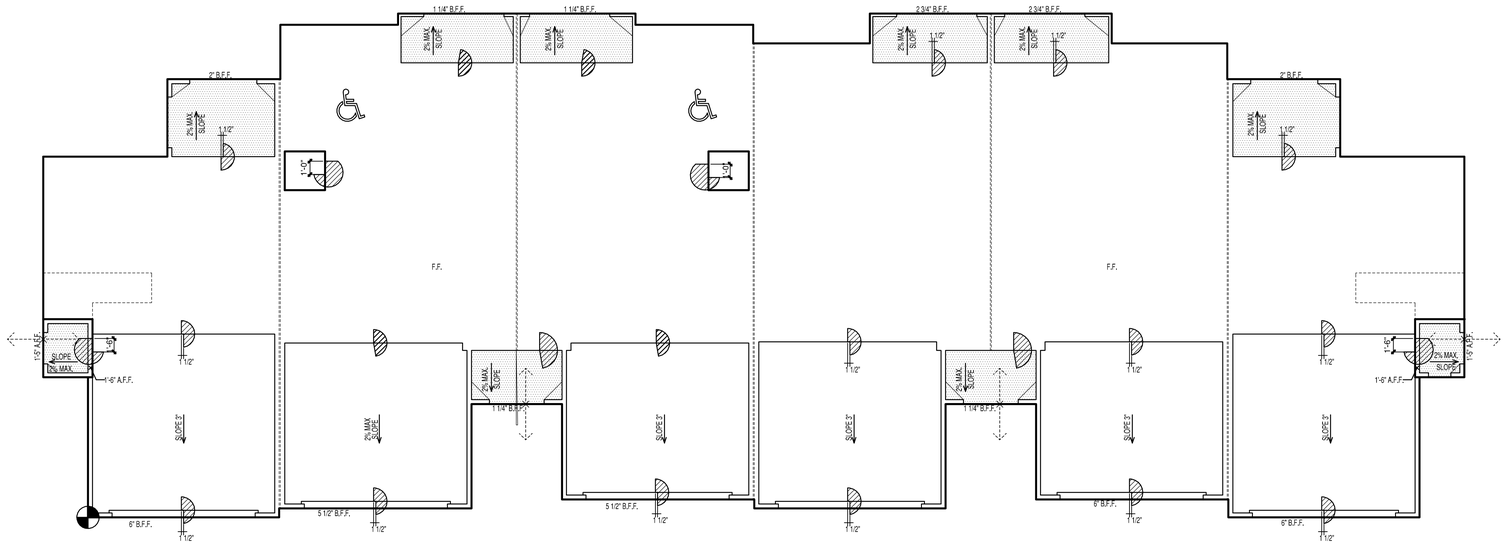
- CONTRACTOR SHALL COMPARE STRUCTURAL AND ARCHITECTURAL DRAWINGS AND REPORT ANY DISCREPANCY TO THE ARCHITECT PRIOR TO FABRICATION OR INSTALLATION OF STRUCTURAL MEMBERS & FOUNDATION.
- MAX. SLOPE IS 2%" PER FOOT AT LOCATIONS INDICATED IN PLAN.
- ARROWS INDICATE DIRECTION OF SLOPE DOWN.
- DIMENSION AT EDGE OF CONCRETE INDICATED WITH B.F.F. NOTATION (BELOW FINISH FLOOR)
- SLOPE CONCRETE IN CORNERS SO NO PUDDLING OF WATER WILL OCCUR.
- CONCRETE FINISH TO BE NON-SLIP IN BREEZEWAYS AND BALCONIES.
- COORDINATE CONTROL JOINTS IN ARCHITECTURAL FINISH WITH STRUCTURAL
- RE: 3 & 4/A3-00 FOR TYPICAL FOUNDATION DETAILS

LEGEND:

- TO BE AT F.F.
- CONCRETE BROOM FINISH
- SLOPED CONCRETE BROOM FINISH
- FP — FLOOR PLUG
- FD — FLOOR DRAIN
- BUILDING ENTRANCE
- BUILDING ORIENTATION KEY
- INDICATES DROP IN ELEVATION
- INDICATES SLOPE FROM FINISH FLOOR (MAX. 1/4" PER FOOT)
- BUILDING DROP



1 BUILDING 'C' FORMING PLAN
SCALE: 1/8" = 1'-0"

REVISIONS

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
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BUILDING 'C' FLOOR PLANS

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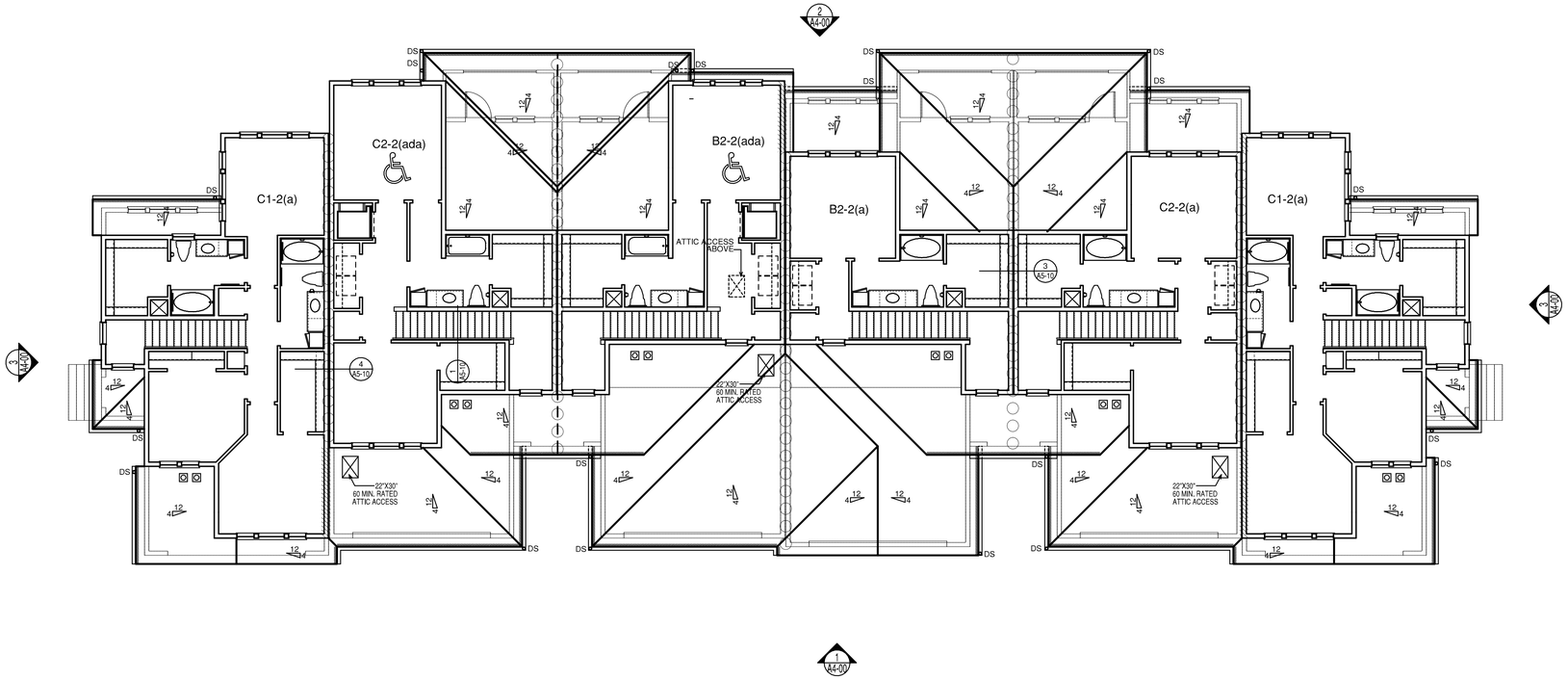
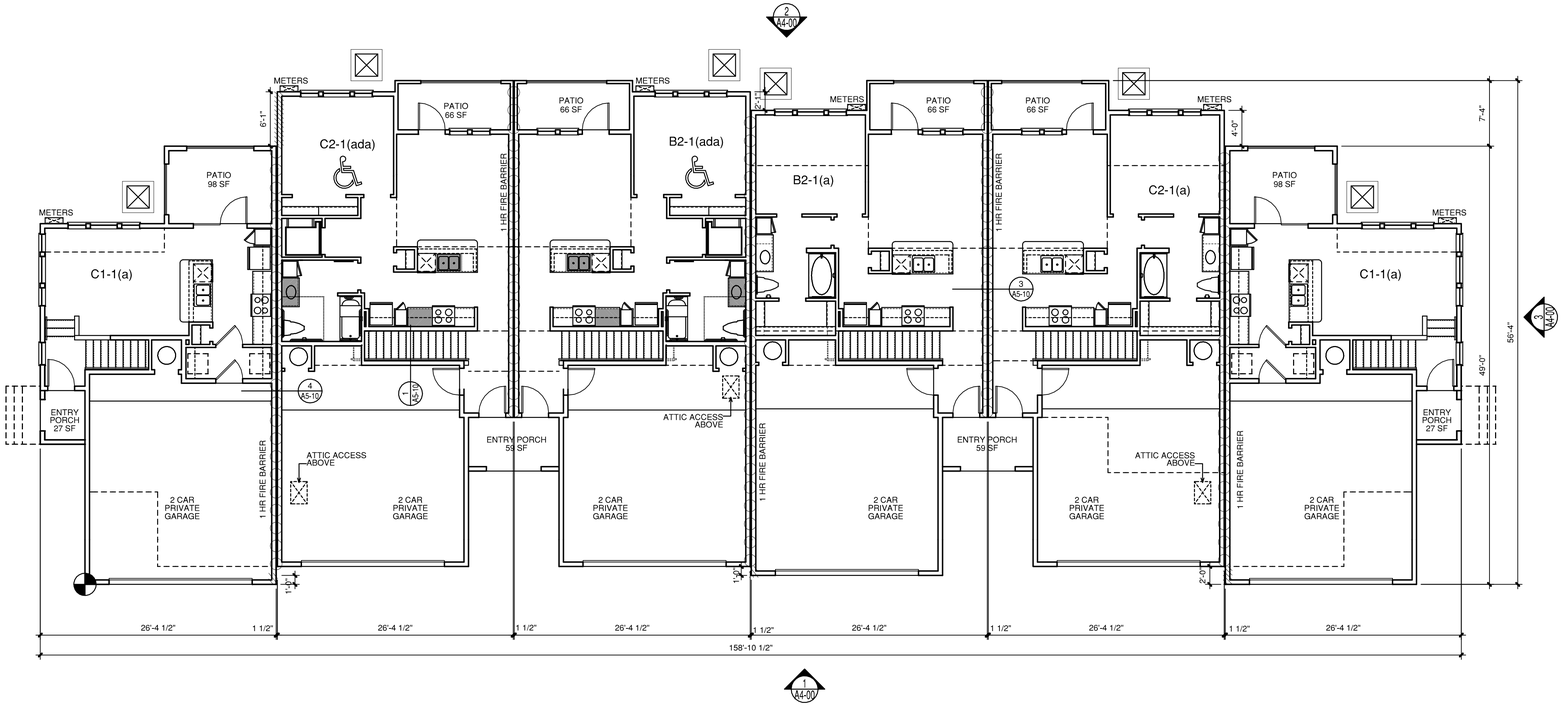


2 BUILDING 'C' SECOND FLOOR PLAN

SCALE: 1/8" = 1'-0"

BUILDINGS NUMBER(S) 7



1 BUILDING 'C' FIRST FLOOR PLAN

SCALE: 1/8" = 1'-0"

BUILDINGS NUMBER(S) 7

ROOF LEGEND:

- ROOF SLOPE
- GUTTER
- DRAFT STOP AREA
- ROOF VENTS
- DOWN SPOUT
- RAISE PLATE PER ELEV. & SECTIONS
- DRAFTSTOP
- SOFIT VENT LOCATION

GENERAL NOTES:

- ALL DOWNSPOUTS BASED ON A 4" DIAMETER OR SQUARE EQUIVALENT. CALCULATIONS BASED ON A MAXIMUM RAINFALL RATE OF 8 IN. PER HOUR.
- ATTICS TO BE SPRINKLED AT ANY BUILDINGS EQUIPPED WITH A NFPA 13 OR NFPA 13R SPRINKLER SYSTEM.
- SPRINKLER DESIGNER TO ENSURE ATTIC SPRINKLERS WILL BE PROTECTED FROM FREEZING.
- INSTALLATION OF ROOF MOUNTED EQUIPMENT MUST MEET THE REQUIREMENTS OF IMC 306.5-306.5.2

PLAN LEGEND:

- FIRE EXTINGUISHERS
- DOOR KEY
- WINDOW KEY
- METER LOCATIONS
- CONDENSER
- WALL TYPE INDICATOR
- PLAN DETAIL KEY
- SECTION DETAIL KEY
- ELEVATION KEY

GENERAL NOTES:

WALL MOUNTED SERVICE EQUIPMENT AND SERVICE LINES TO BE PAINTED TO MATCH BUILDING.

ALL EXTERIOR MATIAL TRANSITIONS TO OCCUR AT INSIDE CORNER. IF A DISCREPANCY IS FOUNT INFORM THE ARCHITECT.

REVISIONS

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
PLANO HOUSING CORPORATION

ISSUED FOR
TDHCA MODIFICATION SUBMISSION
08-09-17

REVIEW SET NOT TO BE USED FOR REGULATORY APPROVAL, PERMIT, OR CONSTRUCTION.

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08-09-17

PROJECT
14251

SHEET NUMBER
A3-21
BUILDING 'C' FLOOR PLANS

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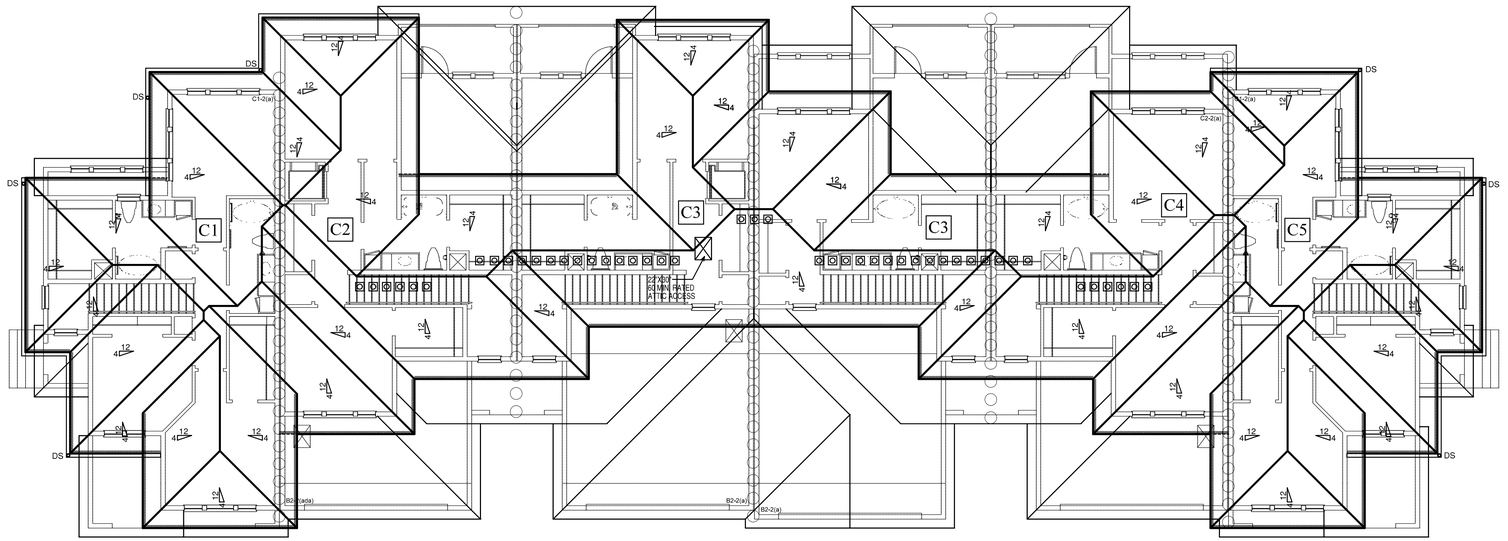
ROOF LEGEND:

X	ROOF SLOPE	DS	DOWN SPOUT
	GUTTER		RAISE PLATE PER ELEV. & SECTIONS
DI	DRAFT STOP AREA		DRAFTSTOP
	ROOF VENTS		SOFIT VENT LOCATION

GENERAL NOTES:

- ALL DOWNSPOUTS BASED ON A 4" DIAMETER OR SQUARE EQUIVALENT, CALCULATIONS BASED ON A MAXIMUM RAINFALL RATE OF 8 IN. PER HOUR.
- ATTICS TO BE SPRINKLED AT ANY BUILDINGS EQUIPPED WITH A NFPA 13 OR NFPA 13R SPRINKLER SYSTEM.
- SPRINKLER DESIGNER TO ENSURE ATTIC SPRINKLERS WILL BE PROTECTED FROM FREEZING.
- INSTALLATION OF ROOF MOUNTED EQUIPMENT MUST MEET THE REQUIREMENTS OF IMC 306.5-306.5.2



1 BUILDING 'C' ROOF PLAN
SCALE: 1/8" = 1'-0"

REVISIONS

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
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SHEET NUMBER
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BUILDING 'C' FLOOR PLANS

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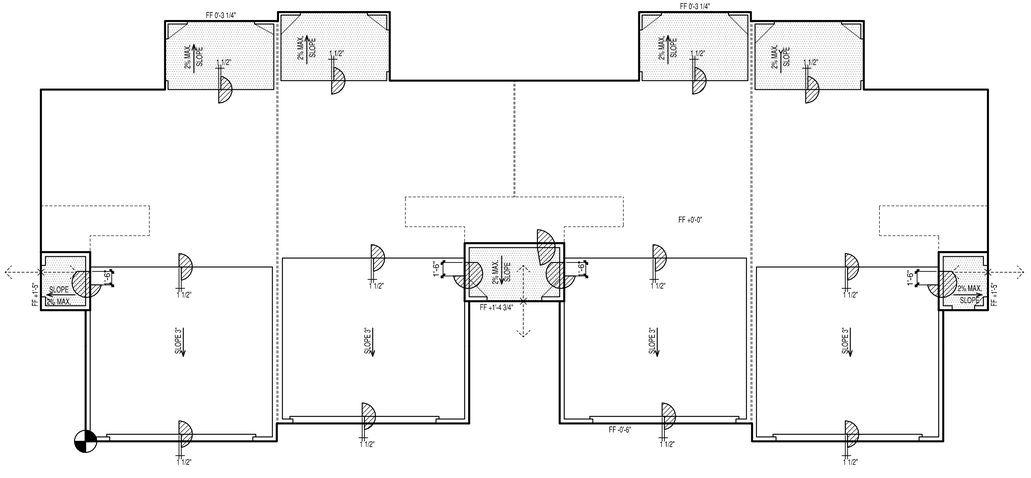
FORMING NOTES:

- REFER TO STRUCTURAL PLANS AND SPECIFICATIONS FOR FOUNDATION REQUIREMENTS.
- CONTRACTOR SHALL COMPARE STRUCTURAL AND ARCHITECTURAL DRAWINGS AND REPORT ANY DISCREPANCY TO THE ARCHITECT PRIOR TO FABRICATION OR INSTALLATION OF STRUCTURAL MEMBERS & FOUNDATION.
- MAX. SLOPE IS 2½" PER FOOT AT LOCATIONS INDICATED IN PLAN.
- ARROWS INDICATE DIRECTION OF SLOPE DOWN.
- DIMENSION AT EDGE OF CONCRETE INDICATED WITH B.F.F. NOTATION (BELOW FINISH FLOOR)
- SLOPE CONCRETE IN CORNERS SO NO PUDDLING OF WATER WILL OCCUR.
- CONCRETE FINISH TO BE NON-SLIP IN BREEZEWAYS AND BALCONIES.
- COORDINATE CONTROL JOINTS IN ARCHITECTURAL FINISH WITH STRUCTURAL
- RE: 3 & 4/A3-00 FOR TYPICAL FOUNDATION DETAILS

LEGEND:

- TO BE AT F.F.
- CONCRETE BROOM FINISH
- SLOPED CONCRETE BROOM FINISH
- FP — FLOOR PLUG
- FD — FLOOR DRAIN
- BUILDING ENTRANCE
- BUILDING ORIENTATION KEY
- INDICATES DROP IN ELEVATION
- INDICATES SLOPE FROM FINISH FLOOR (MAX. 1/4" PER FOOT)
- BUILDING DROP



1 BUILDING 'D' FORMING PLAN
SCALE: 1/8" = 1'-0"

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
PLANO HOUSING CORPORATION

REVISIONS

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SHEET NUMBER
A3-30
BUILDING 'D' FLOOR PLANS

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ROOF LEGEND:

X / X	ROOF SLOPE	O DS	DOWN SPOUT
	GUTTER		RAISE PLATE PER ELEV. & SECTIONS
D1	DRAFT STOP AREA		DRAFTSTOP
	ROOF VENTS		SOFIT VENT LOCATION

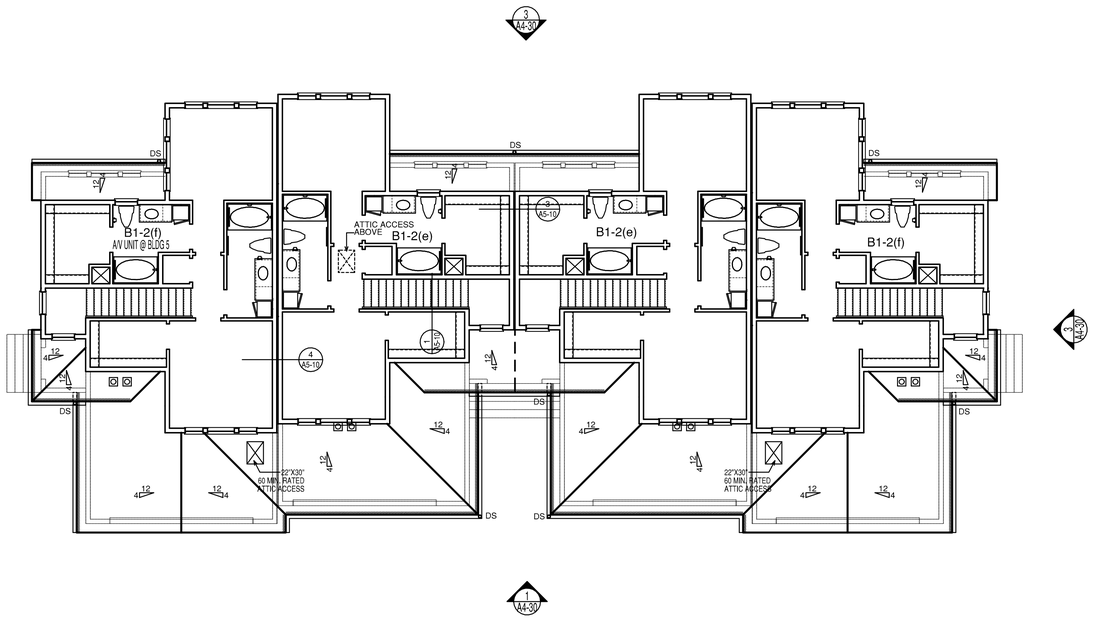
GENERAL NOTES:

--- ALL DOWNSPOUTS BASED ON A 4" DIAMETER OR SQUARE EQUIVALENT, CALCULATIONS BASED ON A MAXIMUM RAINFALL RATE OF 8 IN. PER HOUR.

--- ATTICS TO BE SPRINKLED AT ANY BUILDINGS EQUIPPED WITH A NFPA 13 OR NFPA 13R SPRINKLER SYSTEM.

--- SPRINKLER DESIGNER TO ENSURE ATTIC SPRINKLERS WILL BE PROTECTED FROM FREEZING.

--- INSTALLATION OF ROOF MOUNTED EQUIPMENT MUST MEET THE REQUIREMENTS OF IMC 306.5-306.5.2



* NOTE: REFER TO SITE PLAN FOR CHAIR LIFT LOCATION (BLDG 5) AT C2 UNIT

2 BUILDING 'D' SECOND FLOOR PLAN

SCALE: 1/8" = 1'-0"

BUILDINGS NUMBER(S) 2 & 5

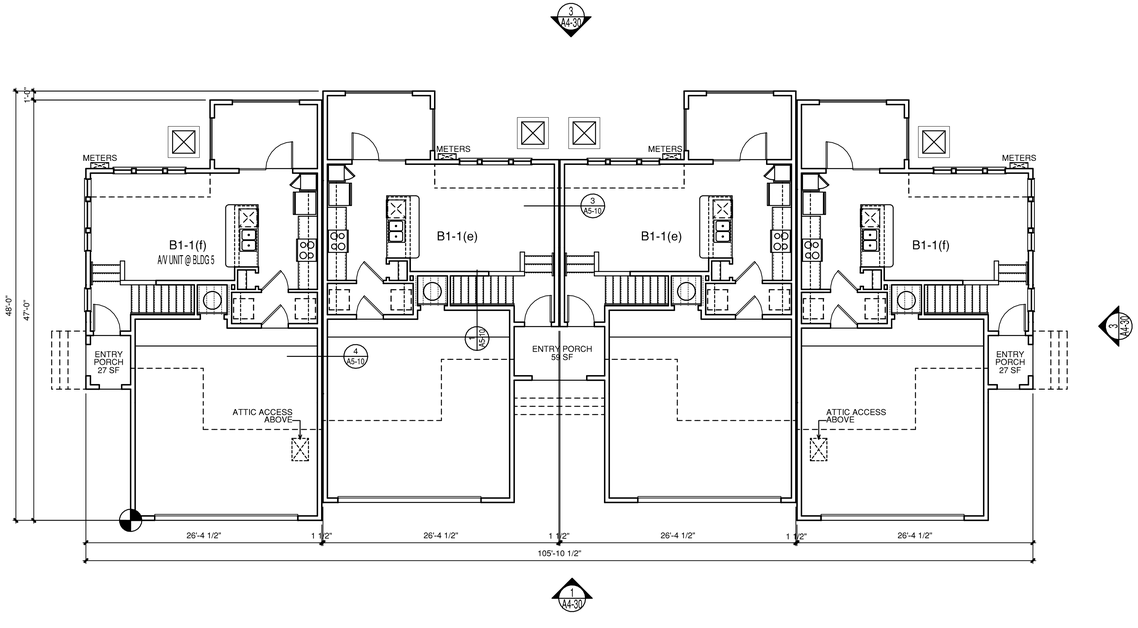
PLAN LEGEND:

- FE — FIRE EXTINGUISHERS
- X — DOOR KEY
- X — WINDOW KEY
- METER LOCATIONS
- CONDENSER
- W-1 — WALL TYPE INDICATOR
- X / AX-XX — PLAN DETAIL KEY
- X / AX-XX — SECTION DETAIL KEY
- X / AX-XX — ELEVATION KEY

GENERAL NOTES:

WALL MOUNTED SERVICE EQUIPMENT AND SERVICE LINES TO BE PAINTED TO MATCH BUILDING.

ALL EXTERIOR MATIAL TRANSITIONS TO OCCUR AT INSIDE CORNER. IF A DISCREPANCY IS FOUNT INFORM THE ARCHITECT.



* NOTE: REFER TO SITE PLAN FOR CHAIR LIFT LOCATION (BLDG 5) AT C2 UNIT

1 BUILDING 'D' FIRST FLOOR PLAN

SCALE: 1/8" = 1'-0"

BUILDINGS NUMBER(S) 2 & 5

REVISIONS

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
PLANO HOUSING CORPORATION

ISSUED FOR
TDHCA MODIFICATION SUBMISSION
08-09-17

REVIEW SET NOT TO BE USED FOR REGULATORY APPROVAL, PERMIT, OR CONSTRUCTION.

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A3-31

BUILDING 'D'
FLOOR PLANS

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ROOF LEGEND:

X / X	ROOF SLOPE	DS	DOWN SPOUT
	GUTTER		RAISE PLATE PER ELEV. & SECTIONS
D1	DRAFT STOP AREA		DRAFTSTOP
	ROOF VENTS		SOFIT VENT LOCATION

GENERAL NOTES:

- ALL DOWNSPOUTS BASED ON A 4" DIAMETER OR SQUARE EQUIVALENT, CALCULATIONS BASED ON A MAXIMUM RAINFALL RATE OF 8 IN. PER HOUR.
- ATTICS TO BE SPRINKLED AT ANY BUILDINGS EQUIPPED WITH A NFPA 13 OR NFPA 13R SPRINKLER SYSTEM.
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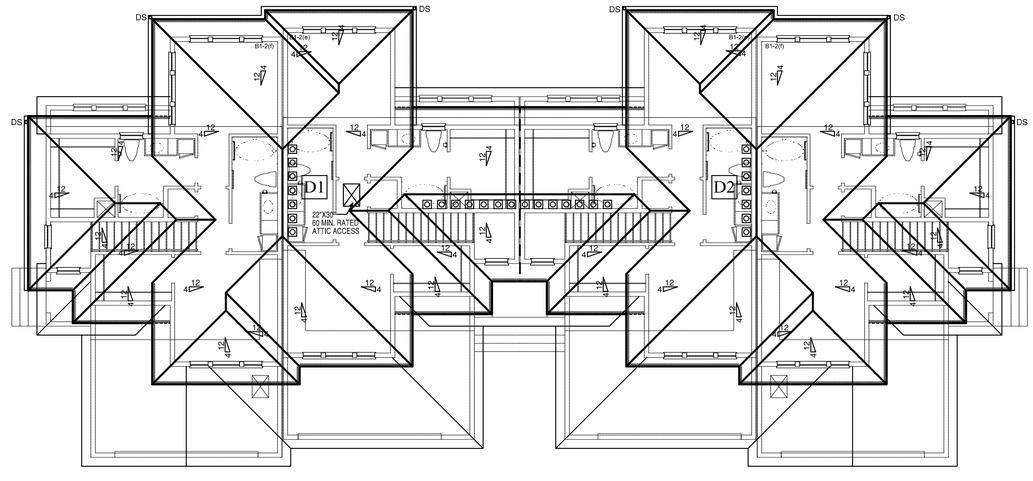
- INSTALLATION OF ROOF MOUNTED EQUIPMENT MUST MEET THE REQUIREMENTS OF IMC 306.5-306.5.2



1 BUILDING 'D' ROOF PLAN
SCALE: 1/8" = 1'-0"

REVISIONS

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40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
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BUILDING 'D'
FLOOR PLANS

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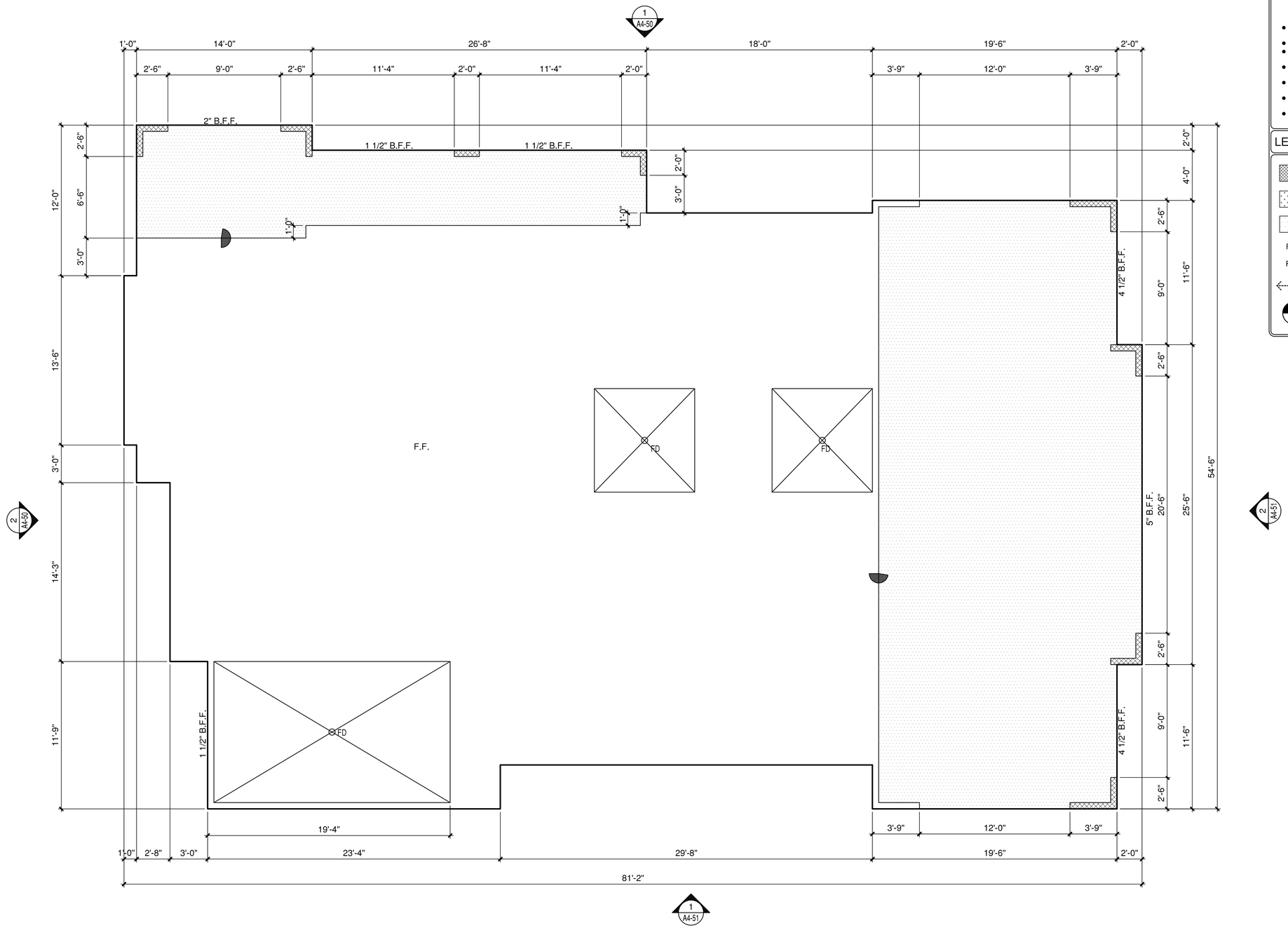

FORMING NOTES:

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- MAX. SLOPE IS 2%" PER FOOT AT LOCATIONS INDICATED IN PLAN.
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- DIMENSION AT EDGE OF CONCRETE INDICATED WITH B.F.F. NOTATION (BELOW FINISH FLOOR)
- SLOPE CONCRETE IN CORNERS SO NO PUDDLING OF WATER WILL OCCUR.
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- COORDINATE CONTROL JOINTS IN ARCHITECTURAL FINISH WITH STRUCTURAL
- RE: 3 & 4/A3-00 FOR TYPICAL FOUNDATION DETAILS

LEGEND:

- TO BE AT F.F.
- CONCRETE BROOM FINISH
- SLOPED CONCRETE BROOM FINISH
- FP — FLOOR PLUG
- FD — FLOOR DRAIN
- BUILDING ENTRANCE
- BUILDING ORIENTATION KEY
- INDICATES DROP IN ELEVATION
- INDICATES SLOPE FROM FINISH FLOOR (MAX. 1/4" PER FOOT)
- BUILDING DROP

1 LEASING & CLUB FORMING PLAN

SCALE 1/4"=1'-0"

REVISIONS

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
PLANO HOUSING CORPORATION

ISSUED FOR
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A3-50

LEASING/CLUB FORMING PLAN

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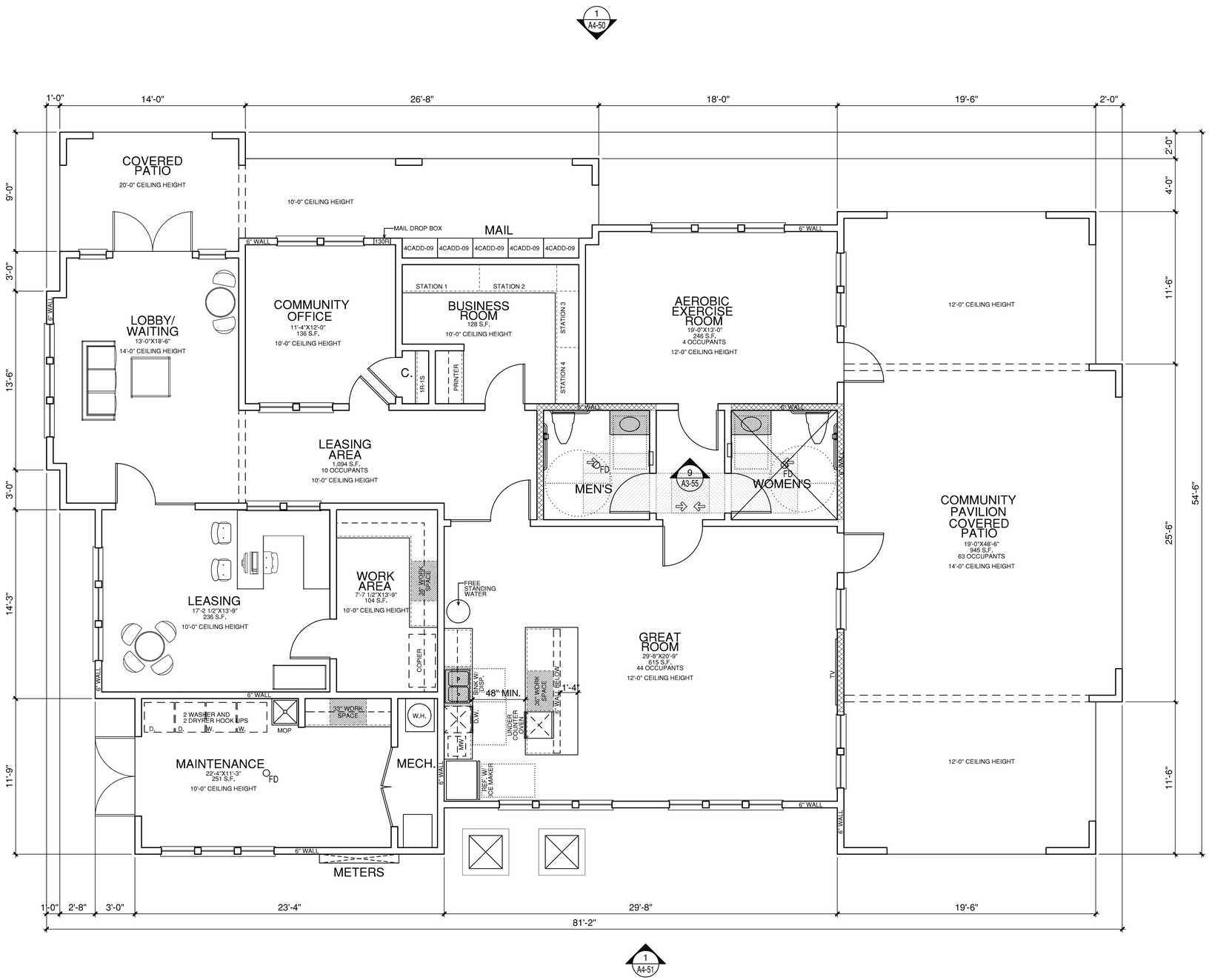

1 LEASING & CLUB FLOOR PLAN
SCALE 1/4"=1'-0"

NET AREA - 2,540 S.F.
GROSS AREA - 3,819 S.F.

REVISIONS

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
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PROJECT
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SHEET NUMBER
A3-51

LEASING/CLUB PLAN

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1 LEASING & CLUB REFLECTED CEILING PLAN

SCALE 1/4"=1'-0"

NET AREA - 2,540 S.F.
GROSS AREA - 3,819 S.F.

REVISIONS

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
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A3-52

LEASING/CLUB
RCP

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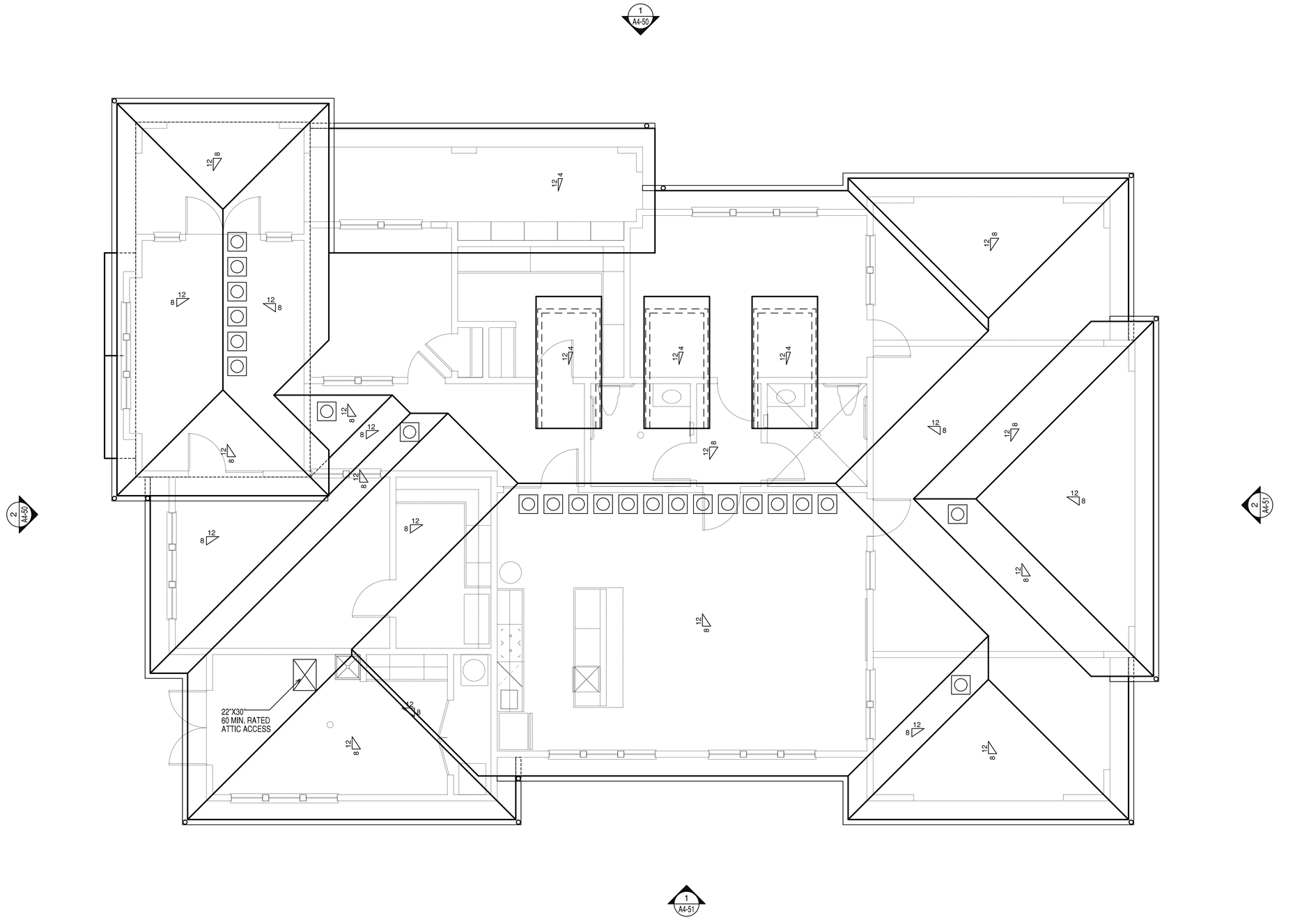

1 LEASING & CLUB ROOF PLAN
SCALE 1/4"=1'-0"

REVISIONS

VERANDA
40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
PLANO HOUSING CORPORATION

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LEASING/CLUB
ROOF PLAN

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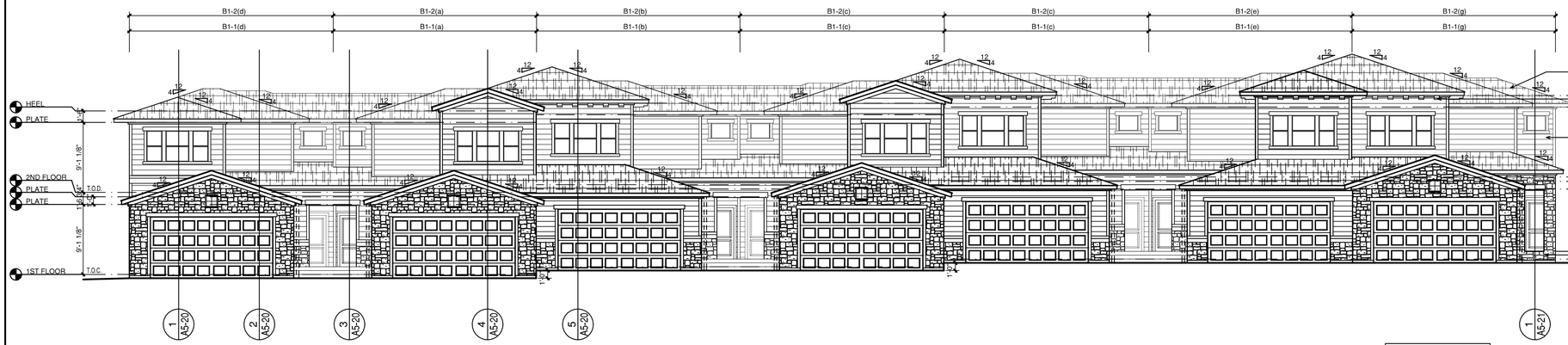
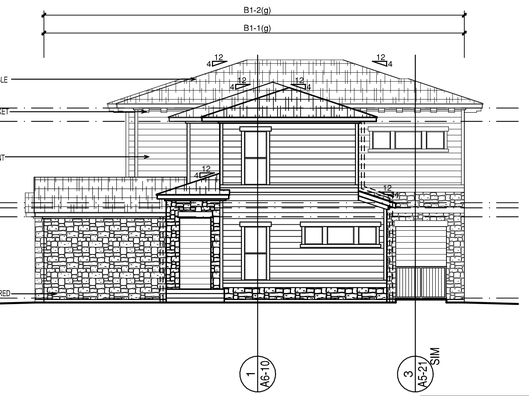


MATERIAL CALCULATIONS
16% STONE
84% SIDING

1 BUILDING 'A' - FRONT ELEVATION

SCALE 1/8" = 1'-0"

BUILDING NUMBER(S) 1

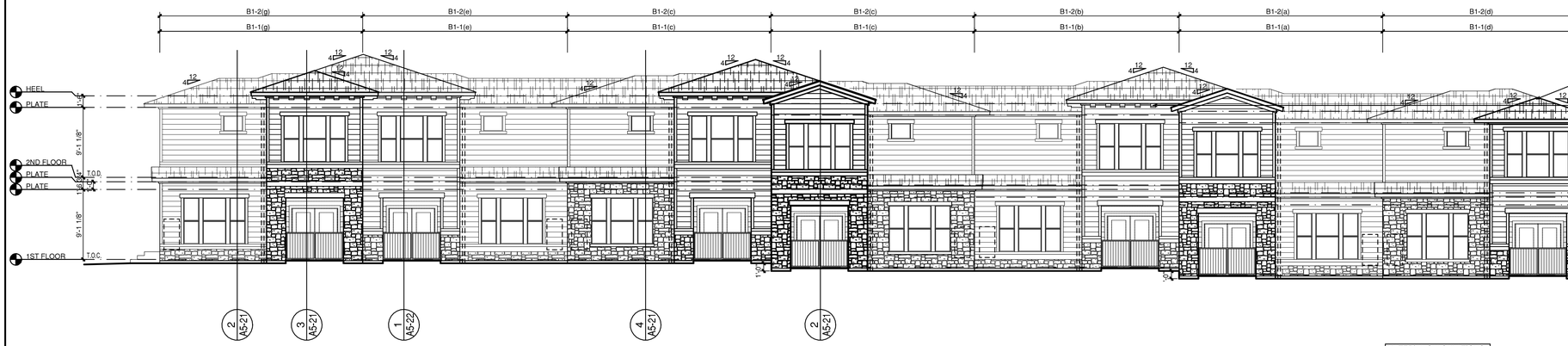


MATERIAL CALCULATIONS
28% STONE
72% SIDING

2 BUILDING 'A' - SIDE ELEVATION

SCALE 1/8" = 1'-0"

BUILDING NUMBER(S) 1

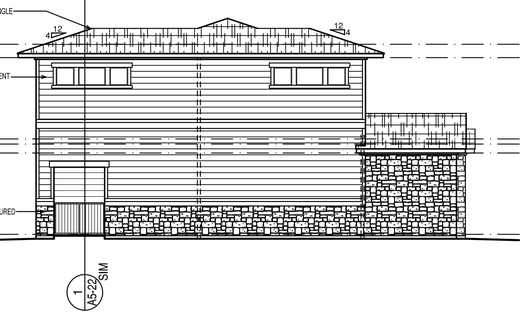


MATERIAL CALCULATIONS
35% STONE
65% SIDING

3 BUILDING 'A' - BACK ELEVATION

SCALE 1/8" = 1'-0"

BUILDING NUMBER(S) 1



MATERIAL CALCULATIONS
27% STONE
73% SIDING

4 BUILDING 'A' - SIDE ELEVATION

SCALE 1/8" = 1'-0"

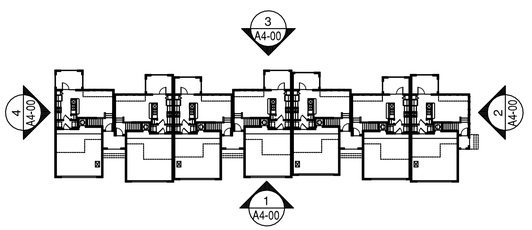
BUILDING NUMBER(S) 1

ELEVATION LEGEND:

- DOWN SPOUT LOCATIONS INSIDE CORNER WHEN POSSIBLE
- WINDOW KEY RE: A9-05
- SUSPENDED LIGHTING LOCATION
- DECORATIVE BUILDING LIGHTING
- FIBER CEMENT SIDING
- MANUFATURED STONE

GENERAL NOTES:

WALL MOUNTED SERVICE EQUIPMENT AND SERVICE LINES TO BE PAINTED TO MATCH BUILDING.



5 BUILDING PLAN KEY

SCALE: NTS

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REVISIONS

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
PLANO HOUSING CORPORATION

ISSUED FOR
60% CD SET
08-09-17

REVIEW SET NOT TO BE USED FOR REGULATORY APPROVAL, PERMIT, OR CONSTRUCTION.

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SHEET NUMBER
A4-00

BUILDING 'A' ELEVATIONS

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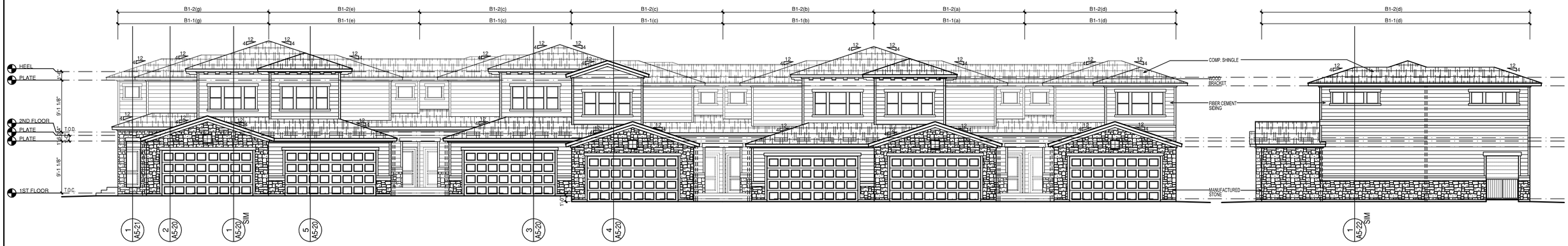


1 BUILDING 'A' - FRONT ELEVATION

SCALE 1/8" = 1'-0"

MATERIAL CALCULATIONS
16% STONE
84% SIDING

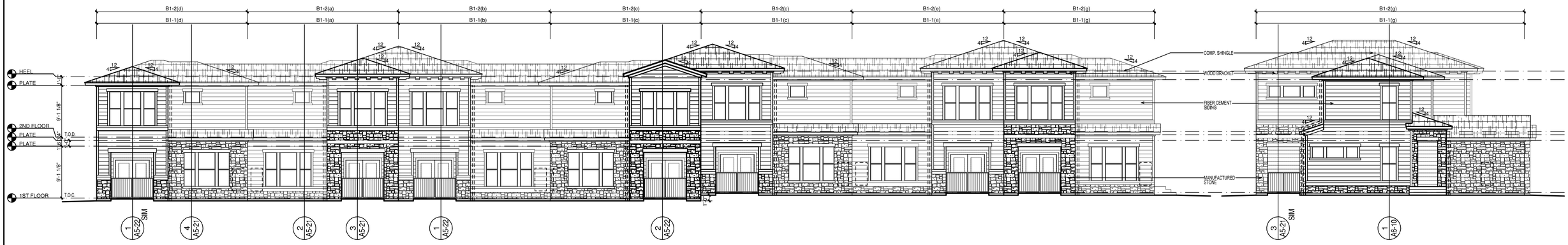
BUILDING NUMBER(S) 4

2 BUILDING 'A' - SIDE ELEVATION

SCALE 1/8" = 1'-0"

MATERIAL CALCULATIONS
28% STONE
72% SIDING

BUILDING NUMBER(S) 4



3 BUILDING 'A' - BACK ELEVATION

SCALE 1/8" = 1'-0"

MATERIAL CALCULATIONS
35% STONE
65% SIDING

BUILDING NUMBER(S) 4

4 BUILDING 'A' - SIDE ELEVATION

SCALE 1/8" = 1'-0"

MATERIAL CALCULATIONS
27% STONE
73% SIDING

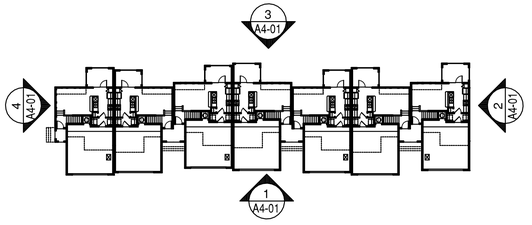
BUILDING NUMBER(S) 4

ELEVATION LEGEND:

- DOWN SPOUT LOCATIONS INSIDE CORNER WHEN POSSIBLE
- X — WINDOW KEY RE: A9-05
- SUSPENDED LIGHTING LOCATION
- DECORATIVE BUILDING LIGHTING
- FIBER CEMENT SIDING
- MANUFATURED STONE

GENERAL NOTES:

WALL MOUNTED SERVICE EQUIPMENT AND SERVICE LINES TO BE PAINTED TO MATCH BUILDING.



5 BUILDING PLAN KEY

SCALE: NTS

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REVISIONS

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
PLANO HOUSING CORPORATION

ISSUED FOR
60% CD SET
08-09-17

REVIEW SET NOT TO BE USED FOR REGULATORY APPROVAL, PERMIT, OR CONSTRUCTION.

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SHEET NUMBER
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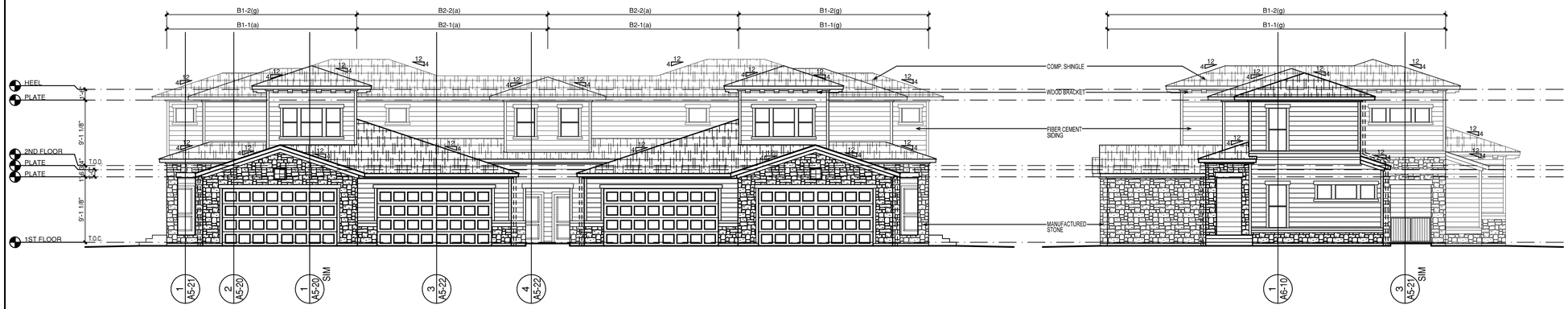
BUILDING 'A' ELEVATIONS



1 BUILDING 'B' - FRONT ELEVATION

SCALE 1/8" = 1'-0"

BUILDINGS NUMBER(S) 3 & 6

MATERIAL CALCULATIONS
45% STONE
55% SIDING

2 BUILDING 'B' - SIDE ELEVATION

SCALE 1/8" = 1'-0"

MATERIAL CALCULATIONS
25% STONE
75% SIDING

ELEVATION LEGEND:

- DOWN SPOUT LOCATIONS INSIDE CORNER WHEN POSSIBLE
- WINDOW KEY RE: A2-02
- SUSPENDED LIGHTING LOCATION
- DECORATIVE BUILDING LIGHTING
- FIBER CEMENT SIDING
- MANUFATURED STONE

GENERAL NOTES:

WALL MOUNTED SERVICE EQUIPMENT AND SERVICE LINES TO BE PAINTED TO MATCH BUILDING.

3 BUILDING 'B' - BACK ELEVATION

SCALE 1/8" = 1'-0"

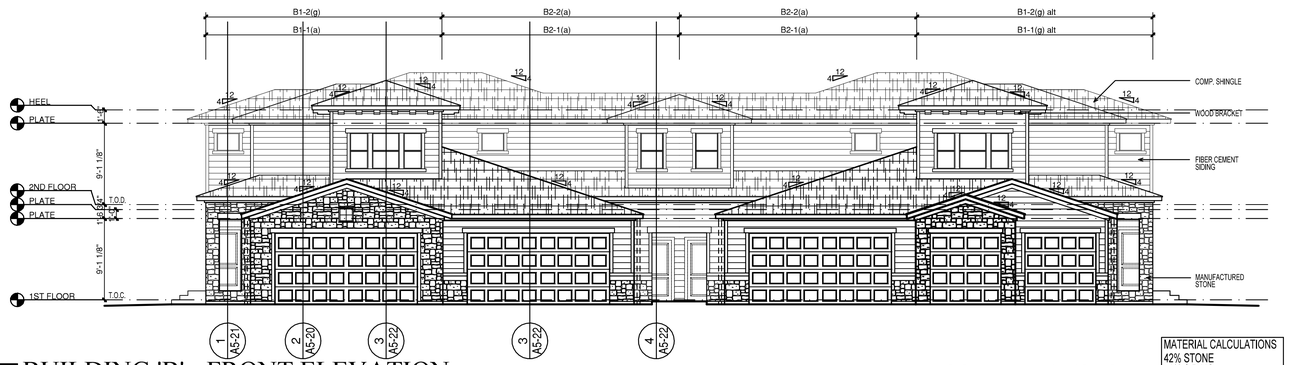
BUILDINGS NUMBER(S) 3 & 6

MATERIAL CALCULATIONS
25% STONE
75% SIDING

4 BUILDING 'B' - SIDE ELEVATION

SCALE 1/8" = 1'-0"

MATERIAL CALCULATIONS
25% STONE
75% SIDING

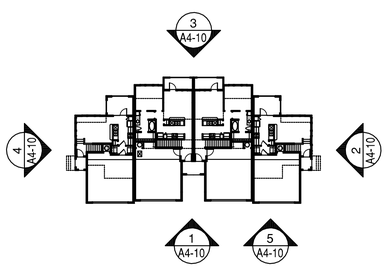


5 BUILDING 'B' - FRONT ELEVATION

SCALE 1/8" = 1'-0"

BUILDINGS NUMBER(S) 8

MATERIAL CALCULATIONS
42% STONE
58% SIDING



5 BUILDING PLAN KEY

SCALE: NTS

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REVISIONS

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
PLANO HOUSING CORPORATION

ISSUED FOR
60% CD SET
08-09-17

REVIEW SET NOT TO BE USED FOR REGULATORY APPROVAL, PERMIT, OR CONSTRUCTION.

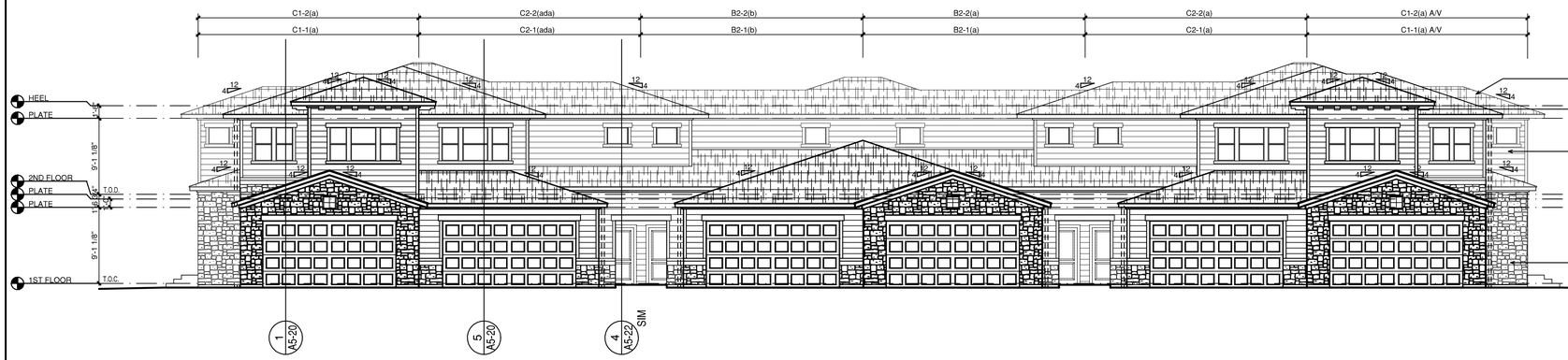
BGO architects
4202 Beltway Drive
Addison, TX 75001
214.520.8878
bgoarchitects.com

DATE 08-09-17

PROJECT 14251

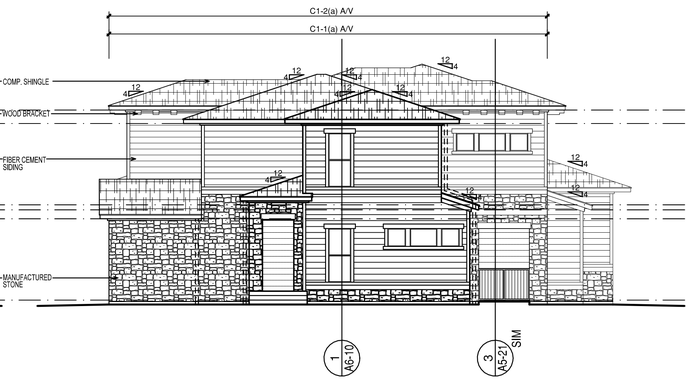
SHEET NUMBER A4-10

BUILDING 'B' ELEVATIONS



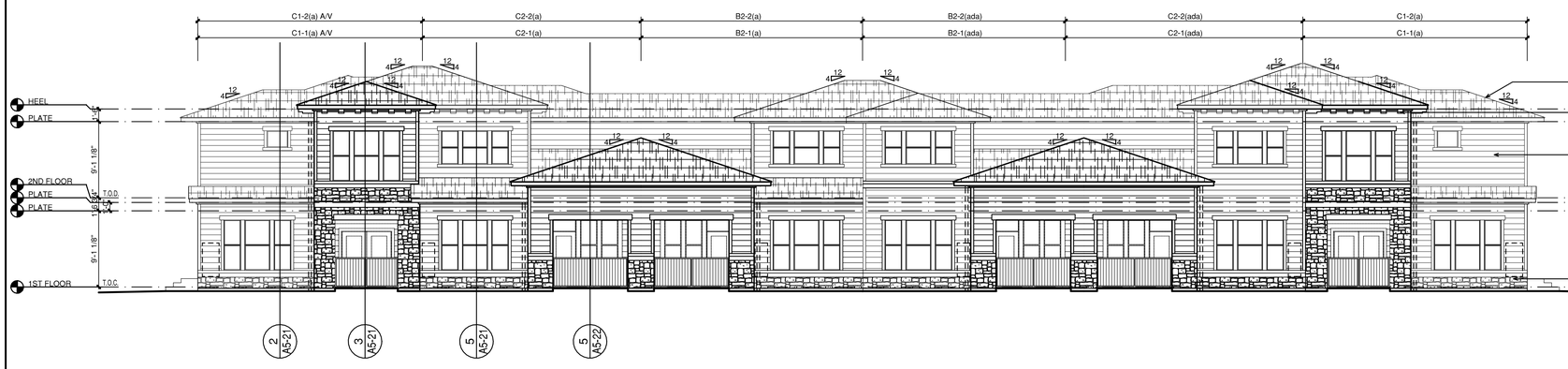
1 BUILDING 'C' - FRONT ELEVATION
SCALE 1/8" = 1'-0"

MATERIAL CALCULATIONS
35% STONE
65% SIDING



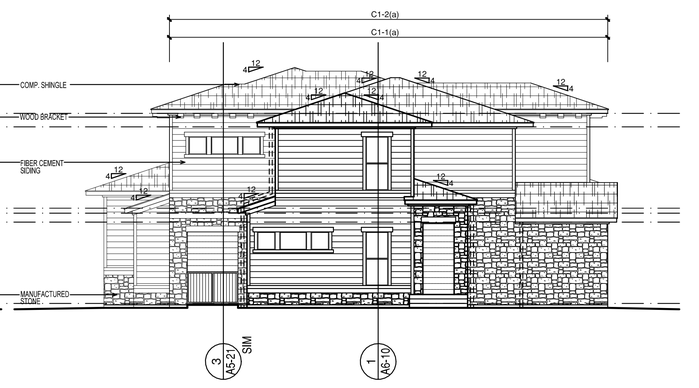
2 BUILDING 'C' - SIDE ELEVATION
SCALE 1/8" = 1'-0"

MATERIAL CALCULATIONS
37% STONE
63% SIDING



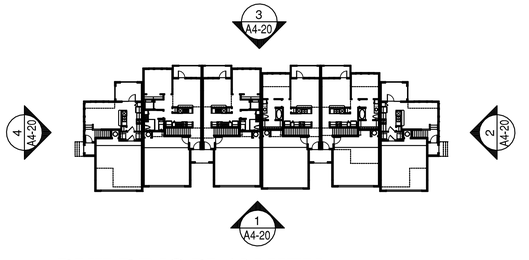
3 BUILDING 'C' - BACK ELEVATION
SCALE 1/8" = 1'-0"

MATERIAL CALCULATIONS
22% STONE
78% SIDING



4 BUILDING 'C' - SIDE ELEVATION
SCALE 1/8" = 1'-0"

MATERIAL CALCULATIONS
37% STONE
63% SIDING



5 BUILDING PLAN KEY
SCALE: NTS

ELEVATION LEGEND:
- DOWN SPOUT LOCATIONS INSIDE CORNER WHEN POSSIBLE
- WINDOW KEY RE: A2-02
- SUSPENDED LIGHTING LOCATION
- DECORATIVE BUILDING LIGHTING
- FIBER CEMENT SIDING
- MANUFATURED STONE

GENERAL NOTES:
WALL MOUNTED SERVICE EQUIPMENT AND SERVICE LINES TO BE PAINTED TO MATCH BUILDING.

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REVISIONS

VERANDA
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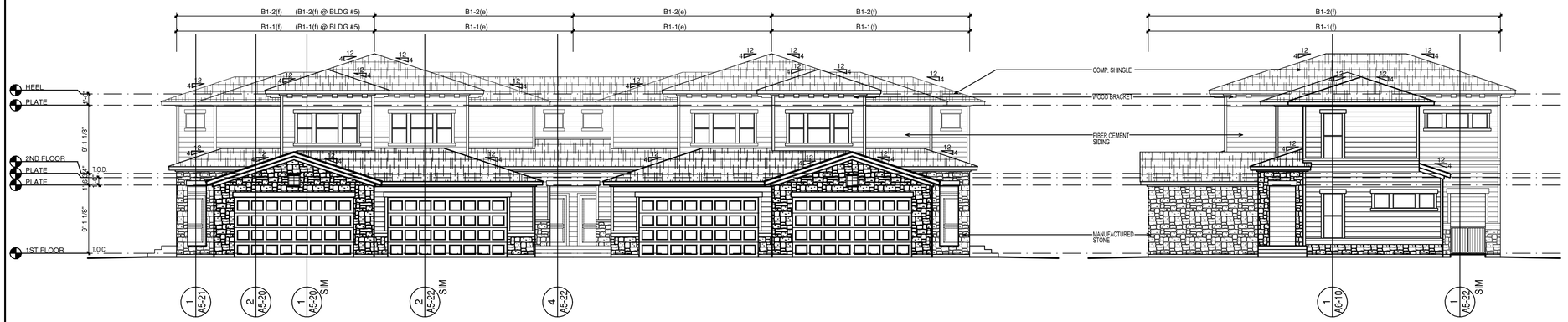
DATE 08-09-17

PROJECT 14251

SHEET NUMBER A4-20

BUILDING 'C' ELEVATIONS



1 BUILDING 'D' - FRONT ELEVATION

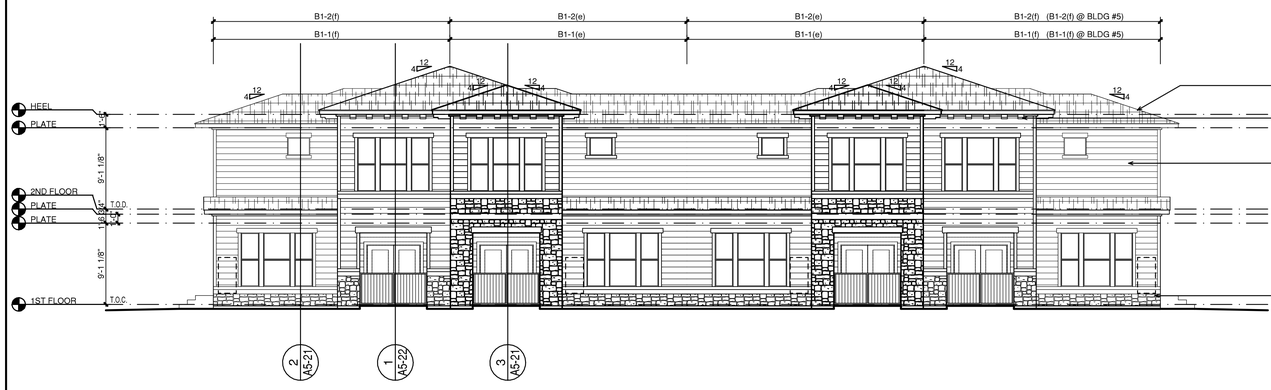
SCALE 1/8" = 1'-0"

MATERIAL CALCULATIONS
38% STONE
62% SIDING

2 BUILDING 'D' - SIDE ELEVATION

SCALE 1/8" = 1'-0"

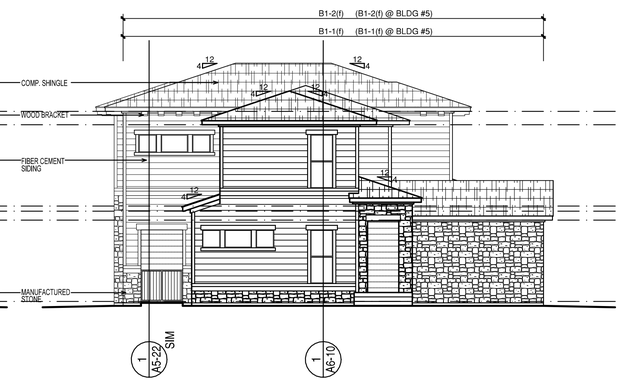
MATERIAL CALCULATIONS
35% STONE
65% SIDING



3 BUILDING 'D' - BACK ELEVATION

SCALE 1/8" = 1'-0"

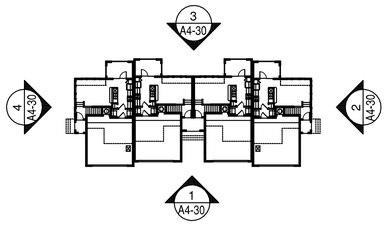
MATERIAL CALCULATIONS
23% STONE
77% SIDING



4 BUILDING 'D' - SIDE ELEVATION

SCALE 1/8" = 1'-0"

MATERIAL CALCULATIONS
35% STONE
65% SIDING



5 BUILDING PLAN KEY

SCALE: NTS

ELEVATION LEGEND:

- DOWN SPOUT LOCATIONS INSIDE CORNER WHEN POSSIBLE
- WINDOW KEY RE: A2-02
- SUSPENDED LIGHTING LOCATION
- DECORATIVE BUILDING LIGHTING
- FIBER CEMENT SIDING
- MANUFATURED STONE

GENERAL NOTES:

WALL MOUNTED SERVICE EQUIPMENT AND SERVICE LINES TO BE PAINTED TO MATCH BUILDING.

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REVISIONS

VERANDA

40 TOWNHOUSE UNITS IN PLANO, TEXAS FOR
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Addison, TX 75001
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bgoarchitects.com

DATE 08-09-17

PROJECT 14251

SHEET NUMBER A4-30

BUILDING 'D' ELEVATIONS

amam - 8/14/2017 FTP - RB

COATS | ROSE

A Professional Corporation

TAMEA A. DULA
OF COUNSEL

tdula@coatsrose.com
Direct Dial
(713) 653-7322
Direct Fax
(713) 890-3918

August 14, 2017

By Email to rosalio.banuelos@tdhca.state.tx.us
Rosalio Banuelos, Senior Asset Manager
Asset Management Division
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

RE: #16114 – Veranda Townhomes, Plano, Collin County, Texas;
Material Application Amendment – Supplemental Information

Dear Rosalio:

In response to your email of Friday, August 11th, please see the following:

1. *Utility Allowances: Based on the utility allowance sheet dated 04/01/2016 from the Plano Housing Authority, it appears that there should be a $16 Monthly Electric Fee included in the utility allowances. Please verify and revise the financial exhibits, as necessary.* The Utility Allowance has been corrected to add in the $16 monthly fee that was inadvertently omitted. Enclosed please find the Utility Allowance (Tab 25) with Plano Housing Authority utility allowances, and the Rent Schedule (Tab 24) and Pro Forma (Tab 27) which were revised accordingly.

2. *Management Fee: The Annual Operating Expenses include a management fee equal to 5.00% of Effective Gross Income, but according to the Fee Schedule from Lincoln Property Company, in addition to the five percent fee, there will be a $500/month fee to off-set LIHTC compliance and certification expenses. Please explain the difference or correct the discrepancy.* The Co-Developer has requested that Lincoln Property Company eliminate the additional $500 monthly fee. Enclosed is a revised letter from Lincoln Property Company. We also enclose the revised Annual Operating Expenses (Tab 26).

3. *Property Insurance Expense: The projected property insurance expense in the Annual Operating Expenses does not appear to match the insurance quote provided. Please explain the difference or correct the discrepancy.* The discrepancy between the insurance quotation and the line item for annual property insurance premiums in the Pro Forma provided to you

amam - 8/14/2017 FTP - RB

on August 9, 2017, appears to be caused by the Annual Operating Expenses spreadsheet rounding up the property insurance quote. The quote of $16,541.84 was inserted into the spreadsheet, but it is automatically rounded up to $16,542. We believe no change to the documentation is necessary. A copy of the quotation from Swain & Baldwin with the premium quote highlighted is enclosed.

4. *15-Year Pro Forma: The expenses in the most recent 15-Year Rental Housing Operating Pro Forma do not match the information in the Annual Operating Expenses sheet. Please correct this discrepancy.* It appears that on Tab 27 Pro Forma, the line for "Water, Sewer & Trash Utilities" only includes the summation of the information at J34 and J35 on the Tab 26 Annual Operating Expenses spreadsheet. Line J37 at which the $4,900 landscape water cost was referenced did not add into the summation on the Pro Forma, although it does get included in the summation shown at L38 on the Annual Operating Expenses spreadsheet (which means that all of the total calculations of Annual Operating Expenses should be consistent). We have worked around this issue by providing the water and landscape water as a lump sum, so that the line item on the Pro Forma for "Water, Sewer & Trash Utilities" will now match the estimates for Trash plus Water/Sewer as shown on the Annual Operating Expenses.

We hope that this material answers your questions. Please contact either Darren Smith at 214-209-3631 or me at 713-653-7322, if you need any additional information.

Very truly yours,

Tamea A. Dula

Tamea A. Dula

Enclosures

cc: Jean Brown
Darren Smith
Brian Roop

LINCOLN PROPERTY COMPANY

a company for people. a company about people.

FEE SCHEDULE

The proposed management fee for the **The Veranda** shall be calculated at **Five percent (5.0%)** of the monthly gross income collected from all sources of the property's operation for the prior stabilized month which includes oversight of LURA/Tax credit certification applications.

Lincoln Property Company includes in the base management fee, full property management services, and executive management over site, along with full property related accounting services. The following is a breakdown of reimbursable expenses that are not included as part of the standard management fee and that would be charged back to the property.

Reimbursable Expenses

Salaries from the on-site Business Manager down, including all related expenses of the on-site staff, would be an expense of the owner and reimbursable.

The current payroll related expenses components are as follows:

FICA, FUTA, SUTA, etc.	9.5%
Workers Compensation	2.5%
Medical / Dental	15.5%
Life / Disability	1.5%
Total Payroll Related Expenses	**29.0%**

- **Allocation of Corporate Staff –** None

- **Payroll Service Cost –** There are payroll processing fees of $45 per employee per month, in addition to those above in the breakdown of the 29. % payroll related expenses.

- **Other Property Expenses –** The following are direct property expenses and are not reimbursable expenses to Lincoln Property Company:
  - **Mileage** – Includes cost per mile and/or any auto allowance for the on-site staff for business related travel.
  - **Postage and Mailing Cost** – Costs incurred for on-site mailing and/or overnight mail from the property.

LINCOLN PROPERTY COMPANY

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FEE SCHEDULE

- **Books and Forms** – All forms, books and manuals including, but not limited to, the Lease Agreements, Training Manuals, etc., used by on-site staff on the property is an expense of the property.
- **Continuing Education** – On-site personnel are encouraged to further their education in accordance with Lincoln Property Company's Educational Benefits policy. If given advance written owner approval, employees are eligible for reimbursement up to $250 per annum for job/industry related course, courses for obtaining a real estate license, and Institute of Real Estate Management (IREM) designations. Educational reimbursement would be at Owner's expense for on-site employees working on the portfolio assets.
- **Computer Hardware** – To be supplied by the property/owner.
- **Software Maintenance** – Annual cost of software license and maintenance which provides software upgrades and software support is a cost of the property.

Maggie Garcia

Digitally signed by Maggie Garcia
DN: cn=Maggie Garcia, o=Lincoln Property Company, ou=LPC Admin, email=mgarcia@lpsi.com, c=US
Date: 2017.08.14 14:27:01 -05'00'

INSURANCE QUOTE

Bank of America, N.A.: Veranda Townhomes
McDermott Road
Plano, TX 75025

SWAIN & BALDWIN
INSURANCE & RISK MANAGEMENT

BUILDING	$7,336,306
CONTENTS	$0
OTHER PROPERTY	$0
LOSS OF RENTS	$747,504
TOTAL	$8,083,810
UNITS	40

PREMIUMS	Annual Premium
PROPERTY	$11,832.23
PROPERTY TAXES & FEES	$591.61
BOILER	$243.00
LIABILITY	$2,500.00
LIABILITY TAXES & FEES	$125.00
UMBRELLA	$1,000.00
ENVIRONMENTAL	$250.00
CYBER	$0.00
TOTAL PREMIUM	**$16,541.84**
$/Unit:	**$413.55**

PROPERTY

Real & Personal Property, Loss of Rents, Newly Acquired Property, Extra Expense, Debris Removal, Demolition & Increased Cost of Construction, Valuable Papers, Accounts Receivable, EDP, Off Premises Power, Pollutant Clean-Up.

$1,250,000,000 Per Occurrence; $200,000,000 Terrorism Coverage, annual aggregate
Ordinance or Law Coverage A Building Value, Coverage B&C $5,000,000 per location, for locations 31 years old and newer; except Coverage B&C $1,000,000 per building for locations 32 years and older, subject to a maximum of $5,000,000 per location.
Absolute mold exclusion.

Deductible for all risk property policy other than shown below is $10,000 per occurrence per location, wind/hail deductible $100,000 per occurrence per location

Property Sublimits & Deductible
Flood Sublimit: $100,000,000 Per Occurrence and Policy Aggregate
Deductible: $50,000 per location, except as follows:
With respect to a location located within Flood Zones A and V all of their Subsets within Special Flood Hazard Areas (SFHA), as defined by the Federal Emergency Management Agency (if these locations are not excluded elsewhere in this policy with respect to the peril of Flood), the deductible shall be $250,000 per Building and Contents, and $50,000 for Time Element, or excess of the amount purchased through NFIP, whichever is greater, at each location involved in the loss for any one occurrence.
For the purpose of the Flood deductible only "location" will be defined as a building.

Earthquake / EQSL Sublimit: $100,000,000 Per Occurrence and Policy Aggregate
Deductible: $50,000 Per location, except as follows:
5% of Total Insurable Values as per schedule on file at each Location involved in the loss or damage, subject to a minimum of $50,000 any one Occurrence, as respects Locations in California and Alaska.
2% of Total Insurable Values as per schedule on file at each Location involved in the loss or damage, subject to a minimum of $50,000 any one Occurrence, as respects Locations in Hawaii; Pacific Northwest Earthquake Zone Counties and New Madrid Earthquake Zone Counties.

Named Storms: $200,000,000 Per Occurrence and Policy Aggregate
Deductible: $50,000 Per Location except as follows:

5% of Total Insurable Values as per schedule on file at each Location involved in the loss or damage arising out of a Named Storm, in respects to locations in Tri-County Florida (Miami-Dade, Palm Beach and Broward Counties) subject to a minimum deductible of $50,000 any one Occurrence.
2% of Total Insurable Values as per schedule on file at each Location involved in the loss or damage arising out of a Named Storm, in respects to locations in Policy Defined Tier 1 Counties and locations in Harris County, TX subject to a minimum deductible of $50,000 any one Occurrence.
Named Storm: A storm that has been declared by the National Weather Service to be a Hurricane, Typhoon, Tropical Cyclone, Tropical Storm, or Tropical Depression (including, but notlimited to, all Flood, wind, wind gusts, storm surges, tornados, cyclones, hail, or rain).

ENVIRONMENTAL IMPAIRMENT LIABILITY

Claims Made Form, 3rd Party Liability - $3,000,000 Policy Aggregate Limit; $1,000,000 Per Location; $25,000 Per Claim Deductible

GENERAL LIABILITY

Liability coverage limits $2,000,000 per location aggregate; $1,000,000 per occurrence; Hired & Non Owned Auto Liability Limit $1,000,000; $5,000 per occurrence deductible.
Additional Insured by Written Contract; Waiver of Subrogation; Professional Liability Excluded

UMBRELLA

Umbrella coverage limits total $10,000,000 per occurrence/$10,000,000 per location aggregate

All projects are covered under master policies and are billed by MRMG.

Coverage under MRMG All Risk policy is subject to receipt, review and acceptance of property and liability loss runs for the past five years and all required underwriting information requested. Vacancy Clause: All Coverage will cease on buildings vacant beyond 60 consecutive days.

Eligibility for inclusion on MRMG Policies is contingent on MRMG having an interest through risk management in a particular project.

ALL PROPERTY CLAIMS WILL BE ADJUSTED BY Monarch Claims Services and York SLA

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TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING

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BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

SEPTMEBER 7, 2017

Presentation, discussion and possible action on a Determination Notice for Housing Tax Credits with another Issuer and an Award of Direct Loan Funds (#17423 Palladium Glenn Heights, Glenn Heights)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Palladium Glenn Heights, sponsored by Palladium USA, Inc. and the Glenn Heights Housing Finance Corporation was submitted to the Department on April 20, 2017;

WHEREAS, the Direct Loan funds application was submitted under the 2017-1 Multifamily Direct Loan Notice of Funding Availability ("2017-1 NOFA");

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on July 19, 2017, and will expire on December 16, 2017;

WHEREAS, the proposed issuer of the bonds is the Texas State Affordable Housing Corporation; and

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as a Category 2 and deemed acceptable by Executive Award and Review Advisory Committee ("EARAC") after review and discussion;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of $1,104,990 in 4% Housing Tax Credits and $800,000 in Direct Loan Funds (TCAP Repayment funds), subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website for Palladium Glenn Heights is hereby approved as presented to this meeting.

BACKGROUND

General Information: The Palladium Glenn Heights, proposed to be located at Hampton and Olvilla Road in Glenn Heights, Ellis County, involves the new construction of 270 units; of which 245 will be rent and income restricted at 60% of Area Median Family Income ("AMFI") and 7 will be further rent and income restricted at 30% AMFI and designated as both HTC and Direct Loan units. The remaining 18 units will be market rate with no rent or income restrictions. The Direct Loan award has been underwritten and recommended at 0% interest, structured as a second lien deferred forgivable loan with a 40 year term that is coterminous with the term of the first lien loan. TCAP Repayment Funds from the Supportive Housing/ Soft Repayment set-aside – by virtue of the 30% units that would not exist otherwise – will be utilized for this loan. Moreover, as a result of 10 TAC §10.204(16), the Applicant has provided an existing development – Palladium Aubrey in Aubrey – for inclusion in the Department's Section 811 Project Rental Assistance

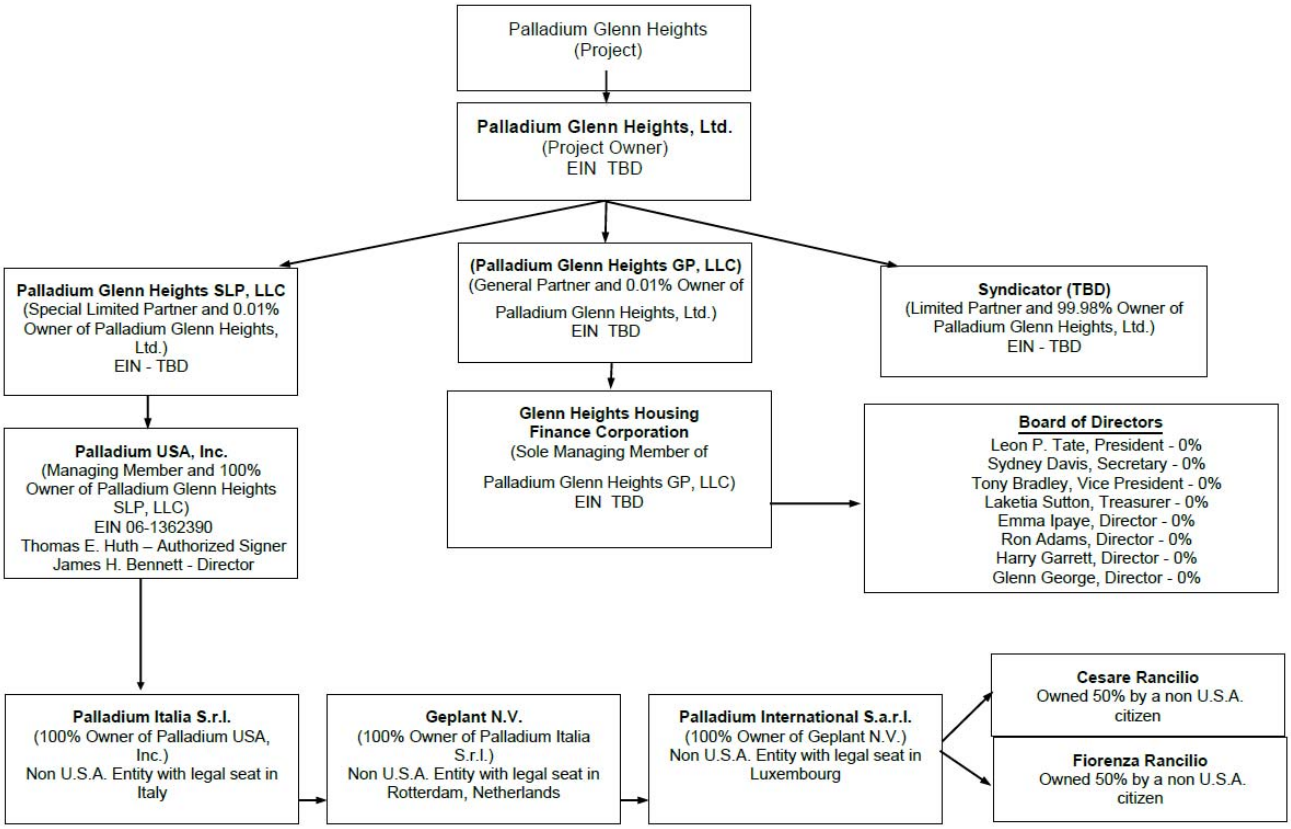
("PRA") Demonstration Program. The Department has approved Palladium Aubrey for participation in the Section 811 PRA Program.

The development will serve the general population and is currently zoned appropriately. The census tract (0602.04) has a median household income of $87,281, is in the first quartile, and has a poverty rate of 4.90%.

Organizational Structure and Previous Participation: The Borrower is Palladium Glenn Heights, Ltd., and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Small Category 2 and the previous participation was deemed acceptable by EARAC without further review or discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

Public Comment: The Department received a letter of opposition from the Red Oak Independent School District. No letters of support have been received.

EXHIBIT A


Palladium Glenn Heights
(Project)
Palladium Glenn Heights, Ltd.
(Project Owner)
EIN TBD
Palladium Glenn Heights SLP, LLC
(Special Limited Partner and 0.01% Owner of Palladium Glenn Heights, Ltd.)
EIN - TBD
(Palladium Glenn Heights GP, LLC)
(General Partner and 0.01% Owner of Palladium Glenn Heights, Ltd.)
EIN TBD
Syndicator (TBD)
(Limited Partner and 99.98% Owner of Palladium Glenn Heights, Ltd.)
EIN - TBD
Palladium USA, Inc.
(Managing Member and 100% Owner of Palladium Glenn Heights SLP, LLC)
EIN 06-1362390
Thomas E. Huth – Authorized Signer
James H. Bennett - Director
Glenn Heights Housing Finance Corporation
(Sole Managing Member of Palladium Glenn Heights GP, LLC)
EIN TBD
Board of Directors
Leon P. Tate, President - 0%
Sydney Davis, Secretary - 0%
Tony Bradley, Vice President - 0%
Laketia Sutton, Treasurer - 0%
Emma Ipaye, Director - 0%
Ron Adams, Director - 0%
Harry Garrett, Director - 0%
Glenn George, Director - 0%
Palladium Italia S.r.l.
(100% Owner of Palladium USA, Inc.)
Non U.S.A. Entity with legal seat in Italy
Geplant N.V.
(100% Owner of Palladium Italia S.r.l.)
Non U.S.A. Entity with legal seat in Rotterdam, Netherlands
Palladium International S.a.r.l.
(100% Owner of Geplant N.V.)
Non U.S.A. Entity with legal seat in Luxembourg
Cesare Rancilio
Owned 50% by a non U.S.A. citizen
Fiorenza Rancilio
Owned 50% by a non U.S.A. citizen

RED OAK ISD

109 W. RED OAK ROAD P.O. BOX 9000 RED OAK, TEXAS 75154
972.617.2941 FAX 972.617.4333

July 17, 2017

TDHCA - Multifamily Finance Division
Teresa Morales, Multifamily Division Manager
PO Box 13941
Austin, Texas 78711-3941

Palladium Glenn Heights Development # 17423

Dear Ms. Morales,

We write in connection with the above development application. We have examined the endeavor and are very familiar with the site. We wish to strongly oppose the multifamily development in this location.

Although we see and understand the benefits of this development to the City of Glenn Heights, we also understand the ramifications on the Red Oak Independent School District. In May of 2017, the District went to the voters with a seventy-four-million-dollar bond proposal that would help alleviate overcrowding, specifically in our middle and high school. The proposal included construction of a middle school on the west side of the District, which is located within the Glenn Heights region of the District, and an expansion building at Red Oak High School, which is on the eastern or Red Oak region of the District.

The bond was defeated in the May election meaning we are unable to begin construction on a second middle school to help alleviate the overcrowding at our current middle school. The failure of the bond will put an increased amount of pressure, in terms of student capacity, on our existing facilities. The Palladium Development could cause significant increase in student population across the District, specifically at the elementary campus that would serve the development.

We currently have five subdivisions building within our District, these are a combination of single-family homes, garden homes, and restricted adult living that will create an increase in student enrollment. The student enrollment projections for the Palladium Development, researched by our demographers, could be .55 students per unit, if not higher, which could add 149 new students to our District.

RED OAK ISD

109 W. RED OAK ROAD P.O. BOX 9000 RED OAK, TEXAS 75154
972.617.2941 FAX 972.617.4333

At this point in time, we believe this project could have a negative effect upon our District's ability to adequately maintain our programs and services at the quality to which we and our community has come to expect. The increase in student enrollment, the escalation in expenditures to transport students throughout our District, and the surge in traffic patterns in the Hampton Road area all lead to the factors to which the District has significant concerns in supporting the project.

Regards,

John Hawkins
President
Red Oak ISD Board of Trustees

Henry Lozano
Vice President
Red Oak ISD Board of Trustees

Melanie Petersen
Secretary
Red Oak ISD Board of Trustees

John Anderson
Member
Red Oak ISD Board of Trustees

Johnny Knight
Member
Red Oak ISD Board of Trustees

Dr. Joy Shaw
Member
Red Oak ISD Board of Trustees

Dr. Mark Stanfill
Member
Red Oak ISD Board of Trustees

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BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action on Inducement Resolution No. 18-005 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2017 Waiting List

RECOMMENDED ACTION

WHEREAS, one bond pre-application, as further described below, was submitted to the Department for consideration of an inducement resolution;

WHEREAS, Board approval of the inducement resolution is the first step in the application process for a multifamily bond issuance by the Department; and

WHEREAS, approval of the inducement will allow staff to submit an application to the Bond Review Board ("BRB") for the issuance of a Certificate of Reservation associated with the Development;

NOW, therefore, it is hereby

RESOLVED, that based on the foregoing, the Inducement Resolution No. 18-005 to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority from the 2017 Private Activity Bond Program for the application noted herein 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, including but not limited to site eligibility and threshold as well as previous participation as it relates to previously funded developments through the Department. Staff will also underwrite the transaction and determine financial feasibility 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. This inducement resolution would reserve approximately $50 million in private activity bond volume cap.

Vista on Gessner (17624)

The development is located at 6005 through 6525 S. Gessner Road in Houston, Harris County, and will include the acquisition and rehabilitation of 805 units serving the general population. This transaction is proposed to be Priority 3 with all of the units rent and income restricted at 60% of the Area Median Family Income ("AMFI"). The Department has not received any letters of support or opposition for this development.

RESOLUTION NO. 18-005

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 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 Deputy Executive Directors of the Department, the Chief Financial Officer 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. The Bonds will be a special limited obligation of the Department payable solely from amounts pledged for that purpose under the financing documents.

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.

[Execution page follows]

PASSED AND APPROVED this _____ day of _____, 2017.

[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
Vista on Gessner	Dalcor Gessner, LTD, a Texas limited partnership	General Partner: Dalcor Gessner GP, LLC, a Texas limited liability company	$50,000,000.00
Costs: Acquisition/rehabilitation of a 805-unit affordable, multifamily housing development known as Vista on Gessner, located at 6005-6525 S. Gessner Road, Houston, Harris County, TX 77036.			

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BOARD ACTION REQUEST

COMPLIANCE DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action on adoption of amendments to 10 TAC Chapter 10, Uniform Multifamily Rules Subchapter F, Compliance Monitoring, §10.610 concerning Written Policies and Procedures and §10.613 concerning Lease Requirements and directing that they be published in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, at the Board meeting of April 27, 2017, the Board approved the publication of proposed amendments to certain sections of the compliance monitoring rules to incorporate requirements of the Violence Against Women Act ("VAWA"); and

WHEREAS, the public comment period was from May 12, 2017, through June 12, 2017, all comment has been responded to, some changes have been made, and staff recommends adoption of the rule as presented herein;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed on behalf of the Department, to cause the adoption of amendments to 10 TAC Chapter 10, Uniform Multifamily Rules Subchapter F, Compliance Monitoring, §10.610 concerning Written Policies and Procedures and §10.613 concerning Lease Requirements in the form presented to this meeting, to be 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 Violence Against Women Act ("VAWA") was reauthorized in 2013 and provided basic protections for applicants and residents at many affordable housing properties, including all HOME and Housing Tax Credit Developments who have experienced domestic violence, dating violence, or sexual assault. The Department's rules were updated in November 2013 to incorporate those provisions. VAWA required the "appropriate agency" meaning the federal agency with oversight for the program, to adopt a model emergency transfer plan for residents affected by domestic violence. In addition, VAWA required HUD to develop a notice of occupancy rights and self certification for use as documentation if a person requests consideration under VAWA and the owner requests documentation.

HUD is the "appropriate agency" for the following Department programs: HOME, National Housing Trust Fund ("NHTF"), Multifamily Direct Loan Funds if those funds are used by the Department as a source of HOME match funds, and NSP because the Department has adopted certain provisions of the HOME rule regarding tenant protections. In March 2017 HUD released their implementing regulations regarding

VAWA. The regulation included the Notice of Occupancy Rights, Self Certification, and model emergency transfer plan. At the Board meeting of April 27, 2017, the Department proposed amendments to the compliance rules to incorporate these requirements. On June 30, 2017, HUD published HSGN-2017-5 extending VAWA protection to 811 PRA households. Consequently, this rule adoption makes the conforming change to the Texas Administrative Code.

The public comment period was from May 12, 2017, through June 12, 2017. Comment was received from two commenters. A summary of their comments and response is below.

Attachment 1: Preamble and adoption of amendments to 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter F, Compliance Monitoring, §10.610 Written Policies and Procedures and §10.613 Lease Requirements

The Texas Department of Housing and Community Affairs (the "Department") adopts amendments to 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter F, Compliance Monitoring, §10.610, concerning Written Policies and Procedures and §10.613 concerning Lease Requirements.

REASONED JUSTIFICATION: The majority of these amendments are required by the U.S. Department of Housing and Urban Development's implementing guidance regarding the requirements of the Violence Against Women Act ("VAWA"). Other amendments provide consistency between §10.610 and §1.204, relating to Reasonable Accommodations, provide further clarification of NHTF requirements, and address the requirement for a HOME Development sponsored by a CHDO or a Development that contains 811 units to provide a grievance policy. Also, the amendments clarify that certain properties that have been found "lead free" are not required to provide certain notices to residents.

SUMMARY OF COMMENTS AND STAFF RECOMMENDATIONS: Comment was received from (1) Patrick Barbolla, Fountainhead Management Inc. and (2) Linda Farrell, Hamilton Properties Corporation.

Ms. Farrell's submission (comments only attached) suggested no changes to the rule.

COMMENT SUMMARY: §10.610(b)(1)(D)(i)
This section of the rule lists statements that an owner must include in their tenant selection criteria. One of the statements is that the Development will comply with state and federal fair housing and antidiscrimination laws. The rule goes on to say "Chapter 1, Subchapter B of this title provides more detail about reasonable accommodations." The commenter notes that this sentence would not make sense in a Development's tenant selection criteria.

DEPARTMENT RESPONSE: Staff agrees and has deleted the sentence from the rule.

COMMENT SUMMARY: §10.610(c)
Commenter 1 notes that the Department's rule prohibits a Development from requiring a household to make a reasonable accommodation request in writing despite a Joint Statement of the Department of Housing and Urban Development and the Department of Justice that notes it is usually helpful for both the resident and the housing provider if the request is made in writing. Commenter suggested the following revision to the rule:

(2) the policy must not (A) require a household to make a reasonable accommodation request in writing; provided, however, that the housing provider may state that it is helpful to both the resident and the housing provider if the request is made in writing to help prevent misunderstandings regarding what is being requested, or whether the request was made.

DEPARTMENT RESPONSE: Staff does not recommend making this change to the rule; there is nothing that would prohibit an owner from stating that it would be helpful to get the request in writing. The point of the rule is to explain the federal rule that an owner cannot require the request to be in writing.

COMMENT SUMMARY: §10.610(e) and (f)
Commenter 1 suggested that TDHCA properties layered with funding from USDA or HUD should be allowed to use the HUD or USDA VAWA forms instead of the forms created by the Department.

DEPARTMENT RESPONSE: Because the Department has responsibilities under the Violence Against Women Act, the Department's information must be included on the forms. Therefore it is not permissible to allow TDHCA properties to only use the current version of the HUD or USDA forms. However, based on this comment, changes to the rules are shown below which will allow owners to create one form that satisfies the Department's requirements and the HUD/USDA requirements. The rule has been updated in two sections with the following language:

"To avoid providing applicants and residents with duplicate information, TDHCA administered Developments layered with other federal funds are permitted to amend the TDHCA VAWA forms to incorporate requirements of other funders. However, none of the information included in the TDHCA created form may be omitted."

COMMENT SUMMARY: §10.610(h)
Commenter 1 noted that the Department's rule requires the VAWA forms to be provided at the time of application and that 24 CFR §5.2005(a)(2) only requires the notification to be provided if the applicant is denied, approved or receives an eviction notice.

DEPARTMENT RESPONSE: Staff recommends no change to the rule as proposed. Staff believes that individuals affected by domestic violence may be discouraged from applying if they are unaware of their rights.

COMMENT SUMMARY: §10.613(h)
Commenter 1 noted that VAWA protects victims of domestic violence, but not the perpetrator. To make that clear he suggested the following change:

"In accordance with the Violence Against Women Act, an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking shall not be construed against the documented victim of such actual or threatened domestic violence, dating violence, sexual assault, or stalking as a serious or repeated violation of a lease or good cause for termination of tenancy."

DEPARTMENT RESPONSE: Staff agrees and has made the change.

COMMENT SUMMARY: §10.613(h) and (i)

Commenter 1 believed that there was an error in 10 TAC §10.613. This section of the rule states that the Department will determine if a person is eligible to break their lease without penalty. The commenter thought this was an error and that the owner of the housing would make that decision. The commenter also noted that the word "executed" was missing from a sentence in this section.

DEPARTMENT RESPONSE: The rule as proposed was not erroneous. 24 CFR §92.359(e) states: "This VAWA lease term/addendum must also provide that the tenant may terminate the lease without penalty if the participating jurisdiction determines that the tenant has met the conditions for an emergency transfer under 24 CFR 5.2005(e)." No changes were made. The change regarding the missing word "executed" has been made.

§10.610.Written Policies and Procedures.

(a) The purpose of this section is to outline policies and/or procedures that are required to have written documentation.

(1) Owners must inform applicants/tenants in writing, at the time of application or other action described in this section, that such policies/procedures are available, and that the Owner will provide copies upon request to applicants/tenants or their representatives.

(2) The Owner must have all policies and related documentation required by this section available in the leasing office or wherever applications are taken.

(3) All policies must have an effective date. Any changes require a new effective date.

(4) In general, policies cannot be applied retroactively. Tenants who already reside in the development or applicants on the wait list at the time new or revised tenant selection criteria are applied and who are otherwise in good standing under the lease or wait list, must not receive notices of termination or non-renewal based solely on their failure to meet the new or revised tenant selection criteria or be passed over on the wait list. However, criteria related to program eligibility may be applied retroactively when a market development receives a new award of tax credits, federal or state funds and a household is not eligible under the new program requirements, or when prior criteria violate federal or state law.

(b) Tenant Selection Criteria. Owners must maintain written Tenant Selection Criteria. The criteria under which an applicant was screened must be included in the household's file.

(1) The criteria must include:

(A) Requirements that determine an applicant's basic eligibility for the property, including any preferences, restrictions, and any other tenancy requirements. The tenant selection criteria must specifically list:

(i) The income and rent limits;

(ii) When applicable, restrictions on student occupancy and any exceptions to those restrictions; and,

(iii) Fees and/or deposits required as part of the application process.

(B) Applicant screening criteria, including what is screened and what scores or findings would result in ineligibility.

(i) The screening criteria must avoid the use of vague terms such as "elderly," "bad credit," "negative rental history," "poor housekeeping," or "criminal history" unless terms are clearly defined within the criteria made available to applicants.

(ii) Applicants must be provided the names of any third party screening companies upon request.

(C) Occupancy Standards. If fewer than 2 persons (over the age of 6) per bedroom for each rental unit are required for reasons other than those directed by local building code or safety regulations, a written justification must be provided.

(D) The following statements:

(i) The Development will comply with state and federal fair housing and antidiscrimination laws; including, but not limited to, consideration of reasonable accommodations requested to complete the application process. ~~Chapter 1, Subchapter B of this title provides more detail about reasonable accommodations.~~

(ii) Screening criteria will be applied in a manner consistent with all applicable laws, including the Texas and Federal Fair Housing Acts, the Federal Fair Credit Reporting Act, program guidelines, and the Department's rules.

(iii) Specific animal, breed, number, weight restrictions, pet rules, and pet deposits will not apply to households having a qualified service/assistance animal(s).

(E) Notice to applicants and current residents about Violence Against Women Reauthorization Act of 2013 ("VAWA") protections.

(F) Specific age requirements if the Development is operating as Housing for Older Persons under the Housing for Older Persons Act of 1995 as amended (HOPA), or as required by federal funds to have an Elderly Preference, and in accordance with a LURA.

(2) The criteria must not:

(A) Include preferences for admission, unless such preference is:

(i) Allowed for under program rules; or,

(ii) The property receives Federal assistance and has received written approval from HUD, USDA, or VA for such preference.

(B) Exclude an individual or family from admission to the Development solely because the household participates in the HOME Tenant Based Rental Assistance Program, the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. §1-437), or other federal, state, or local

government rental assistance program. If an Owner adopts a minimum income standard for households participating in a voucher program, it is limited to the greater of a monthly income of 2.5 times the household's share of the total monthly rent amount or $2,500 annually; or,

(C) In accordance with VAWA, deny admission on the basis that the applicant has been a victim of domestic violence, dating violence, sexual assault, or stalking.

(3) If the Development is funded with HOME, Multifamily Direct Loan funds used as HOME match, NHTF, or NSP funds, in accordance with 24 CFR §93.356 and 24 CFR §92.359, the criteria may have a preference for persons who have experienced domestic violence, dating violence, sexual assault, or stalking.

(c) Reasonable Accommodations Policy. Owners must maintain a written Reasonable Accommodations policy. The policy must be maintained at the Development. Owners are responsible for ensuring that their employees and contracted third party management companies are aware of and comply with the reasonable accommodation policy.

(1) The policy must provide:

(A) Information on how an applicant or current resident with a disability may request a reasonable accommodation; and,

(B) A timeframe (not to exceed 14 calendar days) in which the Owner will respond to a request.

(2) The policy must not:

(A) Require a household to make a reasonable accommodation request in writing;

(B) Require a household to provide specific medical or disability information other than the disability verification that may be requested to verify eligibility for reasonable accommodation or special needs set aside program;

(C) Exclude a household with person(s) with disabilities from admission to the Development because an accessible unit is not currently available; or,

(D) Require a household to rent a unit that has already been made accessible.

(d) Wait List Policy. Owners must maintain a written wait list policy, regardless of current unit availability. The policy must be maintained at the Development.

(1) The policy must include procedures the Development uses in:

(A) Opening, closing, and selecting applicants from the wait list;

(B) How preferences are applied; and,

(C) Procedures for prioritizing applicants needing accessible units in accordance with 24 CFR §8.27 and Chapter 1, Subchapter B of this title.

(2) Developments with additional rent and occupancy restrictions must maintain a waiting list for their lower rent restricted units. Unless otherwise approved at application, underwriting and cost certification, all unit sizes must be available at the lower rent limits. The wait list policy for Developments with lower rent restricted units must address how the waiting list for their lower rent restricted units will be managed. The policy must not give a preference to prospective applicants over existing households. However, a Development may, but is not required to, prioritize existing households over prospective applicants.

(e) Denied Application Policies. Owners must maintain a written policy regarding procedures for denying applications.

(1) The policy must address the manner by which rejections of applications will be handled, including timeframes and appeal procedures, if any.

(2) Within seven (7) days after the determination is made to deny an application, the owner must provide any rejected or ineligible applicant that completed the application process a written notification of the grounds for rejection. The written notification must include:

(A) The specific reason for the denial and reference the specific leasing criteria upon which the denial is based;

(B) Contact information for any third parties that provided the information on which the rejection was based and information on the appeals process, if one is used by the Development. A grievance procedure is required for HOME Developments that are owned by Community Housing Development Organizations, and Developments that lease units under the Department's Section 811-PRA program; and

(C) The TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation."

(3) The Development must keep a log of all denied applicants that completed the application process to include:

(A) Basic household demographic and rental assistance information, if requested during any part of the application process;

(B) The specific reason for which an applicant was denied, the date the decision was made; and,

(C) The date the denial notice was mailed or hand-delivered to the applicant.

(4) A file of all rejected applications must be maintained the length of time specified in the applicable program's recordkeeping requirements and include:

(A) A copy of the written notice of denial; and,

(B) The Tenant Selection Criteria policy under which an applicant was screened.

(f) Non-renewal and/or Termination Notices. Owners must maintain a written policy regarding procedures for providing households non-renewal and termination notices.

(1) The owner must provide in any non-renewal or termination notice, a specific reason for the termination or non-renewal.

(2) The notification must:

(A) Be delivered as required under applicable program rules;

(B) Include the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation." To avoid providing applicants and residents with duplicate information, TDHCA administered Developments layered with other federal funds are permitted to amend the TDHCA VAWA forms to incorporate requirements of other funders. However, none of the information included in the TDHCA created form may be omitted.

(C) State how a person with a disability may request a reasonable accommodation in relation to such notice; and,

(D) Include information on the appeals process if one is used by the property.

(g) Unit Transfer Policies. Owners must maintain a written policy regarding procedures for households to request a unit transfer. The policy must address the following:

(1) How security deposits will be handled for both the current unit and the new unit;

(2) How transfers related to a reasonable accommodation will be addressed; and,

(3) For HTC Developments, how transfers will be handled with regard to the multiple building project election on IRS Form(s) 8609 line 8(b) and accompanying statements in accordance with §10.616 of this subchapter, concerning Household Unit Transfer Requirements for All Programs.

(h) At the time of application Owners must provide each adult in the household the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation." To avoid providing applicants and residents with duplicate information, TDHCA administered Developments layered with other federal funds are permitted to amend the TDHCA VAWA forms to incorporate requirements of other funders. However, none of the information included in the TDHCA created form may be omitted.

(i) No later than June 14, 2017, HOME, NHTF, NSP, 811 PRA, and state HOME match, Development Owners with contracts dated on or after December 16, 2016, must individualize for their Development and then adopt the TDHCA form based on HUD Form 5381 "Model Emergency Transfer Plan for Victims of Domestic Violence, Dating Violence, Sexual Assault or Stalking" or request from the Department to use another Federal program's Emergency Transfer Plan.

§10.613.Lease Requirements.

(a) Eviction and/or termination of a lease. For HTC Developments, IRS Revenue Ruling 2004-82 prohibits the eviction or termination of tenancy of low-income households for other than good cause throughout the entire Affordability Period, and for three (3) years after termination of an extended low-income housing commitment. Owners executing or renewing leases after November 1, 2007, shall specifically state in the lease or in an addendum attached to the lease that evictions or terminations of tenancy for other than good cause are prohibited.

(b) For HOME, state HOME match, and NSP Developments, the HOME Final Rule (and as adopted by Texas NSP) prohibits Owners from evicting low-income residents or refusing to renew a lease except for serious or repeated violations of the terms and conditions of the lease, for violations of applicable federal, state or local law, for completion of the tenancy period for transitional housing, or for other good cause. To terminate tenancy, the Owner must serve written notice to the tenant specifying the grounds for the action at least thirty (30) days before the termination of tenancy. Owners executing or renewing leases after November 1, 2007, shall specifically state in the lease or in an addendum attached to the lease that evictions or non-renewal of leases for other than good cause are prohibited (24 CFR §92.253). Owners must also comply with all other lease requirements and prohibitions stated in 24 CFR §92.253.

(c) For NHTF, the NHTF Interim Rule prohibits Owners from evicting low-income residents or refusing to renew a lease except for serious or repeated violations of the terms and conditions of the lease, for violations of applicable federal, state or local law, or for other good cause. Owners must also comply with all other lease requirements and prohibitions stated in 24 CFR §93.303.

(d) Evictions and terminations of tenancy for other than good cause are prohibited. In accordance with the Violence Against Women Act, an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking against the documented victim of such actual or threatened domestic violence, dating violence, sexual assault, or stalking shall not be construed as a serious or repeated violation of a lease or good cause for termination of tenancy. If a challenge to an eviction or termination of tenancy is related to a reasonable accommodation as defined by §1.204 of this title (relating to Reasonable Accommodations), a violation of the provision found in subsection (i) of this section, or for Developments financed by Direct Loans where actions trigger Title 104(d) of the Housing and Community Development Act of 1974 or the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, the Department upon the request of either party will determine if an Owner is in compliance with the referenced requirements using the methods outlined in 1.2 of this Title (regarding Department Compliant System), or as required by federal law. Otherwise, the Department does not determine if an Owner has good cause or if a resident has violated the lease terms for other reasons. Challenges for evictions or terminations of tenancy for other reasons must be made by a court of competent jurisdiction or an agreement of the parties in arbitration, and the Department will rely on that determination.

(e) HTC and Bond Developments must use a lease or lease addendum that requires households to report changes in student status.

(f) Owners of HTC Developments are prohibited from locking out or threatening to lock out any Development resident, except by judicial process, unless the exclusion is necessary for the purpose of performing repairs or construction work, or in cases of emergency. Owners are further prohibited from

seizing or threatening to seize the personal property of a resident except by judicial process unless the resident has abandoned the premises. These prohibitions must be included in the lease or lease addendum.

(g) For HOME, TCAP, state HOME match, NHTF, and NSP Developments, properties that were initially built for occupancy prior to 1978 must include in their lease or lease addendum a Lead Warning Statement. To demonstrate compliance, the Department will monitor that, all households at HOME, TCAP, state HOME match, NHTF, and NSP Developments have signed the Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards. (24 CFR §92.355, 24 CFR §93.361 and §570.487(c)). The addendum and disclosure are not required if all lead has been certified to have been cleared from the Development in accordance with 24 CFR §35.130, and the Owner has the required certification in its on-site records.

(h) All Owners may bifurcate a lease to terminate the tenancy of an individual who is a tenant or lawful occupant and engages in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking against another lawful occupant living in the unit or other affiliated individual as defined in the VAWA 2013.

(i) All NHTF, state HOME match, NSP, 811 PRA, and HOME Developments for which the contract is executed on or after December 16, 2016, must use the Department created VAWA lease addendum which provides the ability for the tenant to terminate the lease without penalty if the Department determines that the tenant qualifies for an emergency transfer under 24 CFR §5.2005(e).

(j) Leasing of HOME and state HOME match units by organizations that, in turn, rent those units to individuals is not permissible for Developments with contracts dated on or after August 23, 2013.

(k) Housing Tax Credit units leased to an organization through a supportive housing program where the owner receives a rental payment for the unit regardless of physical occupancy will be found out of compliance if the unit remains vacant for over 60 days. The unit will be found out of compliance under the finding "Violation of the Unit Vacancy Rule."

(l) It is a Development Owner's responsibility at all times to know what it has agreed to provide by way of common amenities, unit amenities, and services.

(m) A Development Owner shall post in a common area of the leasing office a laminated copy and provide each household, during the application process and upon a subsequent change to the items described in paragraph (2) of this subsection, the brochure made available by the Department, A Tenant Rights and Resources Guide, which includes:

(1) Information about Fair Housing and tenant choice;

(2) Information regarding common amenities, unit amenities, and services; and,

(3) A certification that a representative of the household must sign prior to, but no more than 120 days prior to, the initial lease execution acknowledging receipt of this brochure.

(4) In the event this brochure is not provided timely or the household does not certify to receipt of the brochure, correction will be achieved by providing the household with the brochure and receiving a signed certification that it was received.

FOUNTAINHEAD MANAGEMENT, INC.
4000 OLD BENBROOK ROAD
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June 10, 2017

Texas Department of Housing and Community Affairs Via fax and email
Attention: Patricia Murphy, Rule Comments
P.O. Box 13941
Austin, Texas 78711-3941

Re: Proposed Compliance Monitoring Rule §10.610 & 613

Dear Ms. Murphy:

I appreciate this opportunity to comment on the proposed changes to §10.610 and 10.613. There are a few areas where the rule could be improved and I trust you will give these comments thoughtful consideration.

While I do not know its effect on the validity of the proposed rule, there is an error in the third introductory paragraph of the Texas Register notice that reads:

"10 TAC §10.613(h) is being amended to reflect that tenants at certain Developments can break a lease without penalty if the ***Department*** determines that the tenant meets the criteria for an emergency transfer under 24 CFR §5.2005 (emphasis added). Actually, the Department does not make any determination; the decision is that of the Development Owner.

Comments on proposed §10.610

Proposed §10.610 (e)((2)(C) and §10.610(f)((2) (B) would require the use of TDHCA form based on HUD Form 5380. For properties receiving direct assistance from the Rural Development, USDA or HUD, the Development owner should be given the option to use the HUD or USDA forms that provide similar information to that developed by TDHCA. While it is apparent that TDHCA has developed some expertise in the matter under the direction of HUD, it seems the federal agencies that actually have experience and expertise in VAWA should take the lead.

Proposed §10.610(h) would require that the 5380 Notice and HUD form 5382 be provided to each adult at the time of application. According to §5.2005(a)(2), the Notice and attachment is only required to be provided: (1) at the time the applicant is denied assistance or admission, (2) at the time the individual is provided assistance or admission, and (3) with any notice of eviction or termination of assistance. Thus, it is suggested that the language of proposed section 10.610(h) be either deleted in its entity since it is already covered by section

10.610 (e)(2)(c) or revised to read.... "At the time that assistance is provided or the individual is granted admission, the Owners must provide...."

The VAWA protects victims for evictions and termination; it does not protect the perpetrator of the crime. However, as drafted, the sentence of proposed §613(d) porttects both the victim and the perpetrator of violence from eviction. That sentence reads: "In accordance with the violence Against Women Act, an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking shall not be constructed as a serious or repeated violation of the lease or good cause for termination of tenancy." The meaning of the sentence would be significantly improved by revising the sentence to read as follows:

> "In accordance with the Violence Against Women Act, an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking shall not be construed *against the documented victim of such actual or threatened domestic violence, dating violence, sexual assault, or stalking* as a serious or repeated violation of a lease or good cause for termination of tenancy.

With the revised language, properties would be unable to terminate the tenancy of the perpetrator of the violence.

Proposed §613(i) appears to be flawed in two respects. First, the word "executed " is missing after the first "is" in the sentence. Second, the decision whether a tenant qualifies for an emergency transfer is made by the Development, not the Department. Thus,it is suggested that §613(i) be revised to raed as follows:

> "All NHTF, state HOME match, NSP, and HOME Developments for which the contract is ***executed*** on or after December 16, 2016, must use the Department created WAWA lease addendum which provides the ability for the tenant to terminate the lease without penalty if the ~~Department~~ ***Development*** determines that the tenant qualifies for an emergency transfer under 24 CFR §5.2005(e)."

As an additional matter, §10.610(D)(1) currently reads (as published in the Texas Register) as follows:

> (D) The following statements:
>
> (i) The Development will comply with state and federal fair housing and antidiscrimination laws; including, but not limited to, consideration of reasonable accommodations requested to complete the application process. *Chapter 1, Subchapter B of this title provides more detail about reasonable accommodations.* (Italics added)

While it is clear that the Department desires the first sentence to be included in the written policies, as drafted, the italicized sentence above is meaningless and clearly is not a statement to be included in the Tenant Selection Criteria. It is recommended that the second sentence above be deleted.

The current rule [§10.610(c)(2)(A)] also prohibits a Development from requiring a household to make a reasonable accommodation request in writing. However, the Joint Statement of the Department of Housing and Urban Development and the Department of Justice entitled "Reasonable Accommodations Under the Fair Housing Act" dated May 17, 2004 states:

> " Although a reasonable accommodation request can be made orally or in writing, it is usually helpful for both the resident and the housing provider if the request is made in writing. This will help prevent misunderstandings regarding what is being requested, or whether the request was made."

Thus, in a future revision to the rule, it is suggested that §10.610 (c)(2)(A) be amended as follows:

(2) The policy must not:

(A) Require a household to make a reasonable accommodation request in writing; provided, however, that the housing provider may state that it is helpful to both the resident and the housing provider if the request is made in writing to help prevent misunderstandings regarding what is being requested, or whether the request was made.

Very truly yours,

Patrick A. Barbolla

Patrick A. Barbolla

HAMILTON PROPERTIES CORPORATION
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RELAY # 711

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May 30, 2017

Texas Department of Housing and Community Affairs
Attn: Patricia Murphy
PO Box 13941
Austin, TX 78711-3941

RE: Multifamily Compliance Proposed Rule Changes

Attn: Ms. Murphy,

Thank you for taking time to read my suggestions regarding the changes Rule § 10.610 and § 10.613:

Change for Rule § 10.610 Written Policies and Procedures.

(c) (1) (B) A timeframe (not to exceed 14 calendar days) in which the Owner will **respond** to a request.

"Will respond to a request" is too vague. Does that mean: "Yes, I will do your request for the accommodation, but at some later time" Or "Actually make the reasonable accommodations." I do understand that sometime parts are needed or equipment brought in for the new ramp. "What has to be accomplished within the 14 days?" Please see "Page 78 of the USDA Rural Development Handbook 2, Appendix 1" (enclosed)

(e) (2) Denied Application Policies

Please note that on a USDA Rural Development property any rejections need to be sent "Certified" and all applicants have the "right to appeal within 10 calendar days after receipt". We have attached the pages regarding the "Notices of ineligibility or rejection." Regulations to this letter. As a FYI for Hamilton Properties rejections ... during the past 20 plus years we have never "Rejected an applicant because of a domestic violence situation". Question regarding the notice of rejection? If we are rejecting them for say, "Owing another apartment community funds, or lying on their application, or criminal activity (assault causing bodily injury or conviction of sexual assault, drug convictions, etc. Is it necessary to add the information about appealing our decision regarding VAWA if there is no information regarding coming from an applicant regarding an abusive situation? We have attached information from the USDA Rural Development Handbook 2, Appendix 1, pages 91 and 103, regarding rejecting applicants.

This institution is an equal opportunity provider, and employer.

EQUAL HOUSING OPPORTUNITY

(h) The HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" This form Expires on 06/30/2017. Form number 5382 also expires on 06/30/2017. Are there replacement forms? It seems strange to put this rule in place for maybe 30 days before the forms expire. Also shown in (c) (2) (C).

Can we change the margins and single space the form 5380 to reduce the number of pages to give to the applicants and residents?

Change for Rule § 10.613 Lease Requirements.

(g) Lead Warning requirements. Just a question that was not covered in the changes. We have a property that was found to be in non-compliance. Hamilton Manor Apartments was built in 1978 and, we had an inspection by a third party that found NO LEAD on the property. Yet we were told that we had to pass out the warning forms to all residents and to all new tenants. Since **NO** lead was found on the property during the inspection, prior to us doing the rehab on the property in March of 2006, do we need to continue passing out the notices?

I have also enclosed a copy of other documents from USDA Rural Development. To provide some other information on the following items:

1. Letter from April 28, 2015 regarding Apartment Services and not paid from property funds.
2. Letter from November 30, 2015 regarding USDA Nondiscrimination Statement
3. Letter from January 22, 2016 regarding Allowable Expenses in Multi-Family Housing Properties
4. Appendix 5 Civil Rights Laws' Accessibility Requirements That Apply to the Multi-Family Housing (MFH) Program

Please contact this office if you should have any question regarding this information. Again thank you for taking the time to review the items I had questions or concerns about.

Sincerely,

Linda M Farral

Linda M Farral
Chief Accountant

1t

BOARD ACTION REQUEST

811 PROGRAM

SEPTEMBER 7, 2017

Presentation, discussion, and possible action on proposed new 10 TAC Chapter 8, Section 811 Project Rental Assistance Program Rule, and directing that it be published in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, the U.S. Department of Housing and Urban Development ("HUD") awarded the Department with two awards of Section 811 Project Rental Assistance Program ("811 PRA Program") funds, in 2013 and 2014 respectively, for a total award of $24 million to provide rental assistance for approximately 681 units;

WHEREAS, pursuant to Tex. Gov't Code, §2306.053, the Department is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, to date the 811 PRA Program has been governed through the rules and regulations stipulated in the Cooperative Agreements executed between the Department and HUD; through the Interagency Agreement executed between the Department and our State of Texas Health and Human Service agency partners; through the inclusion of some germane requirements having been included in the Qualified Allocation Plan ("QAP") each year; and through Board approved policies for the program;

WHEREAS, staff believes it beneficial and transparent to establish a new rule that codifies those requirements previously handled through Board approved policies, and shift several of the requirements previously addressed in the QAP into a rule specifically governing the 811 PRA Program;

WHEREAS, the proposed 10 TAC Chapter 8, Section 811 Project Rental Assistance Program Rule, a will be published in the *Texas Register* for public comment; and

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 new 10 TAC Chapter 8, Section 811 Project Rental Assistance Program Rule, in the form presented to this meeting, to be published in the *Texas Register* 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

Since 2011 the Department has been working collaboratively with the state's Health and Human Services agency partners to expand supportive housing in Texas. As part of that effort, the State of Texas was one of six states selected for the Centers for Medicare/Medicaid Systems ("CMS") Real Systems Change Grant in 2011. As part of the grant, the State created an 811 Team comprised of staff from the Department, five different Texas Health and Human Service agencies, advocates and developers. That Team performed significant public outreach to determine a best approach for applying for 811 PRA funds and identified applicable target populations. In 2012, upon Board

approval, the Department and its state partners jointly submitted an application to HUD for the Section 811 Project Rental Assistance Program ("811 PRA Program"). In 2013 the Department was awarded funds in the amount of $12 million; upon submission of a subsequent year application, the Department was awarded funds in 2014 in the amount of $12 million, for a total award of $24 million to provide rental assistance for approximately 681 units. The populations eligible for the program are people with disabilities living in institutions, people with serious mental illness, and youth with disabilities exiting foster care.

The general design of the program nationally is that the state is required to identify multifamily properties to participate in the 811 PRA Program, who then receive rental assistance when they house eligible 811 tenants who are referred, through the Department, from service agencies. In Texas, as in most other states, the approach taken to garner multifamily participation has been through including participation in the 811 PRA Program as either a threshold or scoring item in the Housing Tax Credit Qualified Allocation Plan. In 2017, 811 PRA Program participation was included in the Multifamily Rules as a threshold requirement for all multifamily properties (with the exception of Bond applications).

Based on a variety of considerations and requirements that have varied from year to year, an application for multifamily funds generally is considered to meet threshold if either the 811 PRA Program commitment is made on another property already in existence in the owner's portfolio, or if not applicable, then the 811 PRA commitment is made on the property for which credits/funds are being applied. The Department has prioritized through the QAP and MF Rules the contribution of another property already in existence, as that significantly reduces the wait time required to begin to have access to the units, and therefore to begin to house eligible tenants. When designing the program, there was significant input from the disability and advocacy community that not just any property could be used from an existing portfolio, but only properties meeting certain criteria, which were considered to be a good measure of what attributes a property should have considering the needs of the 811 PRA eligible populations. These criteria to be used for approval of an existing property for 811 PRA Purposes, whether voluntarily requesting participation, or through participation in one of the Department's MF programs, have been presented and approved by the Board each year since 2014.

To date the 811 PRA Program has been governed through the rules and regulations stipulated in the Cooperative Agreements executed between the Department and HUD; through the Interagency Agreement executed between the Department and our State of Texas Health and Human Service agency partners; through the inclusion as noted above of some germane requirements having been included in the Qualified Allocation Plan each year; and through the above referenced Board approved policies for Existing Developments. To date, a specific rule had not been established for the program. However, staff is now proposing rules for the program be codified, and made available for public comment, that will formalize and consolidate requirements, and that will reflect those criteria by which Existing Developments are evaluated.

Attachment 1: Preamble and order proposing new 10 TAC Chapter 8, 811 Project Rental Assistance Program Rule

The Texas Department of Housing and Community Affairs (the "Department") proposes new 10 TAC Chapter 8, 811 Project Rental Assistance Program Rule.

REASONED JUSTIFICATION. The proposed new 10 TAC Chapter 8, 811 Project Rental Assistance Program Rule, will codify procedures and evaluative criteria used in the Program, previously provided for in contracts and agreements, but not provided for in rule.

STATUTORY AUTHORITY. The new rule is proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules.

The proposed new rule affects no other code, article or statute.

<rule>

§8.1. Purpose.
§8.2. Definitions.
§8.3. Participation as a Proposed Development.
§8.4. Qualification Requirements for Existing Developments.
§8.5. List of Qualified Existing Developments.
§8.6. Disposition of Conflicts with Other Department Rules.
§8.7. Program Regulations and Requirements.

§8.1. Purpose.
The purpose of the Section 811 Project Rental Assistance Program ("Section 811 PRA Program") is to provide federally funded project-based rental assistance to participating multifamily properties on behalf of extremely low-income persons with disabilities linked with long term services provided through a formalized partnership and other state of Texas agencies that provide health and human services.

§8.2. Definitions.
Terms defined in this chapter apply to the 811 PRA Program administered by the Department. Any capitalized terms not specifically mentioned in this section or any section referenced in this document shall have the meaning ascribed to them in or for the purposes of the Program Requirements.

(1) Assisted Units--rental units made available to or occupied by an Eligible Tenant in Eligible Multifamily Properties receiving assistance under 42 U.S.C. § 8013(b)(3)(A).

(2) Contract Rent--the total amount of rent specified in the Rental Assistance Contract (RAC) as payable to the Owner for the Assisted Unit.

(3) Cooperative Agreement--means the Section 811 Project Rental Assistance Program Cooperative Agreement including all exhibits and attachments thereto, by and between the Department as "Grantee" and HUD, entered into as a condition to and in consideration of TDHCA's participation in the Section 811 Project Rental Assistance Program.

(4) Eligible Applicant--means an Extremely Low-Income Person with Disabilities, between the ages of 18 and 62, and Extremely Low Income Families, which includes at least one Person with a Disability, who is between the ages of 18 and 62 at the time of admission. The Person with a Disability must be eligible for community-based, long-term care services as provided through Medicaid waivers, Medicaid state plan options, comparable state funded services or other appropriate services related to the type of disability(ies) targeted under the Inter-Agency Partnership Agreement.

(5) Eligible Families or Eligible Family--shall have the same meaning as Eligible Tenant.

(6) Eligible Multifamily Property or Eligible Multifamily Properties--means any new or existing property owned by a private or public nonprofit, or for-profit entity with at least five (5) housing units and as specifically identified in a Participation Agreement.

(7) Eligible Tenant--means an Eligible Applicant who is being referred to available Assisted Units in accordance with the Inter-Agency Partnership Agreement and for whom community-based, long-term care services are available at time of referral. Such services are voluntary; referral shall not be based on willingness to accept such services. Eligible Tenant also means an Extremely Low-Income Person with a Disability, between the ages of 18 and 62 at the time of referral, and Extremely Low-Income Families, which includes at least one Person with a Disability, who is between the ages of 18 and 62 at the time of referral. Also referred to as an Eligible Family.

(8) Existing Development--means for purposes of 811 PRA Program participation, a property within the Department's portfolio that is not actively applying for multifamily funds at the time, and is being considered to serve as the Eligible Multifamily Property as part of an Applicant's or an Affiliate's current application. For full applications made on or after January 1, 2018, Existing Developments do not include properties for which the only Ownership interest is through the participation of a Historically Underutilized Business, which owns less than 50% of an Existing Development.

(9) Extremely Low-Income--means a household whose annual income does not exceed thirty percent (30%) of the median income for the area, as determined by HUD, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than thirty percent (30%) of the median income for the area if HUD finds that such variations are necessary because of unusually high or low family incomes. HUD's income exclusions, as defined under 24 CFR §5.609 (as amended), apply in determining income eligibility and Eligible Tenant's rent.

(10) HUD--means the U. S. Department of Housing and Urban Development.

(11) Inter-Agency Partnership Agreement--means the Inter-Agency Partnership Agreement between TDHCA and State Health and Human Services Medicaid Agency(ies) that provides a formal structure for collaboration to participate in TDHCA's Section 811 Project Rental Assistance Program to develop permanent supportive housing for Extremely Low-Income Persons with Disabilities.

(12) Multifamily Rules--Chapters 10, 11, and/or 13 of this Title, as applicable.

(13) Owner--means the entity that owns the Eligible Multifamily Property. Additionally, Owner means the entity named as such in the Property Agreement, its successors, and assigns.

(14) Owner & Property Management Manual--means a set of guidelines designed to be an implementation tool for the Program, which allows the Owner and the Owner's designated property manager to better administer the Program, which also includes adherence to the "Owner Occupancy Requirements" set forth in Section IV of HUD Notice H 2013-24.

(15) Participation Agreement--that agreement to be executed by the Owner and the Department reflecting the agreement of participation in the Section 811 Project Rental Assistance Program with regards to a given number of assisted housing units on a certain multifamily rental housing properties.

(16) Persons with Disability or Persons with Disabilities--shall have the same meaning as defined under 42 U.S.C. §8013(k)(2) and 24 CFR §891.305.

(17) Program--TDHCA's Section 811 Project Rental Assistance Program under Section 811 of the Cranston-Gonzales National Affordable Housing Act [42 U.S.C. §8013(b)(3)(A)], as amended by the Frank Melville Supportive Housing Investment Act of 2010 (Public Law 111-374) designed to provide permanent supportive housing for Extremely Low-Income persons with disabilities receiving long term supports and services in the community.

(18) Program Requirements--means but is not limited to: (1) the Participation Agreement (sometimes called the Property Agreement); (2) Tex. Gov't. Code Ann. Chapter 2306; (3) the applicable state program rules under Title 10, Parts 1, 2, and 8 of the Texas Administrative Code; (4) the Owner & Property Management Manual; (5) Part I of the Rental Assistance Contract attached as Exhibit 8 to the Cooperative Agreement; (6) Part II of the Rental Assistance

Contract attached as Exhibit 9 to the Cooperative Agreement; (7) the Use Agreement; (8) Program Guidelines attached as Exhibit 5 to the Cooperative Agreement; (9) HUD Notice 2013-24 issued on August 23, 2013; (10) Section 811 of the Cranston-Gonzales National Affordable Housing Act [42 U.S.C. §8013(b)(3)(A)], as amended by the Frank Melville Supportive Housing Act of 2010 [Public Law 111-374]; (11) Consolidated and Further Continuing Appropriations Act of 2012 [Public Law 112-55]; (12) Notice of Funding Availability (NOFA) for Fiscal Year 2012 Section 811 Project Rental Assistance Program published on May 15, 2012 (13) Notice of Funding Availability (NOFA) for Fiscal Years 2013 Section 811 Project Rental Assistance Program published on March 4, 2014, and Technical Corrections to NOFA; and (14) all laws applicable to the Program.

(19) Proposed Development--the Development proposes to be awarded funds or an allocation as part of a Multifamily application.

(20) Rental Assistance Contract (RAC)--means the HUD contract (form HUD-92235-PRA and form HUD-92237-PRA) by and between TDHCA and the Owner of the Eligible Multifamily Property which sets forth additional terms, conditions and duties of the Parties with respect to the Eligible Multifamily Property and the Assisted Units.

(21) Rental Assistance Payments--means the payment made by TDHCA to Owner as provided in the Rental Assistance Contract. Where the Assisted Units are leased to an Eligible Tenant, the payment is the difference between the Contract Rent and the Tenant Rent. An additional payment is made to the Eligible Tenant when the Utility Allowance is greater than the Total Tenant Payment. A vacancy payment may be made to the Owner when an Assisted Units is vacant, in accordance with the RAC and other Program Requirements.

(22) Target Population--means the specific group or groups of Eligible Applicants and Eligible Tenants described in TDHCA's Inter-Agency Partnership Agreement who are intended to be solely served or to be prioritized under TDHCA's Program.

(23) Tenant Rent--means the rent as defined in 24 CFR Part 5.

(24) Total Tenant Payment--means the payment as defined in 24 CFR Part 5.

(25) Use Agreement--means an agreement by and between TDHCA and Owner in the form prescribed by HUD under Exhibit 10 of the Cooperative Agreement (form HUD-92238-PRA) encumbering the Eligible Multifamily Property with restrictions and guidelines under the Program for operating Assisted Units during a thirty (30) year period, to be recorded in the official public property records in the county where the Eligible Multifamily Property is located.

§8.3. Participation as a Proposed Development.

(a) To the extent that Applications under Multifamily Rules allow for and/or require use of a Proposed Development to participate in the 811 PRA Program, the Proposed Development must satisfy the following criteria:

(1) Unless the Development is also proposing to use any federal funding or has received federal funding after 1978, the Development must not be originally constructed before 1978;

(2) The Development Site must be located in one of the following areas: Austin-Round Rock MSA, Brownsville-Harlingen MSA, Corpus Christi MSA; Dallas-Fort Worth-Arlington MSA; El Paso MSA; Houston-The Woodlands-Sugar Land MSA; McAllen-Edinburg-Mission MSA; or San Antonio-New Braunfels MSA; and

(3) No new construction of structures shall be located in the mapped 500-year floodplain or in the 100-year floodplain according to FEMA's Flood Insurance Rate Maps (FIRM). Rehabilitation Developments that have previously received HUD funding or obtained HUD insurance do not have to follow sections (A) – (C) of this subparagraph. Except for sites located in coastal high hazard areas (V Zones) or regulatory floodways, Existing structures are eligible in these areas, but must meet the following requirements:

(A) The existing structures must be flood-proofed or must have the lowest habitable floor and utilities elevated above both the 500-year floodplain and the 100-year floodplain.

(B) The project must have an early warning system and evacuation plan that includes evacuation routing to areas outside of the applicable floodplains.

(C) Existing structures in the 100-year floodplain must obtain flood insurance under the National Insurance Program. No activities or projects located within the 100-year floodplain may be assisted in a community that is not participating in or has been suspended from the National Flood Insurance Program.

(b) The following requirements must be satisfied for the Units that participate in the 811 PRA Program. Failure for a Unit to meet these requirements does not make the entire Development ineligible, rather only those Units.

(1) Units in the Development are not eligible for Section 811 assistance if they have an existing or propsed project-based or operating housing subsidy attached to them or if they have received any form of long-term operating subsidy within the last six months prior to receiving Section 811 Rental Assistance Payments.

(2) Units with an existing or proposed 62 or up age restriction are not eligible.

(3) Units with an existing or proposed limitation for persons with disabilities are not eligible.

(4) Units with an existing or proposed occupancy restriction for households at 30% or below are not eligible, unless there are no other Units at the Development.

(c) Developments cannot exceed the integration requirements of the Department and HUD. Properties that are exempt from the Department's Integrated Housing Rule at §1.15 of this Title (such as housing for special needs) are not exempt from HUD's Integration Requirement maximum of 25%. The maximum number of units a Development can set aside (restrict), or have an occupancy preference for persons with disabilities, including Section 811 PRA units is:

(1) 25% for Housing Developments with less than 50 Units, and

(2) 18% for Housing Developments with 50 or more Units or for Elderly Limitation Developments.

(d) Section 811 PRA units must be dispersed throughout the Development.

§8.4. Qualification Requirements for Existing Developments.

Eligible Existing Developments must meet all of the requirements in §8.3 of this Chapter. In addition, the Existing Development must meet the following requirements:

(1) The Development received an award (tax credit, direct loan, etc.) under a TDHCA administered program in or after 2002, or has been otherwise approved by the Department in writing;

(2) The Development has at least 5 housing units;

(3) For Developments that were placed in service on or before January 1, 2017, the most current vacancy report as reflected in CMTS evidences that the Development maintained at least 85 percent physical occupancy for a period of at least 3 consecutive months.;

(4) For Developments that have received a UPCS inspection, the Development received a UPCS score of at least 80 on its most recent TDHCA, REAC inspection and all compliance issues associated with that inspection have been resolved;

(5) The Development is operating in accordance with the accessibility requirements of Section 504, the Rehabilitation Act of 1973 (29 U.S.C. Section 794), as specified under 24 C.F.R. Part 8, Subpart C, or operating under the 2010 ADA standards with the exceptions listed in "Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities" Federal Register 79 FR 29671; and

(6) The Development is not Transitional Housing as defined in the 2018 Uniform Multifamily Rules.

§8.5. List of Qualified Existing Developments.
A proposed list of Existing Developments within the Department's portfolio that satisfy the requirements of §8.4 will be released on the Department's website no later than November 1, and a final list will be posted by December 15 of each year. If either date falls on a weekend or holiday, the list will be released on the next business day.

§8.6. Disposition of Conflicts with other Department Rules.
To the extent that any conflicts arise between this rule and the rules provided in Chapter 10, Uniform Multifamily Rules, Chapter 11, Qualified Allocation Plan, and Chapter 13, Multifamily Direct Loan Rule, federal requirements will first prevail, after which the requirements of the other Multifamily Rules, will take precedence.

§8.7. Program Regulations and Requirements.

(a) Participation in the 811 PRA Program is encouraged and incentivized through the Department's Multifamily Rules. Once committed in the Multifamily Application, a Development must not accept a fund source that would prevent it from participating in the 811 PRA Program.

(b) An Existing Development that is already participating in the 811 PRA Program is eligible to have an additional commitment of 811 PRA Units as long as the integrated housing requirements as noted in §8.3(c) of this Chapter is not violated.

(c) The types (e.g., accessible, one bedroom, first floor, etc) and the specific number of Assisted Units (e.g., units 101, 201, etc.) will be "floating" (flexible) and dependent on the needs of the Department and the availability of the Assisted Units on the Eligible Multifamily Property.

(d) Occupancy Requirements. Owner is required to follow all applicable Program Requirements including but not limited to the following occupancy requirements found in HUD Handbook 4350.3 REV-1 and Housing Notices:
(1) H 2012-06, Enterprise Income Verification (EIV) System
(2) H 2012-26, Extension of Housing Notice 2011-25, Enterprise Income Verification (EIV) & You Brochure-Requirements for Distribution and Use
(3) H 2012-22, Further Encouragement for O/As to Adopt Optional Smoke-Free Housing Policies
(4) H 2012-11, State Registered Lifetime Sex Offenders in Federally Assisted Housing
(5) H 2012-09, Supplemental Information to Application for Assistance Regarding Identification of Family Member, Friend or Other Persons or Organization Supportive of a Tenant for Occupancy in HUD Assisted Housing
(6) H 2017-5, Violence Against Women Act (VAWA) Reauthorization Act of 2013,-Additional Guidance for Multifamily Owners and Management Agents

(e) Use Agreements. The Owner must execute the Use Agreement, as found in Exhibit 10 of the Cooperative Agreement, before the execution of the RAC and comply with the following:
(1) Use Agreement should be properly recorded according to local laws in the official public records on the Eligible Multifamily Property. The Owner shall provide to TDHCA within 30 days of its receipt of the recorded Use Agreement, a copy of the executed, recorded Use Agreement.
(2) From the date the Property Agreement is entered into, the Owner shall not enter into any future use agreements or other subsidy programs that would diminish the number of Assisted Units that can be placed on the Eligible Multifamily Property.
(3) TDHCA will enforce the provisions of the Use Agreement and RAC consistent with HUD's internal control and fraud monitoring requirements.

(f) Tenant Certifications, Reporting and Compliance
(1) TRACS & EIV Systems. The Owner shall have appropriate software to access the Tenant Rental Assistance Certification System (TRACS) and the Enterprise Income Verification (EIV) System. The Owner shall be responsible for ensuring Program information is entered into these systems. TRACS is the only system by which an Eligible Multifamily Property can request Project Rental Assistance payments.
(2) Outside Vendors. The Owner has the right to refuse assistance from outside vendors hired by TDHCA, but is still required to satisfy the Program Requirements.

(3) Tenant Certification. The Owner shall transmit Eligible Tenant's certification and recertification data, transmit voucher data, and communicate errors electronically in a form consistent with HUD reporting requirements for HUD Secure Systems.

(g) Tenant Selection and Screening

(1) Target Population. TDHCA will screen Eligible Applicants for compliance with TDHCA's Program Target Population criteria and do an initial screening for Program Requirements. The Inter-Agency Partnership Agreement describes the specific Target Population eligible for TDHCA's Program. The Target Population may be revised, with HUD approval.

(2) Tenant Selection Plan. Upon the execution of the Participation Agreement, the Owner will submit the Eligible Multifamily Property's Tenant Selection Criteria, as defined by and in accordance with 10 TAC §10.610 (as amended), to TDHCA for approval. TDHCA will review the Tenant Selection Plan for compliance with existing Tenant Selection Criteria requirements, and consistent with TDHCA's Section 811 PRA Participant Selection Plan.

(3) Tenant Eligibility and Selection. The Owner is responsible for ultimate eligibility and selection of an Eligible Tenant and will comply with the following:

(A) The Owner must accept referrals of an Eligible Tenant from TDHCA and retain copies of all applications received. The Owner is responsible for notifying the prospective Eligible Tenant and TDHCA in writing regarding any denial of a prospective Eligible Tenant's application to an Eligible Multifamily Property and the reason for said denial. In the notice of denial, the Owner is responsible for notifying the Eligible Tenant of the right to dispute a denial, as outlined in HUD Handbook 4350.3. The results of the dispute must be sent to the Eligible Tenant and TDHCA in writing.

(B) The Owner is responsible for determining age of the qualifying member of the Eligible Families. Eligible Family member must be at least 18 years of age and under the age of 62.

(C) The Owner is responsible for criminal background screening as required by HUD Handbook 4350.3.

(D) Verification of Income. The Owner is responsible for determining income of Eligible Families. The Owner shall verify income through the Enterprise Income Verification (EIV) System. The Owner must certify an Eligible Tenant and Eligible Families at least annually and verify their income. If the household is also designated under the Housing Tax Credit or other Department administered program, the Owner must obtain third party, or first hand, verification of income in addition to using the EIV system.

(h) Rental Assistance Contracts

(1)Applicability. If requested by TDHCA, the Owner shall enter into a RAC. Not all properties with an Owner Participation Agreement will have a RAC, but when notified by TDHCA, the Eligible Multifamily Property must enter into a RAC(s) and begin serving Eligible Applicants.

(2) Notice. TDHCA will provide written notice to the Owner if and when it intends to enter into a RAC with the Owner.

(3) Assisted Units. TDHCA will determine the number of Units (up to the maximum listed in the Property Agreement) to place in the RAC(s) which may be fewer than the number of Units identified in the Property Agreement.

(4) TDHCA will designate the bedroom composition of the Assisted Units, as required by the RAC. However, based on an actual Eligible Tenant, this may fluctuate. It is possible that an Eligible Multifamily Property will have a RAC for a different number of units than the number committed in the Participation Agreement.

(5) If no additional applicants are referred to the property, the RAC may be amended to reduce the number of Assisted Units. Owners who have an executed RAC must continue to notify TDHCA of any vacancies for units not under a RAC if additional units were committed under the Agreement. For instance, if the Owner has committed 10 units under the Agreement and only has a RAC for five Assisted Units, the Owner must continue to notify TDHCA of all vacancies until there is a RAC for 10 Assisted Units.

(6) Amendments. The Owner agrees to amend the RAC(s) upon request of TDHCA. Some examples are amendments that may either increase or decrease the total number of Assisted Units or increase or decrease the associated bedroom sizes; multiple amendments to the RAC may occur over time. The total number of Assisted Units in the RAC will not exceed the number of Assisted Units committed in the Participation Agreement, unless by request of the Owner.

(7) Contract Term. TDHCA will specify the effective date of the RAC. During the first year of the RAC and with approval from HUD, the Owner may request to align the anniversary date of the RAC with existing federal or state housing programs layered on the Eligible Multifamily Property.

(8) Rent Increase. Owners must submit a written request to TDHCA 30 days prior to the anniversary date of the RAC to request an annual increase.

(9) Utility Allowance. The RAC will identify the TDHCA approved Utility Allowance being used for the Assisted Units for the Eligible Multifamily Property. The Owner must notify TDHCA if there are changes to the Utility Allowance calculation methodology being used.

(10) Termination. Although TDHCA has discretion to terminate a RAC due to good cause, an Owner cannot opt-out of a RAC. The RAC survives a foreclosure, assignment, sale in lieu of foreclosure, or sale of the Eligible Multifamily Property, to the extent allowed by law.

(11) Foreclosure of Eligible Multifamily Property. Upon foreclosure, assignment, sale in lieu of foreclosure, or sale of the Eligible Multifamily Property, to the extent allowed by law:

(A) The RAC shall be transferred to new owner by contractual agreement or by the new owner's consent to comply with the RAC, as applicable;

(B) Rental Assistance Payments will continue uninterrupted in accordance with the terms of the RAC; and

(C) Voluntary and involuntary transfers or conveyances of property must adhere to the ownership transfer process in 10 TAC §10.406, as amended, regarding Ownership Transfer requests.

(i) Advertising and Affirmative Marketing

(1) Advertising Materials. Upon the execution of the Property Agreement, the Owner must provide materials for the purpose of advertising the Eligible Multifamily Property, including but not limited to:

(A) depictions of the units including floor plans;

(B) brochures;

(C) tenant selection criteria;

(D) house rules;

(E) number and size of available units;

(F) number of units with accessible features (including, but not limited to units designed to meet Uniform Federal Accessibility Standards, the Fair Housing Act, or the Americans with Disabilities Act);

(G) documentation on access to transportation and commercial facilities; and

(H) and a description of onsite amenities.

(2) Affirmative Marketing. TDHCA and its service partners will be responsible for affirmatively marketing the Program to Eligible Applicants.

(3) At any time, TDHCA may choose to advertise the Eligible Multifamily Property, even if the Eligible Multifamily Property has not yet entered into a RAC.

(j) Leasing Activities

(1) Segregation of Assisted Units. The Owner must take actions or adopt procedures to ensure that the Assisted Units are not segregated to one area of a building (such as on a particular floor or part of a floor in a building) or in certain sections within the Eligible Multifamily Property.

(2) Form of Lease. The Owner will use the HUD Section 811 PRA Model Lease (HUD-92236-PRA), Exhibit 11 of the Cooperative Agreement and any Department approved Addendums, for all Eligible Families once a RAC is signed. The initial lease will be for not less than one year.

(3) Communication. Owners are required to document in writing all communication between the Eligible Tenant and the Owner, or Owner-designated agent regarding applications, notifications, evictions, complaints, non-renewals and move outs.

(4) Lease Renewals and Changes. The Owner must notify TDHCA of renewals of leases with Eligible Families and any changes to the terms of the lease.

(k) Rent

(1) Tenant Rent Payment. The Owner is responsible for remitting any Tenant Rent payment due to the Eligible Tenant if the Utility Allowance exceeds the Total Tenant Payment. The Owner will determine the Tenant Rent

payment of the Eligible Tenant, based on HUD Handbook 4350.3, and is responsible for collecting the Tenant Rent payment.

(2) Rent Increase. Owner must provide the Eligible Tenant with at least thirty (30) days notice before increasing rent.

(3) Rent Restrictions. Owner will comply with the following rent restrictions:

(A) If the Assisted Unit has a TDHCA enforced rent restriction that is equal to or lower than Fair Market Rent ("FMR"), the initial rent is the TDHCA enforced rent restriction.

(B) If there is no existing TDHCA enforced rent restriction on the Unit, or the existing TDHCA enforced rent restriction is higher than FMR, TDHCA will work with the Owner to conduct a market analysis of the Eligible Multifamily Property to support that a rent higher than FMR is attainable.

(C) After the signing of the original RAC with TDHCA, the Owner may request a new anniversary date to be consistent with other rent restrictions on the Eligible Multifamily Property allowed by TDHCA.

(D) After the signing of the original RAC, upon request from the Owner to TDHCA, Rents may be adjusted on the anniversary date of the RAC.

(E) Adjustments may not result in higher rents charged for an Assisted Unit as compared to a non-assisted unit. The calculation or methodology used for the annual increase amount will be identified in the Eligible Multifamily Property's RAC.

(F) Owner can submit a request for a rent increase or to change the contract anniversary date using HUD Form 92458.

(l) Vacancy; Transfers; Eviction; Household Changes

(1) Holding Assisted Units. Once an Owner signs a RAC, the Eligible Multifamily Property must hold an available Assisted Unit for 60 days while a qualified Eligible Applicant applies for and moves into the Assisted Unit.

(2) Notification. Owner will notify TDHCA of determination of ineligibility or the termination of any participating Eligible Families or any member of a participating Eligible Family.

(3) Temporary Vacancy. If the Owner is made aware, the Owner will notify TDHCA if the Eligible Tenant has vacated the Eligible Multifamily Property for more than two (2) weeks, but is continuing to pay rent. An example of this could be for temporary hospitalization.

(4) Initial Lease-up. Owners of newly constructed, acquired and/or rehabilitated Eligible Multifamily Property must notify TDHCA no later than 180 days before the Eligible Multifamily Property will be available for initial move-in.

(5) Vacancy. Once a RAC is executed, the Owner must notify TDHCA of the vacancy of any Unit, including those that have not previously been occupied by an Eligible Tenant, as soon as possible, not to exceed seven (7) calendar days from when the Owner learns that an Assisted Unit will become available. If the qualifying Eligible Tenant vacates the Assisted Unit, TDHCA will determine if the remaining family members are eligible for continued assistance from the Program.

(6) Vacancy Payment. An Owner of an Eligible Multifamily Property that is not under a RAC may not receive a vacancy payment. TDHCA may make vacancy payments not to exceed 80% of the Contract Rent, during this time to the Eligible Multifamily Property, potentially for up to 60 days. After 60 days, the Owner may lease that Assisted Unit to a non-Eligible Tenant.

(7) Household Changes; Transfers. Owners must notify TDHCA if the Eligible Tenant requests an Assisted Unit transfer. Owner will notify TDHCA of any household changes in an Assisted Unit within three (3) business days. If the Owner determines that, because of a change in household size, an Assisted Unit is smaller than appropriate for the Eligible Tenant to which it is leased or that the Assisted Unit is larger than appropriate, the Owner shall refer to TDHCA's written policies regarding family size, unit transfers, and waitlist management. If the household is determined by TDHCA to no longer be eligible, TDHCA will notify the Owner. Rental Assistance Payments with respect to the Assisted Unit will not be reduced or terminated until the eligible household has been transferred to an appropriate size Assisted Unit.

(8) Eviction. Before evicting an Eligible Tenant, the Owner must have accessed, at least once in the two (2) months prior to eviction, the Section 811 Project Rental Assistance Program's Conflict Management process.

(m) Construction Standards, Accessibility, Inspections and Monitoring

(1) Construction Standards. Upon execution of a RAC, the Eligible Multifamily Property shall be required to conform to Uniform Physical Conditions Standards (UPCS) which is a uniform national standards established by HUD for housing that is decent, safe, sanitary, and in good repair. The site, building exterior, building systems, dwelling units and common areas of the Eligible Multifamily Property, as more specifically described in 24 CFR §5.703 must be inspected in any physical inspection of the property.

(2) Inspection. Prior to occupancy, the Eligible Tenant must be given the opportunity to be present for the move-in unit inspection.

(3) Repair and Maintenance. Owner will perform all repair and maintenance functions, including ordinary and extraordinary maintenance; will replace capital items; and will maintain the premises and equipment, appurtenant thereto, in good repair, safe and sanitary condition consistent with HUD and TDHCA requirements.

(4) Accessibility. Owner must ensure that the Eligible Multifamily Property will meet or exceed the accessibility requirements under (1) 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973; (2) the Fair Housing Act Design Manual, (3) Titles II and III of the Americans with Disabilities Act (42 U.S.C. §§12131-12189), as implemented by the U. S. Department of Justice regulations at 28 CFR Parts 35 and 36, and (4) the Federal Fair Housing Act as implemented by HUD at 24 CFR Part 100. However, Assisted Units can consist of a mix of accessible units for those persons with physical disabilities and non-accessible units for those persons without physical disabilities.

(n) Owner Training. The Owner is obligated to train all property management staff on the requirements of the Program. The Owner will ensure that any new property management staff who is involved in serving Eligible Families review training materials found on the Program's webpage including webinars, manuals and checklists.

(o) Reporting Requirements. Owner shall submit to TDHCA such reports on the operation and performance of the Program as required by the Participation Agreement and as may be required by TDHCA. Owner shall provide TDHCA with all reports necessary for TDHCA's compliance with 24 CFR Part 5, or any other federal or state law or regulation.

(p) Environmental Laws and Regulations

(1) Compliance with Laws and Regulations. Owner must comply with, as applicable, any federal, state, or local law, statute, ordinance, or regulation, whether now or hereafter in effect, pertaining to health, industrial hygiene, or the environmental conditions on, under, or about the Land or the Improvements, including without limitation, the following, as now or hereafter amended:

(A) Hazardous Materials Transportation Act (49 U.S.C.A. §1801 *et seq.*);
(B) Insecticide Fungicide and Rodenticide Act (7 U.S.C.A. §136 *et seq.*);
(C) National Environmental Policy Act (42 U.S.C. §4321 *et seq.*) ("NEPA");
(D) Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C.A. §9601 *et seq.*) ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act of 1986 (Pub. L. No. 99-499, 100 Stat. 1613, as amended Pub. L. No. 107-377) ("Superfund" or "SARA");
(E) Resource, Conservation and Recovery Act (24 U.S.C.A. §6901 *et seq.*) ("RCRA");
(F) Toxic Substances Control Act, 15 U.S.C.A. §2601 *et seq.*;
(G) Emergency Planning and Community Right to Know Act of 1986 (42 U.S.C.A. §1101 *et seq.*);
(H) Clean Air Act (42 U.S.C.A. §7401 *et seq.*) ("CAA");
(I) Federal Water Pollution Control Act and amendments (33 U.S.C.A. §1251 *et seq.*) ("Clean Water Act" or "CWA");
(J) Any corresponding state laws or ordinances including but not limited to Chapter 26 of the Texas Water Code regarding Water Quality Control;
(K) Texas Solid Waste Disposal Act (Chapter 361 of the Texas Health & Safety Code, formerly Tex. Rev. Civ. Stat. Ann. Art. 4477-7);
(L) Comprehensive Municipal Solid Waste Management, Resource Recovery, and Conservation Act (Chapter 363 of the Texas Health & Safety Code);
(M) County Solid Waste Control Act (Chapter 364 of the Texas Health & Safety Code);
(N) Texas Clean Air Act (Chapter 382 of the Texas Health & Safety Code);

(O) Hazardous Communication Act (Chapter 502 of the Texas Health & Safety Code); and

(P) Regulations, rules, guidelines, or standards promulgated pursuant to such laws, statute and regulations, as such statutes, regulations, rules, guidelines, and standards, as amended from time to time.

(2) Environmental Review. The environmental effects of each activity carried out with funds provided under this Agreement must be assessed in accordance with the provisions of the Program Requirements, National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. §432 et. seq.). Each such activity must have an environmental review completed and support documentation prepared in accordance with 10 TAC §10.305 complying with the NEPA, including screening for vapor encroachment following American Society for Testing and Materials ("ASTM") 2600-10.

(q) Labor Standards

(1) Owner understands and acknowledges that every contract for the construction (rehabilitation, adaptive reuse, or new construction) of housing that includes twelve (12) or more units assisted with Program funds must contain provisions in accordance with Davis-Bacon Regulations.

(2) Owner understands and acknowledges that every contract involving the employment of mechanics and laborers of said construction shall be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act, as amended (40 U.S.C. Sec. 3701 to 3708), Copeland (Anti-Kickback) Act (40 U.S.C. Sec. 3145), the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201, *et. seq.*) and Davis-Bacon and Related Acts (40 U.S.C. 3141-3148).

(3) Owner further acknowledges that if more housing units are constructed than the anticipated eleven (11) or fewer housing units, it is the Owner's responsibility to ensure that all the housing units will comply with these federal labor standards and requirements under the Davis-Bacon Act as supplemented by the U. S. Department of Labor regulations ("Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction" at 29 CFR Part 5).

(4) Owner also understands that structuring the proposed assistance for the rehabilitation or construction of housing under this Agreement to avoid the applicability of the Davis-Bacon Act is prohibited.

(5) Construction contractors and subcontractors must comply with regulations issued under these federal acts described herein, with other federal laws, regulations pertaining to labor standards, including but not limited to "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction" at 29 CFR Part 5, HUD Federal Labor Provisions (HUD form 4010).

(r) Lead-Based Paint. Housing assisted with Program funds is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations Title X of the 1992 Housing and Community Development Act at 24 CFR Part 35, (including subparts A, B, J, K, M and R). Owner shall also comply with the Lead: Renovation, Repair, and Painting Program Final Rule, 40 CFR Part 745 and Response to Children with Environmental Intervention Blood Lead Levels. Failure to comply with the lead-based paint requirements may be subject to sanctions and penalties pursuant to 24 CFR §35.170.

(s) Limited English Proficiency. Owner shall comply with the requirements in Executive Order 13166 of August 11, 2000, reprinted at 65 FR 50121, August 16, 2000 Improving Access to Services for Persons with Limited English Proficiency and 67 FR 41455. To ensure compliance the Owner must take reasonable steps to insure that LEP persons have meaningful access to the program and activities. Meaningful access may entail providing language assistance services, including oral and written translation, where necessary.

(t) Procurement of Recovered Materials. Owner, its subrecipients, and its contractors must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired by the preceding fiscal year exceeded $10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

(u) Drug-Free Workplace. Owner will follow the Drug-Free Workplace Act of 1988 (41 U.S.C 701, *et seq*) and HUD's implementing regulations at 2 CFR Part 2429. Owner affirms by executing the Certification Regarding Drug-Free Workplace Requirements attached hereto as Addendum B, that it is implementing the Drug-Free Workplace Act of 1988.

(v) Nondiscrimination, Fair Housing, Equal Access and Equal Opportunity

(1) Equal Opportunity. The Owner agrees to carry out an Equal Employment Opportunity Program in keeping with the principles as provided in President's Executive Order 11246 of September 24, 1965, as amended, and its implementing regulations at 41 CFR Part 60.

(2) Fair Housing Poster. The Owner is required to place a fair housing poster (HUD-928.1 and HUD-9281.A) provided by TDHCA in the leasing office, online, or anywhere else rental activities occur pursuant to 24 CFR §200.620(e). A copy of the poster in Spanish and in English can be found at http://www.tdhca.state.tx.us/section-811-pra/participating-agents.htm.

(3) Nondiscrimination Laws. Owner shall ensure that no person shall, on the grounds of race, color, religion, sex, disability, familial status, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any Program or activity funded in whole or in part with funds provided under this Agreement. Owner shall follow Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. §2000d *et seq.*), the Age Discrimination Act of 1975 (42 U.S.C. §6101 et seq.) and its implementing regulations at 24 CFR Part 146, Titles II and III of the Americans with Disabilities Act (42 U.S.C. §§12131-12189; 47 U.S.C. §§155, 201, 218 and 255) as implemented by U. S. Department of Justice at 28 CFR Parts 35 and 36, Section 527 of the National Housing Act (12 U.S.C. §1701z-22), the Equal Credit Opportunity Act (15 U.S.C. §1691 *et seq.*), the Equal Opportunity in Housing (Executive Order 11063 as amended by Executive Order 12259) and it implementing regulations at 24 CFR Part 107 and The Fair Housing Act (42 U.S.C. §3601 *et seq.*), as implemented by HUD at 24 CFR Part 100-115.

(4) Affirmatively Furthering Fair Housing. By Owner's execution of the Agreement and pursuant to Section 808(e)(5) of the Fair Housing Act, Owner agrees to use funds in a manner that follows the State of Texas' "Analysis of Impediments" or "Assessment of Fair Housing", as applicable and as amended, and will maintain records in this regard.

(5) Protections for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking. Subpart L of 24 CFR part 5 shall apply to the Assisted Units in Eligible Multifamily Properties.

(w) Security of Confidential Information.

(1) Systems Confidentiality Protocols. Owner must undertake customary and industry standard efforts to ensure that the systems developed and utilized under this Agreement protect the confidentiality of every Eligible Applicants' and Eligible Tenants' personal and financial information, both electronic and paper, including credit reports, whether the information is received from the Eligible Applicants', Tenants' or from another source. Owner must undertake customary and industry standard efforts so that neither they nor their systems vendors disclose any Eligible Applicants' or Tenants' personal or financial information to any third party, except for authorized personnel in accordance with this Agreement.

(2) Protected Health Information. If Owner collects or receives documentation for disability, medical records or any other medical information in the course of administering the Program, Owner shall comply with the Protected Health Information state and federal laws and regulations, as applicable, under 10 TAC §1.24, Chapter 181 of the Texas Health and Safety Code, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) (Pub. L. 104–191, 110 Stat. 1936, enacted August 21, 1996) the HIPAA Privacy Rules (45 CFR Part 160 and Subparts A and E of 45 CFR Part 164). When accessing confidential information under this Program, Owner hereby acknowledges and further agrees to comply with the requirements under the Interagency Data Use Agreement between TDHCA and the Texas Health and Human Services Agencies dated October 1, 2015, as amended.

(x) Real Property Acquisition and Relocation. Except as otherwise provided by federal statute, HUD-assisted programs or projects are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act or URA) (42 U.S.C. 4601), and the government wide implementing regulations issued by the U.S. Department of Transportation at 49 CFR Part 24. The Uniform Act's protections and assistance apply to acquisitions of real property and displacements resulting from the acquisition, rehabilitation, or demolition of real property for federal or

federally assisted programs or projects. With certain limited exceptions, real property acquisitions for a HUD-assisted program or project must comply with 49 CFR Part 24, Subpart B. To be exempt from the URA's acquisition policies, real property acquisitions conducted without the threat or use of eminent domain, commonly referred to as —voluntary acquisitions, the Owner must satisfy the applicable requirements of 49 CFR §24.101(b)(1) through (5). Evidence of compliance with these requirements must be maintained by the recipient. The URA's relocation requirements remain applicable to any tenant who is displaced by an acquisition that meets the requirements of 49 CFR §24.101(b)(1) through (5). The relocation requirements of the Uniform Act, and its implementing regulations at 49 CFR Part 24, cover any person who moves permanently from real property or moves personal property from real property as a direct result of acquisition, rehabilitation, or demolition for a program or project receiving HUD assistance. While there are no statutory provisions for temporary relocation under the URA, the URA regulations recognize that there are circumstances where a person will not be permanently displaced but may need to be moved from a project for a short period of time. Appendix A of the URA regulation (49 CFR §24.2(a)(9)(ii)(D)) explains that any tenant who has been temporarily relocated for a period beyond one year must be contacted by the displacing agency and offered URA relocation assistance.

(y) Dispute Resolution; Conflict Management.

(1) Eligible Tenant Disputes. The Owner or Owner's representative is required to participate in a Dispute Resolution process, as required by HUD, to resolve an appeal of an Eligible Tenant dispute with the Owner.

(2) Agreement Disputes. In accordance with Tex. Gov't Code 2306.082 , it is TDHCA's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act and the Negotiated Rulemaking Act (Chapters 2009 and 2006 respectively, Texas Government Code), to assist in the fair and expeditious resolution of internal and external disputes involving the TDHCA and the use of negotiated rulemaking procedures for the adoption of TDHCA rules. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by TDHCA's ex parte communications policy, TDHCA encourages informal communications between TDHCA staff and the Owner, to exchange information and informally resolve disputes. TDHCA also has administrative appeals processes to fairly and expeditiously resolve disputes. If at any time the Owner would like to engage TDHCA in an ADR procedure, the Owner may send a proposal to TDHCA's Dispute Resolution Coordinator. For additional information on TDHCA's ADR policy, see TDHCA's Alternative Dispute Resolution and Negotiated Rulemaking at 10 TAC §1.17.

(3) Conflict Management. The purpose of the Conflict Management process is to address any concerns that Owner or Owner's agent or representative may have with an Eligible Family. At any time, an Eligible Family may choose to give consent to their Section 811 service coordinator to work directly with the property manager of the Eligible Multifamily Property. However, such consent cannot be made a condition of tenancy.

1u

BOARD ACTION REQUEST

HOME AND HOMELESS PROGRAMS DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action on adoption of amendments to 10 TAC Chapter 23, Single Family HOME Program Rules Subchapter B, Availability of Funds, Application Requirements, Review And Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds, §23.25 concerning General Threshold and Selection Criteria; and Subchapter F, Tenant-Based Rental Assistance Program, §23.61 concerning Tenant-Based Rental Assistance ("TBRA") General Requirements, and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (the "Department") is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, the Department's Governing Board adopted a new 10 TAC Chapter 23, concerning Single Family HOME Rules on July 13, 2017, and those rules became effective on August 3, 2017; and

WHEREAS, the Department has identified certain areas in Subchapters B and F that require further clarification and revision, and necessitate the proposal of amendments;

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 of 10 TAC Chapter 23, Single Family HOME Program, Subchapter B, §23.25 Threshold and Selection Criteria and Subchapter F, §23.61 Tenant-Based Rental Assistance (TBRA) General Requirements; and directing that they be published for public comment 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 amending the State HOME Investment Partnerships Program ("HOME") Rule under Subchapter B is to require applicants for HOME Program funds to establish intent to apply for funding subject to the terms and conditions set forth at time of application receipt. Currently, the threshold requirements state that a resolution from the governing board of the applicant must be dated no later than six months from the date of application submission; proposed amendments to the rule would require the applicant to more specifically identify the fund source and, if applicable, Notice of Funding Availability under which funds are requested by the applicant.

The purpose of amending the HOME Rule under Subchapter F is to require that units selected by tenants for occupancy under the TBRA program are two-fold. First, an amendment is proposed to ensure that units selected for rental by an assisted household are not owned by members of the assisted household's immediate family, with an exception for units that have unique accessibility features for persons with disabilities that are not readily available in the service area. This amendment will more closely align the HOME Rule with the requirements of the Section 8 Housing Choice Voucher Program, allowing tenants a more seamless transition between temporary HOME assistance and more permanent assistance offered under the Section 8 Housing Choice Voucher Program. Second, an additional amendment is proposed to ensure that administrators of the HOME Program comply with requirements to conduct a rent-reasonableness analysis for each unit to be occupied by a HOME assisted household.

Attached are the proposed preambles and the proposed amendments to sections under 10 TAC Chapter 23.

Attachment 1: Preamble and amendment of SUBCHAPTER B, §23.25, GENERAL THRESHOLD AND SELECTION CRITERIA

The Texas Department of Housing and Community Affairs (the "Department") proposes an amendment to 10 TAC Chapter 23, Subchapter B, §23.25 General Threshold and Selection Criteria

The purpose of amending the State HOME Investment Partnerships Program ("HOME") Rule under Subchapter B is to require applicants for HOME Program funds to establish intent to apply for funding subject to the terms and conditions set forth at time of application receipt. Currently, the threshold requirements state that a resolution from the governing board of the applicant must be dated no later than 6 months from the date of application submission; proposed amendments to the rule would require the applicant to more specifically identify the fund source and, if applicable, Notice of Funding Availability under which funds are requested by the applicant.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the proposed new section will be in effect, enforcing or administering the proposed new section does not have any foreseeable additional costs or revenues for 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 improved regulatory guidance to enhance the efficiency and effectiveness of the HOME Program. There will not be any economic cost to any individuals required to comply with the amendments or there is an economic cost by the change required by federal HOME Program requirements.

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 September 22, 2017, to October 31, 2017, to receive input on the proposed new section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attention: Abigail Versyp, Homelessness Programs, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, or by email to the following address: HOME@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. Austin local time on October 31, 2017. A copy of the proposed new chapter will be available on the Department's website at http://www.tdhca.state.tx.us/public-comment.htm under Items Open for Public Comment during the public comment period.

STATUTORY AUTHORITY. The amendment is proposed pursuant to Texas Government Code, §2306.053, which authorizes the Department to adopt rules.

The proposed amendment affects no other code, article, or statute.

SUBCHAPTER B. AVAILABILITY OF FUNDS, APPLICATION REQUIREMENTS, REVIEW AND AWARD PROCEDURES, GENERAL ADMINISTRATIVE REQUIREMENTS, AND RESALE AND RECAPTURE OF FUNDS

§23.25.General Threshold and Selection Criteria.

(a) General Threshold. All Applicants and Applications to administer a HOME Program award from the Department must submit or comply with the following:

(1) an Applicant certification of compliance with state rules promulgated by the Department, and federal laws, rules and guidance governing the HOME Program as provided in the Application;

(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 specifying the NOFA under which funds are requested for Contract award Applications;

(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 who also has signature authority to execute a Contract and grant agreement or loan documents, as applicable, unless otherwise stated~~.~~ ;

(E) date that the resolution was passed by the governing body, which must be within six (6) months preceding Application submission for Reservation System Participation Agreement Applications, and no earlier than the date of the Department's Governing Board approval of the NOFA for Contract award Applications.

(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 of thirty dollars per Application;

(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.

(b) Selection Criteria. Applications for competitive awards consistent with a NOFA will be scored and ranked based on the following criteria. Selection criteria for which points are awarded will become a contractual requirement if the Applicant is awarded a Contract.

(1) Applicants will be required to submit a self-score within the Application. In no event will the points awarded to the Applicant exceed the point value of the self-score in any one selection criterion. Applicants must achieve a minimum staff determined score of fifteen (15) points to be awarded a Contract.

(2) Applicants may be awarded points under the following selection criteria:

(A) Homes Built to greater than or equal to IRC 2012 Standard. This selection criterion is applicable to Homeowner Rehabilitation Assistance ("HRA") Applications only. Applications may be awarded five (5) points if all reconstructed or newly constructed homes under the Contract will be built to a code that meets or exceeds IRC 2012 standards.

(B) Purchased Home Will Meet TMCS. This selection criterion is applicable to Homebuyer Assistance ("HBA") Applications only. Applications may be awarded five (5) points if all homes for which HBA is provided under the Contract pass an inspection prior to purchase that meets or exceeds TMCS.

(C) Previous HOME Award. All Applications may receive a maximum of five (5) points for past experience in the HOME Program as follows:

(i) Applications may be awarded five (5) points if the Applicant administered a HOME Contract awarded within five (5) years of the date that Applications are first accepted under the NOFA. The previous HOME Contract for which points are requested must be of the same assistance type as that proposed in the Application and the Applicant must have met the 100 percent commitment benchmark of the Contract without requiring an amendment.

(ii) Applications may be awarded one (1) point for each reservation of the same assistance type which resulted in Commitment of Funds within twelve (12) months of the date that Applications are first accepted under the NOFA, but may not, in any event, receive more than four (4) points under this criterion.

(iii) Applications may be awarded two (2) points if the Applicant administered a HOME Contract awarded within five (5) years of the date that Applications are first accepted under the NOFA. The previous HOME Contract for which points are requested must be of the same assistance type as that proposed in the Application and all contractually required units must have been completed by the end of the Contract term in accordance with the original Contract, or as amended.

(D) Administrator Provides Expanded Services. This selection criterion is applicable to Tenant-Based Rental Assistance (TBRA) Applications only. Applicants may receive a maximum of five (5) points for the provision of services available to existing clients within twelve (12) months of the date that Applications are first accepted under the NOFA. Applicant must specify the types of services offered in the Application, and must provide documentation verifying the provision of each service within the specified timeframe. A maximum of one (1) point for each separate service may be awarded. Any service for which points are requested must be identified as provided under one of the following categories: Child Care, Nutrition, Job Training, Health, and Human Services. The services must be uniquely different as determined by the Department. The Department must be able to make a determination that the service stated in the Application was provided by the Applicant and qualifies for the corresponding point(s) when determining the points awarded under this criterion.

(E) Previous Monitoring History. All Applications may receive a maximum of five (5) points for the Applicant's previous monitoring history. The Department will consider the monitoring history for three (3) years preceding the date that Applications are first accepted under the NOFA when determining the points awarded under this criterion. Findings that were subsequently rescinded will not be considered findings for the purpose of this point criterion.

(i) Applications will be limited to a maximum of two (2) points if the Applicant has a monitoring close-out letter that included findings related to violations of procurement requirements.

(ii) Applications will be limited to a maximum of three (3) points if the Applicant has a monitoring close-out letter that included findings on miscalculation of Household income.

(iii) Applications may be awarded a maximum of four (4) points if the Applicant has a monitoring close-out letter that included findings but the findings were not related to miscalculation of Household income or violations of procurement requirements.

(iv) Applications may be awarded a maximum of five (5) points if the Applicant has not received any monitoring findings, including Applicants with no previous monitoring history.

(F) Applicant Staff with Income Eligibility Training or Financial Management Training. All Applications may receive a maximum of five (5) points if a member of the Applicant's staff that will be involved in administration of the program if awarded, has attended TDHCA's 1st Thursday Income Eligibility training or has completed Financial Management 101: Introduction or Financial Management 201: A Closer Look, available through the HUD Exchange website, no earlier than one (1) year from the date that Applications are first accepted under the NOFA, or certifies that the staff member will attend TDHCA's 1st Thursday Income Eligibility training or HUD's on-line Financial Management 101 or 102 training prior to submission of a Activity for TDHCA approval. Activities may not be approved under a Contract until the staff member has attended 1st Thursday Income Eligibility training or HUD's on-line Financial Management trainings if points are awarded under this criterion.

(G) Section 8 Housing Choice Voucher Availability. This selection criterion is applicable to TBRA Applications only. Applications may be awarded a maximum of five (5) points if the waiting list(s) for the Section 8 Housing Choice Voucher ("HCV") program maintained by the Public Housing Authority ("PHA") with jurisdiction over the Service Area outlined in the Application exceeds a twelve (12) month wait time as of the date that Applications are first accepted under the NOFA, or if the PHA does not offer rental assistance under the HCV program. The Department must be able to make a determination that PHA's wait time exceeds twelve (12) months through documentation provided in the Application by the Applicant for requested points when determining the points awarded under this criterion.

(H) Lack of Single Family Activities within the Service Area within the Previous Two (2) Years. This selection criterion is applicable to HRA and HBA Applications only.

(i) Applications may be awarded a maximum of five (5) points if TDHCA HOME funds have not been awarded thorough a competitive award or been provided to an Activity of the same type as the assistance proposed in the Application, and within the Service Area designated in the Application within two (2) years of the date that Applications are first accepted under the NOFA.

(ii) Applications may be awarded a maximum of four (4) points if TDHCA HOME funds have been committed to Activities of the same type of assistance as that proposed in the Application, and within the Service Area designated in the Application, if the Applicant was not awarded funds to administer a Contract of the same type of assistance and was not the service provider for Activities submitted under an RSP agreement, within two (2) years of the date that Applications are first accepted under the NOFA.

(I) Program Restricted to First-Time Homebuyers. This selection criterion is applicable to HBA Applications only. Applications may be awarded a maximum of five (5) points if 100 percent of Households served are first-time homebuyers defined on the Department's Certification of First-Time Homebuyer Status Form.

(J) Program Restricted to Households at or below 60 percent AMFI. This selection criterion is applicable to HRA and TBRA Applications only. Applications may be awarded a maximum of five (5) points if 100 percent of Households served will have incomes at or below 60 percent AMFI for the county in which the Activity will be located.

(K) Priority for Certain Communities. All Applications may receive a maximum of two (2) points if at least one Colonia is included in the Service Area identified in the Application. Applicants awarded points under this criterion will be contractually required to maintain a Service Area that includes at least one Colonia as identified on the Office of the Secretary of State's website.

Attachment 2: Preamble and amendment of SUBCHAPTER F, SUBCHAPTER F, §23.61 TENANT-BASED RENTAL ASSISTANCE (TBRA) GENERAL REQUIREMENTS

The Texas Department of Housing and Community Affairs (the "Department") proposes an amendment to 10 TAC Chapter 23, Subchapter F, §23.61 *Tenant-Based Rental Assistance (TBRA) General Requirements.*

The purpose of amending the HOME Rule under Subchapter F is to require that units selected by tenants for occupancy under the Tenant-Based Rental Assistance ("TBRA") program are two-fold. First, an amendment is proposed to ensure that units selected for rental by an assisted household are not owned by members of the assisted household's immediate family, with an exception for units that have unique accessibility features for persons with disabilities that are not readily available in the service area. This amendment will more closely align the HOME Rule with the requirements of the Section 8 Housing Choice Voucher Program, allowing tenants a more seamless transition between temporary HOME assistance and more permanent assistance offered under the Section 8 Housing Choice Voucher Program. Second, an additional amendment is proposed to ensure that administrators of the HOME Program comply with requirements to conduct a rent-reasonableness analysis for each unit to be occupied by a HOME assisted household.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the proposed new section will be in effect, enforcing or administering the proposed new section does not have any foreseeable additional costs or revenues for 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 improved regulatory guidance to enhance the efficiency and effectiveness of the HOME Program. There will not be any economic cost to any individuals required to comply with the amendments or there is an economic cost by the change required by federal HOME Program requirements.

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 September 22, 2017, to October 31, 2017, to receive input on the proposed new section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attention: Abigail Versyp, Homelessness Programs, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, or by email to the following address: HOME@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. Austin local time on October 31, 2017. A copy of the proposed new chapter will be available on the Department's website at http://www.tdhca.state.tx.us/public-comment.htm under Items Open for Public Comment during the public comment period.

STATUTORY AUTHORITY. The amendment is proposed pursuant to Texas Government Code, §2306.053, which authorizes the Department to adopt rules.

The proposed amendment affects no other code, article, or statute.

§23.61.Tenant-Based Rental Assistance (TBRA) General 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) Activity 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) months cumulatively, except that a maximum of twenty-four (24) additional 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 is determined at the date of assistance. The payment standard utilized by the Administrator must be:

(1) for metropolitan counties and towns, the current U.S. Department of Housing and Urban Development (HUD) Small Area Fair Market Rent for the Housing Choice Voucher Program;

(2) for nonmetropolitan counties and towns, the current HUD Fair Market Rent for the Housing Choice Voucher Program;

(3) for a HOME assisted unit, the current applicable HOME rent; or

(4) 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 documentation that the PHA serving the market area has adopted a different payment standard. An Administrator may request a Reasonable Accommodation as defined in §1.204 of this title for a specific household if the household, because of a disability, requires the features of a specific unit, and units with such features are not available in the Service Area at the payment standard.

(g) The lease agreement start date must correspond to the date of the TBRA rental coupon contract, and the rent reasonable analysis must be conducted prior to the date of the TBRA rental coupon contract.

(h) Activity 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 Activity Costs, excluding Match funds. Funds for administrative costs may be increased an additional 1 percent of Direct Activity Costs if Match is provided in an amount equal to 5 percent or more of Direct Activity 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.

(1) Administrator must not approve a unit if the owner is by consanguinity, affinity, or adoption the parent, child, grandparent, grandchild, sister, or brother of any member of the assisted Household, unless the Administrator determines that approving the unit would provide Reasonable Accommodation for a Household member who is a Person with Disabilities. This restriction against Administrator approval of a unit only applies at the time the Household initially receives assistance under a Contract or Agreement, but does not apply to Administrator approval of a recertification with continued tenant-based assistance in the same unit.

(l) Administrators must maintain Written Policies and Procedures established for the HOME Program in accordance with §10.610 of this title, except that where the terms Owner, Property, or Development are used Administrator or Program will be substituted, as applicable. Additionally, the procedures in subsection (n) of this section (relating to the Violence Against Women Act (if in conflict with the provisions in §10.610 of this title)) will govern.

(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.

(n) Administrators are required to comply with regulations and procedures outlined in the Violence Against Women Act (VAWA), and provide tenant protections as established in the Act.

(1) An Administrator of Tenant-Based Rental Assistance must provide all Applicants (at the time of admittance or denial) and Households (before termination from the Tenant-Based Rental

Assistance program or from the dwelling assisted by the Tenant-Based Rental Assistance Coupon Contract) the Department's "Notice of Occupancy Rights under the Violence Against Women Act", (based on HUD form 5380) and also provide to Households "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking" (HUD form 5382) prior to execution of a Rental Coupon Contract and before termination of assistance from the Tenant-Based Rental Assistance program or from the dwelling assisted by the Tenant-Based Rental Assistance coupon contract.

(2) Administrator must notify the Department within three (3) calendar days when tenant submits a Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and/or alternate documentation to Administrator and must submit a plan to Department for continuation or termination of assistance to affected Household members.

(3) Notwithstanding any restrictions on admission, occupancy, or terminations of occupancy or assistance, or any Federal, State or local law to the contrary, Administrator may "bifurcate" a rental coupon contract, or otherwise remove a Household member from a rental coupon contract, without regard to whether a Household member is a signatory, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a recipient of TBRA and who engages in criminal acts of physical violence against family members or others. This action may be taken without terminating assistance to, or otherwise penalizing the person subject to the violence.

2a

TDHCA Outreach Activities, July-September 2017

A compilation of outreach and educational activities designed to enhance the awareness of TDHCA programs and services among key stakeholder groups and the general public.

Activity	Event	Date	Location	Division
Fair Housing Listing	Fair Housing Training Presentation to Relocation Contractors	7/11/17	N/A	Fair Housing
Fair Housing Listing	Fair Housing Presentation to Assertive Community Treatment Team with Austin/Travis County Integral Care	7/18/17	N/A	Fair Housing
Board/Committee Meeting	Qualified Allocation Plan and Multifamily Rules Committee	08/25/2017	Austin	
Public Hearing	Casa Brendan - August 30, 2017 (PDF)	08/30/2017	Stephanville, TX	Multifamily
	Casa, Inc - August 30, 2017 (PDF)	08/30/2017	Fort Worth, TX	Multifamily
	Nuestro Hogar - August 30, 2017 (PDF)	08/30/2017	Fort Worth, TX	Multifamily

Internet Postings of Note

A list of new or noteworthy postings to the Department's website.

Colonia Initiatives:

- Updated eligible census tracts under 2017 2/3 Set-Aside

Communications:

- Updated Disaster Relief Resources webpage with current information from Emergency Operations Center activities

Community Affairs:

- Updated 2017 CSBG allocations and TOP goals
- Posted estimated 2018 CSBG allocations with TOP goals
- Updated DOE WAP Historic Preservation Report to reflect new dates
- Replaced National Performance Indicators forms
- Replaced WAP 2017 State Plan; 2017 Health and Safety Plan

Compliance:

- Posted updated TDHCA Housing Accessibility Checklists
- Posted new information on FAQ page
- Added Student Verification form
- Posted link to HUD forms in multiple languages
- Deleted/Updated manuals and rules page regarding Texas Administrative Code
- Updated Recapture Relief for Casualty Losses page to reflect the Presidentially Declared Disaster counties affected by Hurricane Harvey; listed disaster assistance website for FEMA
- Added Notice of Property Damage information to Disaster Relief/Casualty Loss webpage

Fair Housing

- Posted updated VAWA forms (including in Vietnamese)
- Updated RFQ information for TDHCA approved-training providers for 2018

Homeownership:

- Updated Lender Training pages
- Updated Master Servicer resource guide
- Updated APR for My First Texas Home program (with/without MCC)
- Updated the Single Family Development Project Setup Checklist

Housing Resource Center

- Updated meeting notice for HHSCC
- Posted information on the 2018 Regional Allocation Formula for HOME, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) program funding.
- Updated links for 2015-2019 State of Texas Consolidated Plan and 2016 OYAP

Housing Trust Fund ("HTF"):

- Posted approved 2018-19 Biennial Plan
- Updated Homebuyer Assistance Program to reflect no longer available

Multifamily:

- Posted the 2017 9% HTC award allocation and wait list
- Posted updated Multifamily Property Owner participation agreement for Section 8 PRA program
- Posted updated HTC Property Inventory as of July 27, 2017
- Posted 2017 Multifamily Uniform Application Supporting Information' section to include a demographic characteristics report as of July 2017
- Posted Asset Management notices

Notices of Funding Availability ("NOFA"):

- Updated ESG NOFA for July

Press Page:

- Texas Affordable Housing by the Numbers infographic
- Posted new homepage article "How rent limits are determined"
- Updated homepage slideshow
- Posted press announcements regarding HHSP allocations for 2018
- Posted new homepage article "CDC Brownsville, TDHCA Self Help Center brings new homes to La Sara residents"

Public Comment: www.tdhca.state.tx.us/public-comment.htm

- Draft 2017 National Housing Trust Fund Allocation Plan comment period is closed
- Invites public comment regarding the proposed, new Housing Trust Fund Rule
- Invites public comment regarding proposed Bootstrap Loan Program Rule

Purchasing:

- Posted all No-Bid contracts to TDHCA website

Frequently Used Acronyms

AMFI	Area Median Family Income
AYBR	Amy Young Barrier Removal Program
CEAP	Comprehensive Energy Assistance Program
CFD	Contract for Deed Program
CFDC	Contract for Deed Conversion Assistance Grants
CHDO	Community Housing Development Organization
CMTS	Compliance Monitoring and Tracking System
CSBG	Community Services Block Grant Program
ESG	Emergency Solutions Grants Program
FAQ	Frequently Asked Questions
HBA	Homebuyer Assistance Program
HHSCC	Housing and Health Services Coordination Council
HHSP	Homeless Housing and Services Program
HRA	Homeowner Rehabilitation Assistance Program
HTC	Housing Tax Credit
HTF	Housing Trust Fund
HUD	US Department of Housing and Urban Development
IFB	Invitation for Bid
LURA	Land Use Restriction Agreement
MF	Multifamily
MFTH	My First Texas Home Program
MRB	Mortgage Revenue Bond Program
NHTF	National Housing Trust Fund
NOFA	Notice of Funding Availability
NSP	Neighborhood Stabilization Program
OIG	Office of Inspector General
QAP	Qualified Allocation Plan
QCP	Quantifiable Community Participation
REA	Real Estate Analysis
RFA	Request for Applications
RFO	Request for Offer
RFP	Request for Proposals
RFQ	Request for Qualifications
ROFR	Right of First Refusal
SLIHP	State of Texas Low Income Housing Plan
TA	Technical Assistance
TBRA	Tenant Based Rental Assistance Program
TICH	Texas Interagency Council for the Homeless
TXMCC	Texas Mortgage Credit Certificate
VAWA	Violence Against Women Act
WAP	Weatherization Assistance Program

2b

BOARD REPORT ITEM

FAIR HOUSING, DATA MANAGEMENT, & REPORTING

SEPTEMBER 7, 2017

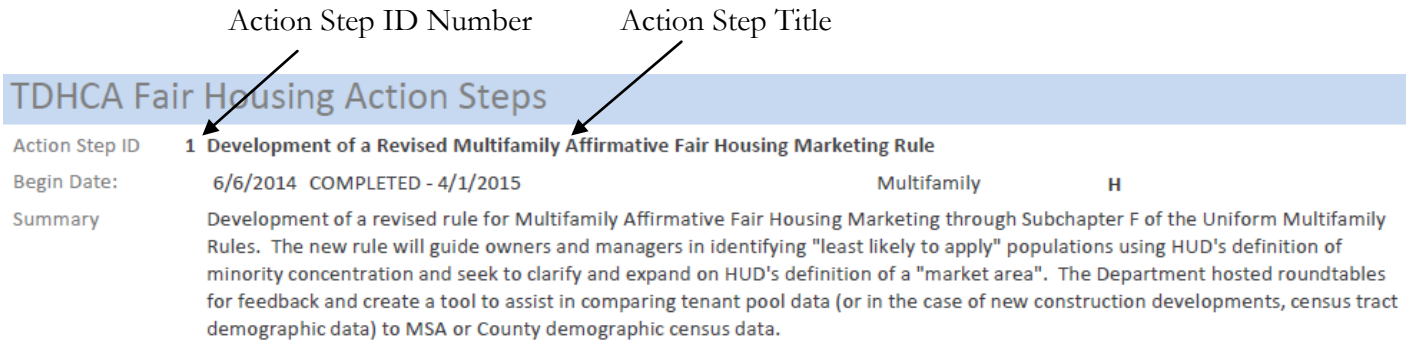
Report on Department's Fair Housing Activities

This report provides an update on fair housing related projects and activities conducted since the prior fair housing report presented to the Board in March 2017. This includes Texas Department of Housing and Community Affairs ("TDHCA") projects in various stages of research, planning, and implementation to affirmatively further fair housing.

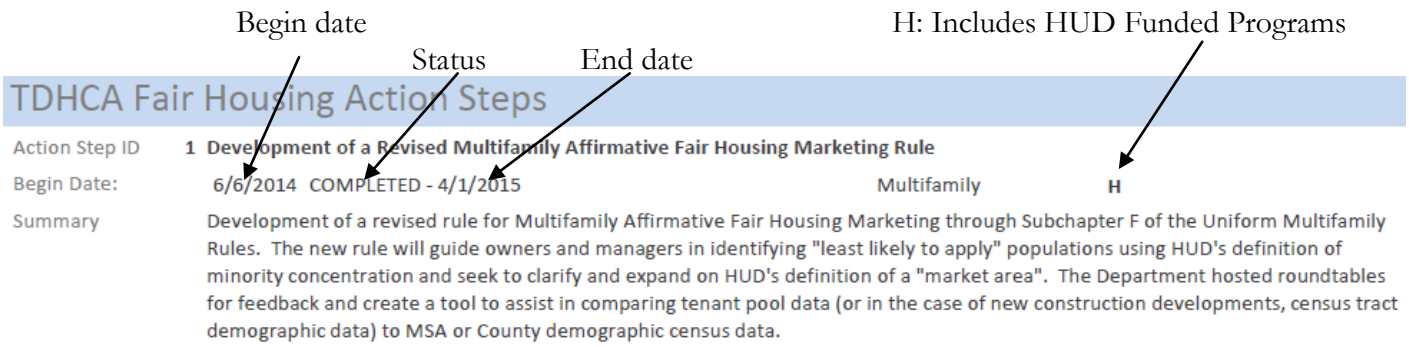
Understanding this report

The report lists the Department's Fair Housing Action Steps. Action Steps may be associated with one or more of six Impediments identified in the 2013 Analysis of Impediments to Fair Housing Choice for the State of Texas. This report includes all Fair Housing Action Steps for both HUD and non-HUD funded activities.

The report is generated from a database maintained by the Fair Housing, Data Management, and Reporting Division. Some elements of the database and report may change in the future as staff works to improve reporting and document the Department's efforts to affirmatively further fair housing.



The report lists a begin date and status for each entered Action Step. The status will reflect "Completed" for items that are finished. The status of "In Progress" is used for items that are underway and have not yet been completed. The "On Going" status is used for items that are continuing, without a planned end date.



Included in the report is a summary of each Action Step and the overhead category describing the activity. Categories include Agency Wide, Single Family, and Multifamily. Community Affairs items, which include the Emergency Solutions Grant Program, are included in the Single Family category. Action Steps are tied to specific TDHCA program areas. The "H" indicates the program area includes HUD funded programs. This report tracks all Fair Housing activity, including activities on non-HUD funded programs.

TDHCA Fair Housing Action Steps

Ongoing Action Steps

Action Step ID **15** **State Agency Fair Housing Workgroup**

Begin Date: 5/6/2014 ONGOING Agency Wide **H**

Summary A routine meeting schedule was established for Texas Department of Agriculture, Texas Department of Housing and Community Affairs ("TDHCA"), Texas Workforce Commission, General Land Office, and Department of State Health Services to assist state agencies in aligning fair housing efforts including efforts associated with the Analysis of Impediments, consider ways to improve fair housing education and outreach across the state, and develop consistency in complaint direction, training, and resource provision. The workgroup will also work jointly on the implementation of the new affirmatively furthering fair housing rule ("AFFH") rule and state tool. The workgroup has been meeting since May 2014 and continues to meet quarterly or as needed.

Action Step ID **16** **Memorandum of Understanding with the Texas Workforce Commission**

Begin Date: 5/13/2014 ONGOING Agency Wide **H**

Summary The current memorandum of understanding (“MOU”) between TDHCA and Texas Workforce Commission (“TWC”) was reviewed and revised to add the opportunity for improved training collaboration and complaint direction. MOU requirements for mandated reporting in the event of uncorrected fair housing violations were strengthened and the expectation for information on reported violations and settlements was clarified. TDHCA and TWC continue to work closely together, sharing information and referrals as outlined in the MOU.

Action Step ID **134** **Development of “Becoming a Homeowner” Online Homebuyer Education Tool**

Begin Date: 9/1/2014 ONGOING Single Family

Summary The Texas Homeownership division developed a free online homebuyer education module, “Becoming a Homeowner.” The tool is available in both English and Spanish. This provides buyers with a greater understanding of what to expect when purchasing a home, including information on the Mortgage Credit Certificate ("MCC") program, down payment assistance, and lending rates. The convenient, self-paced course offers a pre- and post-purchase tutorial on the ins and outs of buying a home. The online course is available 24/7. In summer 2017 an average of 1,000 homebuyers took the course monthly.

H Includes HUD Funded Programs

Action Step ID	**155**	**Implementation of National Housing Trust Fund, Development of Units to Serve Extremely Low-Income Households**		
Begin Date:	11/2/2015	ONGOING	Multifamily	**H**
Summary	The National Housing Trust Fund ("NHTF") is a new affordable housing production program that compliments existing Federal, state and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families. NHTF funds may be used for the production or preservation of affordable housing through the acquisition or new construction of non-luxury housing with suitable amenities. Funds will be allocated through the Regional Allocation Formula and subject to affirmative marketing requirements. All NHTF-assisted units will be required to have a minimum affordability period of 30 years. Texas received an allocation of $4,789,477 in 2016 and anticipates receiving $8,858,738 in 2017. Staff are seeking HUD approval of the 2017 Allocation Plan.			

Action Step ID	**180**	**Participation in the Money Follows the Person Program to Increase Housing Options for Persons Exiting Institutions**		
Begin Date:	1/1/2012	ONGOING	Single Family	**H**
Summary	Since 2012, the Department has partnered with Texas Department of Aging and Disability Services (“DADS”) and Texas Health and Human Services Commission (“HHSC”) to use Money Follows the Person (“MFP”) funds to increase housing options for individuals who choose to exit institutions. TDHCA has used the MFP program to support the administration of Section 8 Housing Choice Vouchers targeted to individuals leaving institutions, to develop and implement a Section 811 Project Rental Assistance (PRA) Program, and to support the administration of tenant based rental assistance through the HOME Investment Partnership Program. MFP funds assist Texas in creating a bridge program for individuals leaving institutions which can subsidize rent for up to five years for individuals awaiting Housing Choice Vouchers or other rental assistance. MFP-funded staff build capacity in communities across Texas. Staff also assists Medicaid and Service Coordinator providers on how to make referrals to housing programs and work with relocation contractors to improve programs (see also step #38 and #93). The Centers for Medicaid and Medicare Services completed a site visit to Texas to learn more about the state’s MFP program. The evaluators stated that “Overall Texas has made tremendous strides at enhancing the lives of individuals participating in the MFP program.”			

Action Step ID	**189**	**Track Conciliation and Cause Notifications from Texas Workforce Commission, Civil Rights Division**		
Begin Date:	6/1/2016	ONGOING	Multifamily	**H**
Summary	Staff tracks conciliation agreements and cause notifications from Texas Workforce Commission, Civil Rights Division regarding fair housing complaints at TDHCA funded properties. Texas Workforce Commission notifies TDHCA per a memorandum of understanding. Agreements are attached to property records in the Compliance Monitoring and Tracking System (“CMTS”) for TDHCA staff to reference. This will assist the agency in monitoring and working with properties to mitigate fair housing barriers and take corrective actions.			

Action Step ID **202** **Agency Wide Biennial Fair Housing Training**

Begin Date: 11/1/2016 ONGOING Agency Wide **H**

Summary Effective April 2017, all TDHCA staff will complete a fair housing training module biennially. New hires will complete the training within the first 90 days of employment. TDHCA's human resources manual was updated to include this training requirement; this will be monitored by the human resources division. The HUD-approved training is provided online, at no cost through the Texas Workforce Commission, Civil Rights Division. In 2017 agency staff took the fair housing training offered through the Texas Workforce Commission and had the opportunity to attend two fair housing webinars.

Action Step ID **208** **Participation in the State of Texas Reentry Task Force**

Begin Date: 6/19/2009 ONGOING Agency Wide **H**

Summary A member of the fair housing team participates in the State of Texas Reentry Task Force and quarterly meetings. Texas' statewide Reentry Task Force promotes increased collaboration and coordination among localized re-entry initiatives and state-level entities, specifically in efforts to help stakeholders minimize barriers that impact individuals' successful reintegration into Texas communities. The Texas Reentry Task Force was establish through House Bill 1711 and became effective June 19, 2009 through Texas Gov't Code §501.098. Having a criminal record is not a protected characteristic under the Fair Housing Act, however, criminal history-based restrictions on housing opportunities violate the Act if, without justification, their burden falls more often on renters or other housing market participants of one race or national origin over another.

H Includes HUD Funded Programs

Completed or In Progress Action Steps

Action Step ID **30** **Revisions to Compliance Monitoring and Tracking System ("CMTS") Demographic Data Collection Fields**

Begin Date: 6/27/2014 COMPLETED - 5/15/2017 Multifamily **H**

Summary The Fair Housing Team and Compliance Division guided CMTS system changes to report demographic information by household member rather than on a cumulative household basis. These corrections in the CMTS system assist the Department in being able to better evaluate and streamline demographic reporting, deliver data to the US Department of Housing & Urban Development ("HUD") for inclusion in the Housing Finance Agency report, and analyze the demographic composition of its portfolio. The revised screen includes information on household members' race, ethnicity, age, and disability status. The CMTS changes to allow for data entry of demographic information at the household member level were completed on January 2, 2017, and the CMTS feature (CMTS Unit Upload) that processes uploads of this information from property management software products was completed on January 27, 2017. All vendors updated their software products to work with CMTS Unit Upload by early April 2017. Updated household information was supplied by properties in April 2017.

Action Step ID **143** **HOME Notice of Funding Availability ("NOFA"), Points Awarded for Supportive Services**

Begin Date: 9/4/2015 COMPLETED - 8/3/2017 Single Family **H**

Summary In 2015 HOME program points were provided to Tenant Based Rental Assistance ("TBRA") applicants with supportive services in the categories of child care, nutrition, job training, health, and human services activities. TBRA administrators that provide more holistic approach to assisting families help to remove barriers to mobility and provides more housing choice through their knowledge of housing stock in the community. Competitive application scoring criteria was embedded into the HOME Rules effective August 3, 2017 (10 TAC § 23.25).

Action Step ID **156** **Multifamily Direct Loan Program, Set-Aside for Supportive Housing or Units for Very Low-Income Households**

Begin Date: 3/22/2016 IN PROGRESS Multifamily **H**

Summary The Multifamily Direct Loan Program provides funding to nonprofit and for-profit entities for the new construction or rehabilitation of affordable multifamily rental developments (10 TAC §13). The 2017-1 Notice of Funding Availability (“NOFA”) includes a $8,310,529 set-aside for soft repayable and/or deferred forgivable loans. Developments may qualify by meeting the Department’s Supportive Housing definition or by creating units for households at 30% area median income (“AMI”) that would not be available otherwise. Funds under this set-aside are intended to increase the number of 30% rent-restricted units and occupy them with households with an annual income of 30% AMI or less who are not currently receiving any type of rental assistance. The 2017-1 Multifamily Direct Loan notice of funding availability closes on October 31, 2017.

H Includes HUD Funded Programs

Action Step ID	**165**	**Revise the State's Citizen/Community Participation Plan to Comply with the Affirmatively Furthering Fair Housing ("AFFH") Rule**		
Begin Date:	2/1/2016	IN PROGRESS	Agency Wide	**H**
Summary	Staff is beginning this process and is developing a timeline and detailed process to comply with the new requirements for the Citizen Participation Plan in HUD's AFFH Rule. The rule requires consultation and community participation in the analysis of fair housing data, an assessment of fair housing issues and contributing factors, and an identification of fair housing priorities and goals. The participation plan must be amended prior to the initiation of the Assessment of Fair Housing ("AFH") process and attempt to reach a broad audience, with specific engagement with protected classes and organizations representing those classes. TDHCA staff are working with the Fair Housing Workgroup to revise the State's Citizen Participation Plan, staff plan to take this to the September 7, 2017, board meeting.		

Action Step ID	**183**	**Data Update for the Multifamily Affirmative Fair Housing Marketing Tool**		
Begin Date:	4/1/2016	IN PROGRESS	Multifamily	**H**
Summary	Fair Housing, Data Management, and Reporting ("FHDMR") staff is currently researching a possible data update to the Multifamily Affirmative Fair Housing Marketing Tool. The tool currently uses 2010 Census data; an update has been discussed with Compliance and Legal to use American Community Survey ("ACS") data to reflect a more recent time period. Compliance staff plan to propose a rule change in 2017 to take effect in 2018 (see also step #1).			

Action Step ID	**203**	**Loan Agreement with WoodForest National Bank, Expanding Financing Options Available to Lower Income Homebuyers**		
Begin Date:	9/1/2016	COMPLETED - 7/31/2017	Single Family	
Summary	On September 28, 2016, TDHCA entered a $10 million loan agreement with WoodForest National Bank. The loan agreement allows the agency to leverage existing funds and expand financing options available to lower income homebuyers in Texas, including reducing the agency's first mortgage loan rate by approximately .375 percent, a tremendous savings to homebuyers. The loan agreement will fund down payment and closing cost assistance in conjunction with approximately $250 million in first lien mortgage loans and $10 million in 30-year, zero interest, second lien mortgage loans that are due on the earlier of sale, refinance, or maturity of the first lien mortgage loan. In the fall of 2016 the Department experienced more than twice the amount of average daily reservations for homebuyer assistance funds compared to the prior 12 months of activity. Funds were fully utilized in July 2017.			

Action Step ID **204** **Continuum of Care Local Competition Award Model**

Begin Date: 1/15/2015 IN PROGRESS Single Family **H**

Summary In order to foster local decision making, ESG has been working with Continuum of Care ("CoC") lead agencies to administer a local competition on behalf of TDHCA for ESG funds. The lead agencies adjust the notice of funding availability ("NOFA"), and elements of competitive scoring to consider elements such as past performance and future target outcomes. This model assists the program area in better evaluating barriers, impediments, and program metrics by leveraging the CoC local capacity and expertise. A pilot local competition was run in 2015 resulting in more local connections and coordination. In 2016, TDHCA expanded the pilot program for local competitions from two CoC Lead Agencies to five CoC Lead Agencies. In 2017, TDHCA is working with four CoC Lead Agencies to run a local competition for ESG funds. Staff anticipates taking recommendations for award to the Department's board in October 2017.

Action Step ID **205** **Waiver Request, Extension of Fair Market Rents**

Begin Date: 2/21/2017 IN PROGRESS Single Family **H**

Summary TDHCA plans to request an extension and expansion of HUD's waiver of Fair Market Rents ("FMRs") in certain counties for 2017 Emergency Solutions Grant ("ESG") Subrecipients from November 1, 2017, to August 31, 2018. A waiver was previously requested and granted for certain counties for 2016 ESG Subrecipients that receive a contract extension from August 31, 2017, to December 31, 2017 as a result of reallocated funds from de-obligated funds from 2016 contracts. August 3, 2018, is the expenditure deadline for 2016 ESG funds. With pending waiver request and the extension of the previous waiver request, all 2016 and 2017 ESG Subrecipients would receive the benefit throughout the length of their contracts with the Department.

Action Step ID **206** **Fair Housing Webinar Series 2017: Webinar One – Fair Housing Overview**

Begin Date: 12/15/2016 COMPLETED - 4/4/2017 Agency Wide **H**

Summary Implementation of a two part webinar series in coordination with the Texas Workforce Commission Civil Rights Division. The presentation covered the basics of fair housing in Texas and a review of case scenarios, including an overview of fair housing testing. Over 500 attendees participated in the webinar. Trainings are geared towards city, county, and local governments, housing providers, housing consumers and other fair housing partners.

H Includes HUD Funded Programs

Action Step ID	**207**	**Fair Housing Webinar Series 2017: Webinar Two - Reasonable Accommodations and Accessibility**		
Begin Date:	12/15/2016	COMPLETED - 4/11/2017	Agency Wide	**H**
Summary	Implementation of a two part webinar series in coordination with the Texas Workforce Commission Civil Rights Division. The presentation covered reasonable accommodations and accessibility including information on service and assistance animals. Over 400 attendees participated in the webinar. Trainings are geared towards city, county, and local governments, housing providers, housing consumers and other fair housing partners.			

Action Step ID	**210**	**Fair Housing Training Presentation to Relocation Contractors**		
Begin Date:	6/15/2017	COMPLETED - 7/11/2017	Single Family	**H**
Summary	The Fair Housing Project Manager conducted a 30-minute training call with relocation contractors. Relocation contractors help individuals in nursing facilities transition to community settings. They assist the state in rebalancing its Medicaid program so more funds are spent on community-based long term services and supports, and fewer funds are paid to institutional settings, like nursing facilities. The relocation contractors utilize various TDHCA programs including Project Access and Section 811. Presentation materials focused on reasonable accommodations for persons with disabilities and information on HUD's guidance related to criminal background checks.			

Action Step ID	**211**	**TDHCA Attendance at the Public Policy Seminar, "The Myth of De Facto Segregation and How We Can Correct It"**		
Begin Date:	5/1/2017	COMPLETED - 5/1/2017	Agency Wide	**H**
Summary	Staff attended a presentation by author Richard Rothstein regarding his research on residential segregation in Austin and across the United States. Mr. Rothstein spoke on explicit government policies that created and maintained de jure residential segregation including policies from the New Deal agencies like the Public Works Administration, the Federal Housing administration, local housing authorities, and the Internal Revenue Service. The research aims to create a broader awareness of the government policies that created segregation as a first step to undertake specific action steps to remedy those wrongs.			

Action Step ID	**212**	**Participate in Texas Interagency Council for the Homeless ("TICH") Meeting, Provide Fair Housing Update**		
Begin Date:	3/1/2017	COMPLETED - 4/11/2017	Single Family	**H**
Summary	Fair housing staff attended the April TICH meeting and presented an update on fair housing in Texas. Staff provided information on the 2017 fair housing webinar series and invited TICH members to attend. In addition, staff provided an update on HUD's Affirmatively Furthering Fair Housing rule and the State's plans to comply with the new rule and complete an Assessment of Fair Housing.			

H Includes HUD Funded Programs

Action Step ID	**213**	**Creation of Opportunity Maps for the Public Housing Authority Jurisdiction, Provided to Voucher Holders**	
Begin Date:	3/10/2017 IN PROGRESS	Single Family	**H**
Summary	Staff created a series of maps of housing opportunities within the Department's Public Housing Authority ("PHA") jurisdiction. The maps show housing opportunities including TDHCA properties and local schools mapped by median rent, median income, and poverty rate. The maps are available by county for each of the 34 counties in the PHA service area. Beginning in September 2017 the Department will begin to implement the maps and related information when briefing voucher holders.		

Action Step ID	**214**	**Fair Housing Presentation to Assertive Community Treatment Team with Austin/Travis County Integral Care**	
Begin Date:	6/28/2017 COMPLETED - 7/18/2017	Single Family	**H**
Summary	The Fair Housing Project Manager conducted a 60-minute in-person training with Assertive Community Treatment "ACT" Team with Austin/Travis County Integral Care. Assertive Community Treatment is an Evidence-Based Practice Model designed to provide treatment, rehabilitation and support services to individuals who are diagnosed with a severe mental illness and whose needs have not been well met by more traditional mental health services. The ACT team provides services directly to an individual that are tailored to meet his or her specific needs. ACT teams are multi-disciplinary and include members from the fields of psychiatry, nursing, psychology, social work, substance abuse and vocational rehabilitation. Based on their respective areas of expertise, the team members collaborate to deliver integrated services of the recipients' choice, assist in making progress towards goals, and adjust services over time to meet recipients' changing needs and goals. The team utilizes various TDHCA programs including Project Access and Section 811. Presentation materials focused on reasonable accommodations for persons with disabilities and information on HUD's guidance related to criminal background checks.		

Action Step ID	**215**	**Conduct Focus Groups and Survey Housing Tax Credit Residents**	
Begin Date:	2/24/2017 IN PROGRESS	Multifamily	
Summary	The Department contracted with the Ray Marshall Center of the University of Texas at Austin to conduct a series of focus groups and a resident survey among Housing Tax Credit ("HTC") residents. The goal was to gather feedback on what is most important to residents so that the Department can best meet low- to moderate-income residents' needs. The four focus groups gave residents an opportunity to share their experiences. The moderators of these focus groups sought to attract diverse crowds that reflect the variety of residents that the Department serves—rural, elderly, various income levels, families, persons with disabilities, etc. The survey was available in both online and paper formats, with paper surveys being heavily weighted towards elderly and rural Developments. Like the focus groups, the survey sought residents' varied perspectives on what unit, Development, and neighborhood features best meet their needs. With this knowledge tabulated in datasets that protect residents' anonymity, staff are now able to ask specific research questions about the needs of residents while simultaneously differentiating among their backgrounds. Such a tool might allow for the Department to create rules tailored to the specific needs of the populations served.		

H Includes HUD Funded Programs

Action Step ID **216** **Actions to Comply with the Violence Against Women Act**

Begin Date: 12/23/2016 IN PROGRESS Multifamily **H**

Summary

In March 2017, HUD released their implementing regulations regarding the Violence Against Women Act ("VAWA"). VAWA was reauthorized in 2013 and provided basic protections for applicants and residents at many affordable housing properties, including all HOME and Housing Tax Credit Developments who have experienced domestic violence, dating violence, or sexual assault. The regulations require a Notice of Occupancy Rights and the Certification be provided when a household applies for assistance, if a household is denied occupancy and/or if an existing household is notified that they are being evicted or their lease will not be renewed. In addition, there is a model emergency transfer plan. HUD's regulations require owners of developments with HOME, National Housing Trust Fund, Neighborhood Stabilization Program, and any state (Multifamily Direct Loan) funds used as HOME match, that receive a contract on or after December 16, 2016, to permit a tenant to break a lease without penalty if the Department determines that the tenant meets the criteria for an emergency transfer under 24 CFR §5.2005. Staff proposed amendments to 10 TAC to comply with the regulations and took those to the Department's board on April 27, 2017. Staff anticipates taking the final rule to the board on September 7, 2017.

Action Step ID **217** **Creation of a Fair Housing Digital Info Graphic**

Begin Date: 1/5/2017 COMPLETED - 4/6/2017 Agency Wide **H**

Summary

The Department's Division of Policy and Public Affairs created a fair housing digital info graphic. The info graphic provides information on how to request a reasonable accommodation, as well as the seven protected classes. The info graphic was published on the website RentCafe (https://www.rentcafe.com/blog/renting/april-is-national-fair-housing-month-learn-what-it-means-to-you/). The graphic was made available, for free, on the Department's website for use by consumers, advocacy organizations, and housing professionals.

Action Step ID **218** **Conduct Fair Housing Training for New Board Members**

Begin Date: 5/1/2017 COMPLETED - 5/24/2017 Agency Wide **H**

Summary

Fair Housing Project Manager met with the Department's new board members and conducted a fair housing training on key fair housing laws and the way they intersect with the Department's programs.

H Includes HUD Funded Programs

Action Step ID	**219**	**Creation of a Best Practices Guide to Affirmative Marketing for Multifamily Developments**		
Begin Date:	4/21/2017	COMPLETED - 6/28/2017	Multifamily	**H**
Summary	Fair housing staff created a best practices guide to affirmative marketing for the Department's multifamily developments to comply with rules in 10 TAC ("Texas Administrative Code"). The document provides specific guidance on affirmatively marketing to least likely to apply populations as defined by race, ethnicity, and disability status.			

Action Step ID	**220**	**Conference Presentation Proposal, Texas Municipal League ("TML")**		
Begin Date:	1/15/2017	COMPLETED - 7/3/2017	Agency Wide	**H**
Summary	Fair Housing staff submitted a conference proposal to the Texas Municipal League entitled, Fair Housing Considerations for Cities. The presentation was to include an overview of multifamily housing financing, fair housing and the role of local jurisdictions in promoting choice and opportunity. Staff planned to cover recent case studies on fair housing determinations relative to local decision-making. The proposal was not accepted.			

Action Step ID	**221**	**Conference Presentation Proposal, County Judges and Commissioners Association of Texas ("CJCAT")**		
Begin Date:	4/1/2017	COMPLETED - 7/3/2017	Agency Wide	**H**
Summary	Fair Housing staff submitted a conference proposal to the County Judges and Commissioners Association of Texas, Fair Housing Considerations for Counties. The proposal included an overview of financing options and local decision-making considerations that affect those financing options (letters of support, local financing, NIMBYism) under the Fair Housing Act. The proposal was not accepted.			

Action Step ID	**222**	**Conference Presentation Proposal, Texas Association of Local Housing Finance Agencies ("TALHFA")**		
Begin Date:	4/14/2017	IN PROGRESS	Agency Wide	**H**
Summary	Fair Housing staff submitted a conference proposal, Fair Housing Considerations for Housing Finance Agencies. Staff will provide an overview of fair housing principles and permitting in a non-discriminatory manner as it relates to the Fair Housing Act. This will include a review of accessibility requirements including unit design, 2010 ADA standards, and the distribution of accessible units. Staff will present at the annual TALHFA meeting in October 2017.			

H Includes HUD Funded Programs

2c

BOARD REPORT ITEM

COMMUNITY AFFAIRS DIVISION

SEPTEMBER 7, 2017

Report on the reallocation of Program Year ("PY") 2016 Low Income Home Energy Assistance Program ("LIHEAP") Comprehensive Energy Assistance Program ("CEAP") funds

BACKGROUND

Program Description: The LIHEAP is a federal program first established in 1981 and funded annually through Congressional appropriations. The mission of LIHEAP is to assist low income households, particularly those with the lowest incomes that pay a high proportion of household income for home energy, primarily assisting with their heating and cooling energy costs, bill payment assistance, energy crisis assistance, weatherization and energy-related home repairs. The program's funds, provided to the State of Texas by the U.S. Department of Health and Human Services, are distributed to a statewide network of Subrecipients who administer the program.

Report Item Background: On a regular basis, staff analyzes subrecipient performance as measured by expenditure of funds within a Program Year. In a recent review, several subrecipients of LIHEAP CEAP funds were identified as being unlikely to fully spend their funding allocation for PY 2016. Because these funds will expire on September 30, 2017, and will therefore be returned to the U.S. Department of Health and Human Services, staff reallocated those funds, totaling $669,602, to Subrecipients who have demonstrated an ability to efficiently expend their LIHEAP CEAP allotment and who had a need for additional funding. See the table below:

Subrecipient	Reallocation Funds
Hill Country Community Action Association ("HCCAA")	$262,235
Panhandle Community Services ("PCS")	$407,367
TOTAL	$669,602

HCCAA and PCS were the two highest expending Subrecipients as of the May 2017 reporting cycle. Staff fully expects these funds to be spent by September 30, 2017. Staff believes that by reallocating potentially expiring funds to HCCAA and PCS, the Texas Department of Housing and Community Affairs will better serve the low income persons of Texas. The reallocation of funds is authorized by 10 TAC, Chapter 5, Subchapter D, §5.403(c).

2d

TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING

3

BOARD ACTION REQUEST

EXECUTIVE DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action regarding the taking of necessary programmatic, contractual, and other actions with respect to the use of state or federal funds for disaster response and recovery efforts for qualified persons and households most impacted by Hurricane Harvey, and directing the Executive Director and his designees to take certain actions without prior Board approval

RECOMMENDED ACTION

WHEREAS, on August 25, 2017, Hurricane Harvey ("Harvey") made landfall in Texas as a Category 4 hurricane and remained within Texas for several days causing numerous counties to sustain significant and catastrophic damages;

WHEREAS, responding to the human needs of Texans impacted by Harvey will demand that the Department take extraordinary measures necessary to ensure that its resources are deployed as effectively and fully as possible;

WHEREAS, the Department is committed to using its resources to assist with immediate, short and long term responsiveness to aid Texans affected by Hurricane Harvey, while continuing to operate its ongoing programs, within the federal and state parameters of the funds;

WHEREAS, the challenges presented may require prompt action without the ability to go through the processes typically employed; and

WHEREAS, in many cases, immediate and short term assistance may require rapid responsiveness for which a prompt decision by the Executive Director can be made without the ability to go through the processes typically employed to obtain Board authorization;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department, to:

1. Program and direct funding sources to meeting the emergency needs of Texans affected by Harvey, including but not limited to awarding contracts for discretionary funds, de-obligating and re-programming and awarding uncommitted funds to provide emergency sheltering assistance and providing of the necessities of life to eligible households and individuals using Community Services Block Grant ("CSBG") funds, Low Income Home Energy Assistance ("LIHEAP") funds, and any other funds, state or federal, that may be lawfully used for such purposes;
2. Program and direct state or federal funds that may lawfully be used for disaster related assistance to subrecipients serving eligible households and individuals displaced by Harvey, including but not limited to de-obligating and re-programming funds available

under the HOME Investments Partnership Program ("HOME"), Homeless Housing and Services Program ("HHSP"), and the Emergency Solutions Grants ("ESG") Program;

3. Provide assistance to affordable rental properties in the Department's portfolio that have sustained damage as a direct result of Harvey and need emergency repairs to enable them to serve households or individuals displaced by Harvey, such assistance to be made available using funds available under the HOME Program, the National Housing Trust Fund, and Tax Credit Assistance Program Repayment Funds;
4. Seek such state or federal waivers or approvals as they or any of them may deemed necessary or advisable to effectuate the foregoing;
5. Execute, deliver, and cause to be performed on behalf of the Department awards, contracts, loan documents, land use restriction agreements, and such other documents, instruments, and writings as they or any of them may deem necessary or advisable to effectuate the foregoing; and
6. Execute, deliver and cause action on Department loans and properties in the Department's single and/or multifamily portfolio granting deferments or other remedies necessary to assist the Department's borrowers;

FURTHER RESOLVED, that in carrying out the foregoing the Executive Director is instructed to keep the Chairman of this Governing Board and the Office of the Governor advised of matters being undertaken;

FURTHER RESOLVED, that the Executive Director is instructed to bring actions taken under this authority to this Governing Board for ratification and adoption as the acts and deeds of this Governing Board;

FURTHER RESOLVED, that this authorization is limited to the Department's response to issues directly related to assistance in the immediate aftermath of Harvey, and only for matters where legal rights, opportunities or remedies may lapse prior to the Board having the opportunity to hear the matter at its next meeting;

FURTHER RESOLVED, that the Executive Director, the General Counsel, and the individuals assigned primary responsibility for the administration of impacted programs are directed to refrain from taking any action that is in direct violation of any applicable state or federal legal requirement unless they have requested and obtained a waiver, consent, or approval from the cognizant agency or body overseeing such funding source; and

FURTHER RESOLVED, that nothing herein authorizes, approves, or directs any action in violation of a contractual right unless all affected parties enter into agreements acceptable to the General Counsel waiving such rights and releasing the Department from liability therefore.

BACKGROUND

Hurricane Harvey made landfall in Texas on August 25, 2017, and continued to hover over the state for several days. To date 28 counties have received presidential disaster declarations for individual assistance. With ongoing federal assessment, that number may well increase. The Department is committed to assisting in all ways possible. Typically in response to disasters (hurricanes, forest fires, tornadoes, etc.) disaster responsiveness via the Department progresses through several phases and accesses various programs at different points.

In the immediate response period, programs such as LIHEAP and Community Services Block Grant are channeled through the existing program network of providers to deliver immediate assistance including, but not limited to, such things as provision of food, clothes, fuel, temporary housing, and personal items.

In the short to mid-term those same subrecipients are able to continue providing ongoing CSBG eligible assistance. Additionally the Department may, through direct award to existing subrecipients or fast-response Notices of Funding Availability, offer funding opportunities to provide disaster related assistance through HOME (including tenant based rental assistance), Emergency Solutions Grants, or Homeless Housing Services Program.

In the longer term, should any additional federal or state resources be appropriated for programs assigned to the Department, staff will develop and present future plans for the use of such funds for longer term recovery activities. Even if additional resources are not provided, the staff will assess current available funding for possible use of disaster recovery including the programs listed herein and the Housing Choice Voucher Program and the 811 Project Rental Assistance Program. Additionally, as the Department has a significant portfolio of single and multifamily loans, for which some of the properties are located in the affected counties, the Department may be able to alleviate households or properties immediate housing obligations through payment deferment or other remedies.

4a

BOARD REPORT ITEM

INTERNAL AUDIT DIVISION

September 7, 2017

Report on the Internal Audit "Review of Information Systems Division"

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
An Internal Audit of the Information Systems Divisions (IS)
Audit Report # 17-001

Executive Summary

The Office of Internal Audit (OIA) assessed the TDHCA Information System Division's current compliance with the Texas Administrative Code ("TAC"); reviewed activities of the programmers and technicians; tested appropriate employee access to TDHCA systems; and assessed management and staff time spent on problems with help desk tickets. OIA also observed the areas where the file servers, firewalls, and other network hardware components are deployed. Based on the fieldwork performed, OIA concludes that the Information System Division's functions are generally performed accurately and according to applicable rules; however, the following opportunities for improvement were identified.

Findings and Recommendations

- IS should develop a protocol for testing information systems and designate an individual to be responsible for the internal risk assessment component of the overall governance structure.
- The division should develop and implement a more comprehensive program of IS training for users.

Response:
Management agreed with our recommendations.
Detailed responses are included in the body of the audit report.

Responsible Area:
Information System management

Objective, Scope and Methodology

Based upon our risk assessment and other factors, we selected the Information Systems Division for detailed testing and analytical procedures. This audit was identified in the Fiscal Year 2017 Annual Audit Plan and included the evaluation of the administrative and internal control procedures related to the Information Systems Division.

The current audit covered activities and processes in place during fiscal year 2017. Prior external reviews of IS covered information security and specific program applications. This is the first comprehensive internal audit of IS operations.

Mark Scott

Mark Scott, CPA, CIA, CISA, CFE, MBA
Director, Internal Audit

8/24/2017
Date Signed

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
www.tdhca.state.tx.us

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8/24/2017

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Board Members of the Texas Department of Housing and Community Affairs ("TDHCA")

RE: REVIEW OF OPERATIONS IN TDHCA'S INFORMATION SYSTEMS DIVISION

Dear Board Members:

This report presents the results of the Office of Internal Audit ("OIA") "*Review of Operations of TDHCA's Information Systems Division ('IS')*." This audit was identified in the Fiscal Year 2017 Annual Audit Plan. This audit was conducted in accordance with applicable audit standards.

OIA assessed current compliance with the Texas Administrative Code ("TAC"); reviewed activities of the programmers and technicians; tested appropriate employee access to TDHCA systems; and assessed management and staff time spent on problems with help desk tickets. OIA also observed the areas where the file servers, firewalls, and other network hardware components are deployed.

The current audit covered activities and processes in place during fiscal year 2017. Prior external reviews of IS covered information security and specific program applications. This is the first comprehensive internal audit of IS operations.

This report is divided into the following sections:

A. Introduction
B. Governance
C. Components of Information Systems at TDHCA
D. Funding and Staffing
E. Information Systems Compliance
F. Programming
G. Security

 221 East 11th Street P.O. Box 13941 Austin, Texas 78711-3941 (800) 525-0657 (512) 475-3800

A. INTRODUCTION

The Texas Internal Auditing Act requires periodic audits of a state agency's major systems, including major information systems. TDHCA information systems are managed by IS. According to the Director of IS, the division's two major roles are 1) development, implementation, and maintenance of software and 2) technical support with respect to TDHCA employees and the agency's network. As described further below, both of these areas require constant attention to the security of information resources.

In addition to the Internal Audit Act requirement to perform periodic IS audits, the International Professional Practice Framework ("IPPF"), or Red Book (internal audit guidelines), and the Information Systems Audit and Control Association ("ISACA") both require periodic audits of various aspects of IS operations including Governance. IS Governance is generally defined as "the set of decisions rights and the guiding accountability framework designed to ensure that IT resources are employed appropriately in the organization."

B. Governance:

As noted, IS describes its major services as software development and technical support. Statewide direction in these areas is provided by the information technology oversight agency for all state agencies, the Texas Department of Information Resources ("DIR").

State agencies must interact with DIR and implement directives from that oversight agency. DIR conducts periodic "penetration tests" of the networks managed by state agencies. During these tests, DIR attempts to gain unauthorized access to the agency's systems through various methodologies. In the last penetration test of TDHCA systems, DIR was not able to penetrate the network.

Additionally, DIR has a contract with Gartner, a private company that contracts with the state. Gartner provides various security assessment services for state agencies. Gartner conducted a study for TDHCA during FY 2015 and 2016. This study formed a significant part of the basis for TDHCA's FY 2018-2019 Legislative Appropriation Request ("LAR") for strengthening security. The study indicated areas where TDHCA was in need of improvement, and those security areas were factored in to the LAR, with estimates for information technology hardware, software, and services. It is noted that the request did not reflect the full amount Gartner identified as IS prioritized Gartner's recommendations, performed its own assessment of its ability to address the issues identified, and developed effective solutions for a reduced total cost.

One area that needed attention, based both on DIR reviews and the Gartner assessment, concerned "building in" security as applications are developed. Currently IS deals with programming security primarily by after-the-fact "patches" rather than testing programs along the course of production. This area of risk mitigation is becoming increasingly important as hackers develop more sophisticated methods. Industry guidance in this area is provided by the Open Web Application Security Project ("OWASP") and the United States Computer Emergency Readiness Team ("US-CERT") Build Security In ("BSI") web portal.

Finding and Recommendation:
IS should develop a protocol for testing information systems and designate an individual to be responsible for the internal risk assessment component of the overall governance structure.

Finding Item Number	Management Comments – Status Pertaining to the Recommendations and Action to be Taken	Target Completion Date	Responsible Party
17-001.01	*Management agrees with the finding and will take actions to improve security testing of information systems. The FY 2018 budget includes funding for a new full-time equivalent position that will be filled early in the fiscal year. That position will be dedicated to security testing and quality assurance of agency software applications. IS will also acquire an internal vulnerability assessment tool and implement a new web application firewall to help protect against common attacks. These actions will complement existing security controls and testing activities, including DIR security scans, periodic Internet-based scans of web application software performed by IS, and multiple firewall layers that are already in place. Regarding the internal risk assessment component of the overall governance structure for information security, TDHCA's Information Security Officer has been designated as the person responsible and now coordinates the security risk assessment process.*	December 31, 2017	Information Security Officer

C. Components of Information Systems at TDHCA

The components of TDHCA's overall information systems environment include IS staff, TDHCA staff who are users of the systems, hardware, software, and external users. Information systems are like chains, in that the weakest link determines their strength. The weakest link is often considered to be the users. Users are vulnerable to "social engineering" attacks, whereby hackers alleging a variety of scenarios gain access to information systems. Examples include hackers claiming to be technicians making repairs and requesting confidential information from users to complete the repair.

TDHCA provides security awareness training to employees. Internal audit conducted a customer survey of TDHCA staff, and the result indicated desire for more training. Internal audit recommends a more robust training program for users, instruction on how to use software, and ongoing security training. To provide incentives, evaluations could include the taking of training as a scoring item for evaluations or internally posted jobs.

Finding and Recommendation:
The division should develop and implement a more comprehensive program of IS training for users.

Finding Item Number	Management Comments – Status Pertaining to the Recommendations and Action to be Taken	Target Completion Date	Responsible Party
17-001.02	*Management agrees with the finding and will take the following actions to aid agency employees in general IS training and information security training:* *1) Provide TDHCA division management with assistance in using training budgets for low cost technical training subscriptions offered through DIR contracts.* *2) Improve the existing security training program through a newly acquired web-based training service that will be continuously available to all employees.*	October 31, 2017	Information Resources Manager

D. Funding and Staffing

IS received approximately $1.7 million in 2017 and $1.88 million in FY 2018 for operations from a direct appropriation in the TDHCA bill pattern Goal, F.1.2 strategy; Information Resource Technologies. The Division had 20 staff members as of April 20, 2017. Two full-time equivalent positions will be transferred to IS in FY 2018 to assist with the Cybersecurity Initiatives capital budget project, which is the primary reason for the increase in FY 2018.

TDHCA also receives appropriations for capital budget projects. For FY 2017 the capital budget for IS was $189,000. Capital projects may include hardware, software upgrades, and man-hours for internal work to develop software applications and enhancements.

E. Information Systems Compliance

As noted in section B of this report on Governance, parameters for IS compliance are established primarily by DIR and are laid out in 1 TAC Chapter 202.

Exhibit A depicts the division of responsibilities for IS compliance between DIR and TDHCA. The purpose of this area of the audit was to evaluate compliance and recommend improvements. We did not test to an extent so as to determine full legal compliance. The following areas, based on interviews or examination of documents, indicated potential for improvement.

1. Line of Reporting of the Information Security Officer ("ISO")
2. Spanish Language Accessibility
3. Health Insurance Portability and Accountability Act of 1996 ("HIPAA") requirements

Observation:

TAC §202.21 states that the ISO shall report to executive level management. Our review indicated that the ISO has dual reporting relationship; however the organizational chart provided by Human Resources does not show this reporting requirement. IS should revise and update all organizational charts to reflect the reporting requirements per 1 TAC §202.21.

F. Programming

TDHCA has a wide array of funding sources and programs. IS maintains an internal administrative system to manage time-keeping, payroll, and other personnel-related areas. The agency also has a variety of systems for managing funds flow from the state and federal sources. Exhibit B lays out the various information systems used by the agency. This exhibit was prepared by internal audit and IS.

G. Security

Information system security has in recent years and months come to the forefront of concerns related to electronic data. Primary concerns include; 1) e-Commerce vulnerabilities, 2) identity theft, and 3) hacking and other matters related to the security of data that is used in our everyday lives.

1) TDHCA does not conduct e-Commerce. 2) The agency has protocols to protect personal identifying information and other protected or confidential information of employees and other stakeholders. The agency has various transactions with program beneficiaries, subrecipients, and other parties. The agency's various systems interact with the Texas Comptroller of Public Accounts and federal funding agencies. IS has various protocols and controls to protect the identity of these parties. 3) The agency utilizes firewalls and other appropriate anti-hacking protections.

OIA extends our sincere appreciation to management and staff of the Information Systems Division for their cooperation and assistance during the course of this audit.

Sincerely,

Mark Scott

Mark Scott, CPA, CIA, CISA, CFE, MBA
Internal Audit Director

MS/BE, NS

cc: [note: lower case]

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Exhibit A

TDHCA OIA Review of the Information Systems Division, Audit #17-001

SOURCE: Texas Administrative Code ("TAC") Title 1, Part 10, Chapter 202; Texas Government Code Chapter 2054; Texas Department of Information Resources (DIR) website.

PURPOSE: To determine the responsibilities and duties of TDHCA and DIR.

PROCEDURE: Read the TAC and document the responsibilities of TDHCA and DIR.

RESULTS:

Each state agency is ultimately responsible for the agency's information resources. Also, the Executive Director is charged with ensuring that senior management and information-owners, in collaboration with the Director of Information Systems and the Information Security Officer, support the provision of information security for the information systems that support the operations and assets under their direct or indirect control.

Responsibilities Under Texas Administrative Code	
DIR Responsibilities:	**TDHCA Responsibilities:**
General Administration:	Responsibilities of Executive Director ("ED"):
Provide functional support to state agencies	Designate an Information Security Officer ("ISO");
Employ a statewide data coordinator to improve the control and security of information collected by state agencies; promote between state agencies the sharing of information; and reduce information collection costs statewide.	Allocate Resources;
Develop and implement best practices among state agencies.	Ensure that senior agency officials and information-owners support information security and the ISO;
Appoint a customer advisory committee	Ensure that agency has trained personnel to assist in complying with DIR requirements;
Provide the leadership in and coordination of information resources management within state government.	Approve high level risk management decisions
Develop and publish policies, procedures, and standards relating to information resources management by state agencies and ensure compliance	Review and approve at least annually the department information security program; and
Provide and coordinate an information resources management training program for the departments of state government.	Ensure that information security management processes are integrated with department strategic and operational planning processes.
Work with state agencies to ensure deployment of standardized contracts.	Responsibilities of the ISO:
Establish and administer a clearinghouse for information relating to all aspects of protecting the cyber security of state agency information.	Shall report to Executive level management;
Develop strategies and a framework for the securing of cyberinfrastructure by state agencies and cybersecurity risk assessment and mitigation planning.	Has authority for information security for the entire agency;
Adopt rules for digital signatures	Shall possess training and experience required;
Provide mandatory guidelines to state agencies regarding the initial and continuing education requirements needed for information resources managers ("IRM") and require IRMs to report their	Whenever possible, has information security duties as primary duty;

compliance.	
Establish return on investment guidelines to help state agencies to implement major information resources projects more effectively.	Develop and maintain agency-wide security plan, and information security policies and procedures;
Prepare the state strategic plan, in coordination with the quality assurance team and state agency IRMs.	Provide training and direction of information security personnel;
Prepare instructions for use by state agencies in preparing the agency strategic plan.	Provide guidance and assistance to agency personnel;
Review the Information Resources Deployment Review submitted by state agencies	Ensure that annual information security risk assessments are performed and documented by information owners;
Develop and maintain the Cooperative Contracts Program	Review the agency's inventory of information systems and related ownership;
Adopt rules to implement the removal of data from data processing equipment.	Cooperate and coordinate with the agency Information Resources Manager ("IRM"); and
Adopt data use agreement rules that relate to information security standards for state agencies.	Report, at least annually, to the state agency head, the status and effectiveness of security controls, the adequacy and effectiveness of information security policies, procedures, and practices, and compliance with DIR Information Security Standards.
Establish requirements of what is to be included in the Information Security Program.	Information owners, custodians, and users of information resources shall, in consultation with the agency IRM and ISO, be identified, and their responsibilities defined and documented by the agency.
Establish plans and policies for a system of telecommunications services	The agency shall develop, document, and implement an ED approved agency-wide information security program.
Develop a statewide telecommunications operating plan for all state agencies.	Perform and document a risk assessment of the agencies' information and information systems.
Adopt appropriate policies and standards that govern the cost-effective and efficient management, operation, and use of state telecommunications services.	Public solicitation of bids or proposals is required for interagency contracts and the agency must determine whether the bid or proposal meets DIR criteria.
Manage the operations of statewide technology centers that provide data center services or disaster recovery services for two or more state agencies.	Submit Statements of Work, greater than $50,000 to DIR, for Cooperative Contracts Services.
Designate a state cybersecurity coordinator to oversee cybersecurity matters for the state.	Provide written notice to the Legislative Budget Board ("LBB") of a contract for a major information system.
Cybersecurity assessments by Controlled Penetration Testing ("CPT")	All users and developers of geographic datasets and geographic information systems must comply with geographic technical standards
Web Application Vulnerability Scanning ("WAVS")	Make a procured public domain geographic dataset (Federal or other) available to the Texas Natural Resources Information System ("TNRIS").
Open Web Application Security Project ("OWASP")	Unless an exception is approved by the agency head or an exemption has been made for specific technologies, all new or changed web pages must comply with standards and specifications, and be tested.
Web Application Security Consortium ("WASC") standards	A state agency must establish an accessibility policy which must include criteria for monitoring its website for compliance with the standards and specifications.

End-user security awareness training	Make a reasonable effort to ensure that Spanish-speaking persons of limited English proficiency can meaningfully access agency information online.
Monthly webinars are hosted for Security Professionals in the Texas state government system	Protect the privacy and personal identifying information of members of the public who provide or receive information from or through the agency website.
Annual threat report to promote awareness of threat actors targeting state assets	Publish a privacy notice that describes applicable provisions of the privacy policy on the home page and all key public points or the site policies page.
Maintain and post the Security Control Standards Catalog	Prior to providing access to information or services on the website, that requires personal identifying information, conduct a transaction risk assessment, and implement appropriate privacy and security safeguards.
State Website Linking and Privacy Policy	Complete an information resources deployment review.
	Submit an operating plan to the LBB, DIR, the quality assurance team, and the governor each state fiscal biennium.
	Permanently remove data from data processing equipment before disposing of or transferring of equipment.
	Develop a data use agreement related to information security standards for state agencies.

Exhibit B

TDHCA Applications

Application/System Name	Used By or Programs Supported	Description
Enterprise Commercial Off-The-Shelf Systems		
HAPPY Housing Pro (Section 8 System)	Section 8	Community Affairs' Section 8 team uses Housing Pro to administer the Section 8 program. Tenant and payment information is managed in the system and interfaced to PeopleSoft Financials once a month. Housing Pro is a product of HAPPY Software. It is installed in TDHCA's network and administered by the Information Systems Division ("ISD"). Housing Pro is available within the TDHCA network; there are currently no external-facing components.
Microsoft Exchange	Agency-Wide	Microsoft Exchange is the agency's email server software. TDHCA employees can access it internally and externally.
Mitas	Financial Administration, Single Family Operations & Services, and other divisions	The two Mitas systems used by TDHCA are the Mitas Loan Origination & Servicing System and the Mitas Accounting System. Mitas is a product of the Mitas Group, Inc. It is installed in TDHCA's network and administered by the Information Systems Division ("ISD"). The Mitas Loan Origination & Servicing System supports all daily loan origination & servicing processes for the agency's in-house special loan portfolio. Mitas is also used to monitor participating servicers under the whole loan portfolio. Monthly billing statements and borrower credit reporting are also generated by the Mitas system. All loan portfolio year-end reporting, escrow analysis, and disbursement processing for taxes and insurance are generated and managed within the Mitas Loan Origination & Servicing System. One Mitas component, the Bootstrap Loan Reservation System, is available on TDHCA's website and provides Colonia Self-Help Centers and certain nonprofits with the ability to reserve funds for the Texas Bootstrap Loan Program. All other Mitas components are accessible internally only. The Mitas Accounting System provides monitoring and tracking of all investments (i.e.,

Application/System Name	Used By or Programs Supported	Description
		mortgage backed securities and money markets) related to Single Family, Multifamily, and Special Housing Programs and is used to reconcile with trustees. Mitas is also used to perform monthly posting and create ledger detail for agency housing programs. Mitas is used to develop and generate financial statements and quarterly investment financial reports.
PeopleSoft Financials	Financial Administration and Agency-Wide	PeopleSoft Financials is the accounting system of record for governmental funds managed by TDHCA and agency procurement. It is used to perform grants accounting, accounts payable, and general ledger functions, and it interfaces daily with Comptroller's Office systems such as the Uniform Statewide Accounting System ("USAS"). One of the major FY 18-19 capital budget projects involves an upgrade to the latest State of Texas version of PeopleSoft Financials (the Centralized Accounting and Payroll/Personnel System - Financials, or CAPPS Financials) which is distributed by the Comptroller's Office. PeopleSoft Financials is accessible internally only, with the exception of the daily interfaces. In July 2017, TDHCA migrated to the CAPPS Human Resources/Payroll system as a Central Agency, meaning that the Comptroller's Office hosts and administers the system and TDHCA (and other agencies) use the system as a service. TDHCA will be a Hub Agency for CAPPS Financials, which means that the Comptroller's Office will provide the software to TDHCA, and we will install it in our network and add customizations needed for agency housing and community affairs programs.
TeamMate	Compliance and Internal Audit	TeamMate is audit management software. The Compliance Division is the primary user of the software, which provides features for organizing and tracking work papers associated with monitoring visits. ISD supports the installation of the software on agency computers, as well as a TeamMate web and database server. TeamMate is available internally only.
Serv-U	Agency-Wide	Serv-U is secure, web-based file transfer software

Application/System Name	Used By or Programs Supported	Description
		used by many TDHCA divisions for exchanging files with subrecipients and other customers. The software is available internally and externally.
Central Database Suite of Systems (Custom Developed in Java) Note: All Central Database systems are interrelated and share a common database.		
Community Affairs Contract System ("CACS")	Community Affairs and HOME, for administration of: CEAP, CSBG, WAP, ESG, HHSP, and LIHEAP (and historical ARRA contracts)	The two major modules of CACS are the Contract module and the Subrecipient Reporting module. The Contract module allows TDHCA to setup CA contracts and electronically route them for approval, through subrecipients and various TDHCA approval levels. The Subrecipient Reporting module allows subrecipients to submit performance and expenditure reports to TDHCA for approval and processing. CACS is accessible internally and externally.
CSBG National Survey System	Community Affairs	This system is accessed through CACS and provides CA subrecipients with the ability to enter and submit CSBG national survey information to TDHCA. It is available internally and externally. Note: This system was developed in PL/SQL; the other Central Database systems are built in Java.
Compliance Monitoring and Tracking System ("CMTS")	Compliance and Agency-Wide	CMTS allows TDHCA to enter, track and update compliance and monitoring data and other information associated with people, organizations, and properties for multifamily programs, including Housing Tax Credits, Multifamily Bond, and HOME Rental Housing Development. CMTS is accessible internally only; the CMTS Property Reporting System is accessible internally and externally.
CMTS Property Reporting System	Compliance and Property Owners/Managers	This is the external-facing component of CMTS, through which property owners and managers enter and submit household and tenant data and compliance status reports to TDHCA. Properties that have their own, inhouse systems can use the CMTS Unit Upload feature to submit household and tenant data in batch, thereby eliminating the need for dual entry into CMTS.
Housing Contract System ("HCS")	HOME, Multifamily, Single Family Operations & Services, Financial	HCS is composed of two major components: 1) the Fund Allocation module and 2) the Contract module. The Fund Allocation module is responsible for tracking the distribution of funds

Application/System Name	Used By or Programs Supported	Description
	Administration, and the General Land Office, for administration of: HOME, HTF, NSP, TCAP, and CDBG Disaster Recovery (and historical ARRA contracts)	from external sources, such as HUD or General Revenue, to external housing program subrecipients. The Contract module allows TDHCA to setup and manage contracts and contract activities. External contract administrators login to the system to submit contract activities and draws to TDHCA. HCS is accessible internally and externally.
Housing Resource Center Information Clearinghouse ("HRC-IC")	Housing Resource Center, Agency-Wide, and open to all website visitors	HRC-IC is the system name for the Help for Texans search tool located in the upper left of the front page of the TDHCA website. It provides a way for visitors to find organizations in their area (within Texas) that offer financial assistance for home buying, paying rent, or repairing homes. Visitors can also search for vacancies in properties funded through TDHCA and find assistance for utility bill payments and services for homeless persons. HRC-IC is accessible internally and externally.
Manufactured Housing System (Custom Developed in PL/SQL and Java)		
Manufactured Housing ("MH") System	Manufactured Housing	Language: PL/SQL Internal and some external use. The MH System includes several modules used for the administration of the Texas Manufactured Housing Standards Act. Internal modules include Licensing, Consumer Complaints, Tax Liens Statements of Ownership, Cash Receipts, and Installations. External modules include Form T, Tax Lien, Texas Inventory Finance Agreement, and Consumer Complaint forms.
MH Search Our Database (MHWeb)	Manufactured Housing Customers	Language: Java Accessible internally and externally. MHWeb is a read-only system that provides customers with views, reports, and downloads of Licensing, Home Ownership, Installation, and Tax Lien Data captured in the MH System. The system is accessed through the Search Our Database link at http://www.tdhca.state.tx.us/mh/index.htm.

Application/System Name	Used By or Programs Supported	Description
Website and Public Web Applications (Custom Developed in PL/SQL and Java, and some Commercial Off-The-Shelf)		
TDHCA Website	Agency-Wide	Language: HTML and JavaScript Accessible internally and externally. The TDHCA website (www.tdhca.state.tx.us) is administered by ISD and contains pages, documents, and other content on agency programs and services. It also serves as the portal for the external-facing web applications described throughout this list.
Affirmative Marketing Tool ("AMT")	Compliance, Agency-Wide, and open to all website visitors (targeted toward property owners)	Language: PL/SQL Accessible internally and externally. AMT is an external web application located on the TDHCA website at http://www.tdhca.state.tx.us/pmcomp/forms.htm that allows website visitors to view demographic data by property or census tract, for the purposes of affirmative fair housing marketing.
Closing Status Database	Fair Housing, Data Management & Reporting ("FHDMR"), HOME, Single Family Operations & Services, and open to all website visitors (targeted toward subrecipients of housing programs)	Language: HTML and JavaScript Accessible internally and externally. The Closing Status Database (located at http://www.tdhca.state.tx.us/closing-status/index.htm) allows website visitors to track the status of their loans associated with TDHCA housing programs. The data displayed is managed internally through an Access database administered by FHDMR.
Intranet HR Schema	Agency-Wide	Language: PL/SQL Accessible internally and externally. ISD manages a process that loads a few fields of employee data from the HR System to this table on the intranet, which is used for the staff phone directory on the intranet and the TDHCA website (link near the bottom of the Contact Us page, http://www.tdhca.state.tx.us/au_offices.htm). The fields, which include name, division, section, and phone number, are all non-sensitive, public data.
My First Texas Home ("MFTH") Information Request	Texas Homeownership and open to all website visitors	Language: Java Accessible internally and externally. Simple online submission form for requesting a MFTH information packet, located at

Application/System Name	Used By or Programs Supported	Description
		http://www.tdhca.state.tx.us/homeownership/fthb/buyer_reqs_step5.htm.
My First Texas Home Mortgage Qualifier	Texas Homeownership and open to all website visitors	Language: Java Accessible internally and externally. Calculator tool that helps visitors determine if they are eligible for MFTH and what their estimated monthly payments will be based on the price of their home and the interest rate, located at http://www.tdhca.state.tx.us/homeownership/fthb/prequalify.htm.
Multifamily Housing Preservation Clearinghouse	Multifamily, and open to all website visitors (targeted toward property owners)	Language: PL/SQL Accessible internally and externally. The Multifamily Preservation Clearinghouse (located at https://www.tdhca.state.tx.us/multifamily/preservation/) is designed to facilitate the preservation of existing affordable and subsidized multifamily rental properties in Texas. It provides multifamily property owners a format to market their properties to prospective buyers interested in maintaining the affordability of a property.
TDHCA Email List	Administered by External Affairs and Information Systems, and open to all website visitors	Accessible internally and externally. The TDHCA Email List is accessed through the Join Our Email List link on the front page of the website. The software used is L-Soft LISTSERV® Maestro. ISD manages the server hardware and software configuration, and External Affairs oversees the process of sending emails to subscribers.
TDHCA Online Forums	Administered by Information Systems, and available to all website visitors (subject to the status of each individual forum)	Accessible internally and externally. TDHCA Online Forums are accessed through the Featured Items section of the front page of the website. ISD manages the Website Toolbox service that powers the forums. ISD sets up forums for varying topics as requested by management.
TDHCA Public Complaints System	Housing Resource Center, other divisions, and open to all website visitors	Language: PL/SQL This system has 1) an external component (located at http://www.tdhca.state.tx.us/complaint.htm) that provides the public with a means to submit complaints to TDHCA and 2) an internal component for tracking the complaints.

Application/System Name	Used By or Programs Supported	Description
Internal Applications (Custom Developed in APPX, Java, and PL/SQL)		
CDBG Contract Tracking System	Single Family Operations & Services	Language: PL/SQL Accessible internally only. This system is used by the Colonia Initiatives section of the Single Family Operations & Services Division to manage information for contracts funded from the Community Development Block Grant ("CDBG").
Compliance Status System ("CSS")	Compliance	Language: PL/SQL Accessible internally only. The Compliance Division uses the Compliance Status System for tracking compliance scores on multifamily properties funded through the Housing Tax Credit program and other programs such as Multifamily Bond. Links in CMTS help Compliance staff navigate to associated data in CSS.
DAFR and Other Comptroller Office Reports	Financial Administration	Language: PL/SQL Accessible internally only. This is a reporting system that downloads Daily Agency Financial Report ("DAFR") files from the Comptroller's Office and presents them in an easy-to-read format that is accessible on the TDHCA Intranet (for Financial Administration staff).
Federal & Legislative Contact System	External Affairs	Language: PL/SQL Accessible internally only. This system is used to maintain legislator and constituent contact information and associated communication. Included modules: - Federal & Legislative Contact System - Legislator Information System - Legislative Reporting System
Human Resources System and Time & Leave System	Human Resources TDHCA Employees	Language: APPX Accessible internally only. These two closely related systems have been used for TDHCA's HR management and timesheet entries for over 20 years. In July 2017, we migrated to the CAPPS HR/Payroll system, which will replace TDHCA's HR System and T&L System after a three month period of parallel entry.
Hotline Database	Texas Homeownership	Language: PL/SQL

Application/System Name	Used By or Programs Supported	Description
		Accessible internally only. The Hotline Database is used by the Texas Homeownership Division to track information requests for homeownership programs.
Inventory System	Financial Administration and Agency-Wide	Language: APPX Accessible internally only. The Inventory System is managed by the Staff Services area of Financial Administration to track agency inventory. Every TDHCA employee has access to view inventory items assigned to them, which are primarily computers and monitors.
Invoice Tracking System	Financial Administration	Language: PL/SQL Accessible internally only. The Invoice Tracking System is used by Financial Administration to enter and view all invoices received by TDHCA.
Public Information Request ("PIR") System	Legal and Agency-Wide	Language: Java Accessible internally only. Legal is the lead division for PIRs, and they enter and assign PIRs using this system. PIR liaisons in each division also log into the system to enter notes and track the status of assigned PIRs through completion.
Records Management System	Financial Administration	Language: PL/SQL Accessible internally only. The Staff Services area of Financial Administration uses the Records Management System to classify and track agency records.
TDHCA Cash Receipts System	Financial Administration	Language: PL/SQL Accessible internally only. Financial Administration records all non-MH cash receipts using this system. (MH cash receipts are recorded in the Cash Receipts module of the MH System.)
Travel System	Financial Administration	Language: APPX Accessible internally only. The Travel System is managed by Financial Administration to track agency travel requests and expenses. Every TDHCA employee has access to submit travel requests, which are routed to their managers for approval, and then to Financial Administration.
Custom Internal Utilities		
IRS-FORM 1099	Financial	Language: PL/SQL

Application/System Name	Used By or Programs Supported	Description
	Administration	Accessible internally only. Financial Administration uses this utility to produce IRS Forms 1099.
IRS 1099 VB application	Financial Administration	Language: Visual Basic Accessible internally only. Financial Administration uses this utility to create the IRSTAX.dbf file for submission to IRS once a year.
SPA VB application	Financial Administration	Language: Visual Basic Accessible internally only. The Staff Services area of Financial Administration uses this utility to download and print State Property Accounting ("SPA") information. SPA is a Comptroller's Office system.
Toshiba Copy	Financial Administration	Language: PL/SQL Accessible internally only. The Staff Services area of Financial Administration uses this utility for recording Toshiba copy machine costs.
ISD Administration and Reporting Applications (Custom Developed)		
RPNET (External)	Information Systems	Language: Microsoft .NET Accessible internally and externally. This application provides the mechanism for PDF report generation for some external-facing systems, primarily for external-facing MH System components.
RPNET (Internal)	Information Systems	Language: Microsoft .NET Accessible internally only. This application provides the mechanism for PDF report generation for some internal systems, primarily for the internal components of the MH System.
TDHCA Intranet User Account Management ("UAM") System	Information Systems	Language: PL/SQL Accessible internally only. ISD uses the UAM System to manage Oracle accounts for TDHCA's PL/SQL applications. Functions include creating accounts, disabling accounts, assigning roles, and resetting passwords.

4b

BOARD REPORT ITEM

INTERNAL AUDIT DIVISION

September 7, 2017

Report on the Meeting of the Audit Committee

REPORT ITEM

Verbal report.

4c

BOARD ACTION REQUEST

INTERNAL AUDIT DIVISION

September 7, 2017

Presentation, Discussion and Possible Action on approval of the Fiscal Year 2018 Internal Audit Work Plan.

RECOMMENDED ACTION

WHEREAS, the Tex. Gov't Code §2306.073 (b), the Internal Auditing Act and audit standards require the Department's Governing Board to approve an annual audit work plan that outlines the internal audit projects planned for the fiscal year; and

WHEREAS, the Audit and Finance Committee of the Board recommends approval of the work plan;

NOW, therefore, it is hereby

RESOLVED, the internal audit work plan for Fiscal Year 2018 is approved as presented.

BACKGROUND

The annual internal audit work plan is required by the Tex. Gov't Code §2306.073 (b), the Texas Internal Auditing Act (Tex. Gov't Code Chapter 2102) and by the International Standards for the Professional Practice of Internal Auditing (Standards). The plan is prepared by the internal auditor based on an agency-wide risk assessment as well as input from the Department's Governing Board and executive management. The plan identifies the individual audits to be conducted during Fiscal Year 2018. The plan also outlines other planned activities that will be performed by the Internal Audit Division.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Texas Department of Housing and Community Affairs
Office of Internal Audit
Audit Plan for Fiscal Year 2018

Statutory and Professional Standards Requirement

The Texas Internal Auditing Act (Texas Government Code, §2102.005) requires state agencies to conduct a program of internal auditing. The *International Standards for the Professional Practice of Internal Auditing (IA Standards)* define Internal Auditing as an "independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

The Texas Government Code and the *IA Standards* require internal auditors to develop an annual audit plan, using risk assessment techniques, that identifies individual audits to be conducted during the year. The Code requires that the plan be approved by the state agency's governing board or by its administrator, if the agency has no governing board.

The program of internal auditing is carried out by the Office of Internal Audit (OIA) which serves at the direction of the Governing Board. The OIA has prepared this audit plan for consideration and approval by the Governing Board.

Development of the Annual Audit Plan

The Fiscal Year 2018 plan is designed to cover areas of highest risk to the State and the agency; however, it does not cover all risks. TDHCA management should utilize internal controls and other appropriate methodologies to mitigate residual risks not covered by the audit plan.

The annual audit plan was developed using a risk based methodology which included:

- Obtaining management's and the Governing Board's perspectives through surveys and discussions.
- Consulting with the State Auditor's Office and other oversight bodies.
- Reviewing prior TDHCA meeting minutes, audit report findings and recommendations, and budgetary information.
- Evaluating information about key agency business areas, processes, and systems.
- Considering input from internal audit staff.

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- Utilizing a matrix whereby identified auditable units were ranked according to standard risk factors.

Projects for Fiscal Year 2018 Annual Audit Plan

We have identified the following projects for inclusion in the 2018 Annual Audit Plan. The project numbers are for identification purposes and may not correspond to the order in which the projects are performed. Also included below is a brief description of functions to be reviewed.

New Audit Projects:

1. HOME (Fund Tracking)

The HOME Investment Partnerships Program (HOME Program or HOME) is funded by the U.S. Department of Housing and Urban Development (HUD). HOME formula grants are used to fund a wide range of activities including building, buying, and/or rehabilitation of affordable housing for rent or homeownership. HOME also provides direct rental assistance to low-income-people. It is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

The fund tracking component of the HOME program rated high on the risk assessment because of staff turnover and a change in the way HUD is requiring tracking/handling of program income, expenditures, etc.

2. Neighborhood Stabilization Program (Close-out procedures)

The Neighborhood Stabilization Program (NSP) is funded by the U.S. Department of Housing and Urban Development (HUD) for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. The program provides funds to purchase foreclosed, vacant or abandoned homes and residential properties, in order to rehabilitate, resell, or redevelop them.

The NSP rated high on the risk assessment due to its level of complexity of transactions and processes. Also, close-outs on many NSP contract files are beginning.

3. Loan Servicing Section of the Single Family Operations and Services Division

Loan Servicing is responsible for the set up and maintenance of loan records received in connection with a new loan; the day to day servicing functions such as customer service to borrowers and/or authorized representatives of the borrower, providing payoff statements upon request, processing subordination agreement requests, processing payment of various property insurance renewals; perform collection and workout activities for the in-house serviced single family loan portfolio; and annually, process payments for property taxes, completing the escrow analysis process, and the year end process. The section also works in cooperation with other divisions in processing releases of lien for loan payoff funds received by Financial Administration and posting of loan disbursements approved by program and Financial Administration.

The Loan Servicing Section rated high on the risk assessment and was selected for audit due to the complexity of transactions for various loan programs and various grant requirements.

4. Emergency Solutions Grant Program

The Emergency Solutions Grant (ESG) Program is funded by the U.S. Department of Housing and Urban Development (HUD). The program activities include: prevention of homelessness; assistance to homeless through street outreach; emergency homeless shelter improvements, operation help, and provision of essential services; and rapid re-housing.

The ESG program rated high on the risk assessment due to the turnover of half the staff, and new management.

Carry Over Project:

Bond Finance

The Bond Finance Division is primarily responsible for administering the Department's Mortgage Revenue Bond (MRB) program. MRB programs provide below-market interest rate funds for single family homebuyers and multifamily mortgage loans made to qualifying recipients.

The Bond Finance unit rated high on the risk assessment due to its level of complexity of transactions and processes. Additionally, the Bond Finance unit has not been audited within the last three years.

Administrative and Statutory Projects:

- Review of TDHCA compliance with appropriation riders and other requirements of the Government Code
- Annual Audit Plan and reporting
- Annual tracking of the implementation status of prior audit recommendations
- Completion of Peer Review

Consulting Projects and External Audit Coordination

Pursuant to the TDHCA internal audit charter, the OIA performs consulting activities for the agency. For fiscal year 2018, OIA is providing consulting services related to the new Grant Guidance in 2 CFR 200, as well as subrecipient monitoring.

OIA also coordinates and advises on external audit activities.

Sincerely,

Mark Scott

Mark Scott, CPA, CIA, CISA, CFE, MBA
Internal Audit Director

MS/BE

5a

BOARD ACTION REQUEST

COMMUNITY AFFAIRS DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action on the reprogramming of non-contracted 2016 Community Services Block Grant ("CSBG") non-discretionary funds, and 2016 and 2017 discretionary and administrative funds, for disaster recovery efforts to be distributed to existing CSBG eligible entities in areas affected by Hurricane Harvey conditioned on approval of such reprogramming by the U.S. Department of Health and Human Services and Designation of this Department Board meeting as a hearing opportunity to accept public input on such reprogramming.

RECOMMENDED ACTION

WHEREAS, pursuant to Texas Gov't Code, §§2306.053 and .092, the Texas Department of Housing and Community Affairs (the "Department") is provided the authority to administer the CSBG program;

WHEREAS, Community Services Block Grant ("CSBG") funds are awarded annually to the Department by the U.S. Department of Health and Human Services ("USHHS");

WHEREAS, the CSBG Act (42 USC §9901 *et seq.*) requires that not less than 90% (approximately $30,816,032) of annual CSBG funds be used by the state to make grants to Eligible Entities, as well as 5% for state administration, and up to 5% for discretionary purposes;

WHEREAS, the CSBG network is composed of 39 Eligible Entities serving all Texas counties (except Dallas County) with an array of services to low income Texans;

WHEREAS, approximately $675,975 in 2017 discretionary and administrative CSBG funds have been identified that can be made available for immediate use;

WHEREAS, at the Board meeting of October 13, 2016, the Board approved an order to terminate the CSBG administrator for the Dallas County area and directed the Department to initiate the necessary action to identify a replacement Eligible Entity;

WHEREAS, on April 13, 2017, the Department received a letter from the Office of Community Services ("OCS") stating that its Federal review of the Department's decision to terminate the administrator of the CSBG area covering Dallas County has been completed and that the Department provided sufficient documentation to do so;

WHEREAS, upon notification of termination from OCS, it was confirmed that there is no existing permanent Eligible Entity in Dallas County leaving $3,029,049 of 2016 CSBG non-discretionary funds not contracted;

WHEREAS, if not contracted to a CSBG Eligible Entity by September 30, 2017, funds could be lost to the State;

WHEREAS, under separate action the Department is pursuing the award of 2017 CSBG funds and designation of a new Dallas County Eligible Entity who will have immediate

access to 2017 funds reserved for Dallas County upon execution of a 2017 CSBG Contract; and

WHEREAS, the Department is requesting authorization from the USHHS to reprogram the 2016 CSBG funds that would have been available for Dallas County to be distributed among those specific CSBG Eligible Entities for immediate disaster responsiveness for assistance to families affected by Hurricane Harvey as further described herein;

NOW, therefore, it is hereby

RESOLVED, that the Eligible Entities listed herein will be awarded a portion of the 2016 and 2017 CSBG funds totaling approximately $3,705,024, based on a formula described herein, to be used immediately and specifically for assisting households affected by Hurricane Harvey.

BACKGROUND

Program Description: The CSBG, administered by states, provides core funding to local agencies to reduce poverty, revitalize low-income communities and to empower low-income families to become self-sufficient. Services and programs supported with CSBG funds are: case management, activities to secure and retain employment, to assist persons to attain an adequate education, make better use of available income, obtain and maintain adequate housing, obtain emergency assistance, participate in community activities, youth programs, and coordination efforts with local governments and non-profits and educational institutions to address needs of low-income persons. The CSBG is currently authorized under the 1998 CSBG Act. CSBG is a federal, anti-poverty block grant which funds the operations of a state-administered network of local agencies. The CSBG network in Texas consists of 39 agencies that create, coordinate and deliver programs and services to low-income Americans in each county in the state.

Action Item Background: As described under another Board item for this agenda, there has not been a federally-authorized CSBG Eligible Entity in Dallas County since April 2017; under that Board item staff is recommending the new Eligible Entity and authorizing them for award of 2017 CSBG funds, which are immediately available upon the Governor's designation and execution of a 2017 CSBG Contract. The 2016 CSBG funds for the Dallas County area total $3,029,049, and will require immediate obligation by September 30, 2017. Approximately $675,975 in 2016 and 2017 discretionary and administrative CSBG funds have been identified that can be made available. Jointly between these two sources, approximately $3,705,024 in CSBG is being reprogrammed.

Under the immense and immediate recovery needs relative to Hurricane Harvey staff is recommending that the funds be used for disaster recovery. The funds would be provided only to CSBG Eligible Entities, and only for delivery of services in those counties having a FEMA disaster declaration for Individual Assistance ("IA"). Because the need for assistance is immediate and the deadline to expend funds is very short, but disaster estimates are not yet available and may not be readily and reliably available for some time, staff will distribute the funds based on the following method.

The calculation of funds will be made on September 8, 2017. Any counties with a FEMA disaster declaration for Individual Assistance ("IA") on the date of the Board action will be included in the calculation the subsequent day (which may include some not so designated at the time of this posting, but designated since that time) and will be based on the amount of final funds determined available on that day. Because there is immediate need prevalent in all of the affected counties the Department has set a minimum assistance amount for each county prior to applying a poverty population calculation; as of this posting the floor has been set at $50,000, however the floor will be subject to adjustment depending on the final

number of counties with IA declarations by the day the formula is calculated. After applying the floor, the proportional poverty population calculation for all counties except Harris is calculated and then once assistance has been determined, Harris County will get all that remains. The list of counties and amounts is expected to change over the next week prior to the final action and amount being determined on September 8, 2017. This methodology ensures that each county receives a sufficient amount to be impactful, while still directing the bulk of funds to the densest poverty population, Harris County. The Department realizes that this methodology may not directly correlate to the degree of damage that has been sustained. However, in light of the need for timely action, the Department feels that using the IA declared counties narrows the field of counties to those with the most affected households (as opposed to public system needs).

Uses of the funds may be for immediate expenditure related to direct assistance for the provision of food, clothes, fuel, temporary housing, personal items, or other CSBG eligible activity as needed by households at or below 125% of federal poverty directly impacted by Hurricane Harvey from the affected counties.

The current list of counties designated with an IA disaster declaration and each county's estimated share of the $3,700,000 are listed on the following page. The table below reflects the aggregate amount for each Eligible Entity based on the eligible counties in their service area. Note that these figures are subject to change if IA designations are made for additional counties prior to September 8, 2017.

Subrecipient	Abbr.	Aggregate Award Amount
Community Action Corporation of South Texas	CACSTX	$150,000
Community Action Committee of Victoria Texas	CAC Victoria	$300,000
Galveston County Community Action Council	GCCAC	$454,207
Economic Action Committee of the Gulf Coast	EAC Gulf	$50,000
Nueces County Community Action Agency	NCCAA	$190,621
Combined Community Action	CCA	$100,000
Tri County Community Action	TCCA	$150,000
Greater East Texas Community Action Program	GETCAP	$50,000
Brazos Valley Community Action Program	BVCAP	$337,720
Southeast Texas Regional Planning Commission	STRPC	$194,041
Gulf Coast Community Services Association	GCCSA	$1,728,435
Estimated Total CSBG Awards		$3,705,024

County	Estimated CSBG Allocation	Eligible Entity
Aransas	$50,000	CAC Victoria
Bee	$50,000	CACSTX
Brazoria	$106,793	GCCAC
Calhoun	$50,000	CAC Victoria
Chambers	$50,000	BVCAP
Colorado	$50,000	CCA
Fayette	$50,000	CCA
Fort Bend	$170,889	GCCAC
Galveston	$126,525	GCCAC
Goliad	$50,000	CAC Victoria
Harris	$1,728,435	GCCSA
Jackson	$50,000	CAC Victoria
Jasper	$50,000	TCCA
Jefferson	$144,041	STRPC
Kleberg	$50,000	CACSTX
Liberty	$50,000	BVCAP
Matagorda	$50,000	EAC Gulf
Montgomery	$187,720	BVCAP
Newton	$50,000	TCCA
Nueces	$190,621	NCCAA
Orange	$50,000	STRPC
Refugio	$50,000	CAC Victoria
Sabine	$50,000	TCCA
San Jacinto	$50,000	GETCAP
San Patricio	$50,000	CACSTX
Victoria	$50,000	CAC Victoria
Waller	$50,000	BVCAP
Wharton	$50,000	GCCAC
	$3,705,024	

5b

BOARD ACTION REQUEST

COMMUNITY AFFAIRS DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action on the recommendation to the Governor to select an Eligible Entity to administer the Community Services Block Grant ("CSBG") to provide services in Dallas County

RECOMMENDED ACTION

WHEREAS, pursuant to Texas Gov't Code, §§2306.053 and .092, the Texas Department of Housing and Community Affairs (the "Department") is provided the authority to administer the CSBG program;

WHEREAS, Community Services Block Grant ("CSBG") funds are awarded annually to the Department by the U.S. Department of Health and Human Services ("USHHS");

WHEREAS, the CSBG Act (42 USC §9901 *et seq.*) requires that not less than 90% (approximately $30,816,032) of annual CSBG funds be used by the state to make grants to Eligible Entities, as well as 5% for state administration, and up to 5% for discretionary purposes;

WHEREAS, the CSBG network is composed of 39 Eligible Entities serving all Texas counties (except Dallas County, whose Eligible Entity is in the process of being designated) with an array of services to low income Texans;

WHEREAS, at the Board meeting of October 13, 2016, the Board approved an order to terminate the CSBG administrator for the Dallas County area and directed the Department to initiate the necessary action to identify a replacement Eligible Entity;

WHEREAS, on April 13, 2017, the Department received a letter from the Office of Community Services ("OCS") stating that its Federal review of the Department's decision to terminate the administrator of the CSBG area covering Dallas County has been completed and that the Department provided sufficient documentation to do so;

WHEREAS, upon notification of termination from OCS, it was confirmed that there is no existing permanent Eligible Entity in Dallas County and the CSBG award from a Request for Applications ("RFA") can be made in Dallas County without conditions;

WHEREAS, on February 10, 2017, the Department released an RFA and received two responses by the deadline of May 10, 2017, of which only one satisfied the required criteria; and

WHEREAS, Community Council of Greater Dallas, Inc. ("CCGD"), is the qualified respondent who has satisfied the threshold requirements and Previous Participation Review, and its award was recommended by the Executive Award Review and Advisory Committee ("EARAC") in accordance with 10 TAC Chapter 1, Subchapter C on June 19, 2017;

NOW, therefore, it is hereby

RESOLVED, that CCGD is awarded the 2017 CSBG funds for Dallas County in the amount of $3,236,718 and shall be designated as the Eligible Entity contingent on approval from the Governor to receive CSBG funds for Dallas County.

BACKGROUND

Program Description: The CSBG, administered by states, provides core funding to local agencies to reduce poverty, revitalize low-income communities and to empower low-income families to become self-sufficient. Services and programs supported with CSBG funds are: case management, activities to secure and retain employment, to assist persons to attain an adequate education, make better use of available income, obtain and maintain adequate housing, obtain emergency assistance, participate in community activities, youth programs, and coordination efforts with local governments and non-profits and educational institutions to address needs of low-income persons. The CSBG is currently authorized under the 1998 CSBG Act. CSBG is a federal, anti-poverty block grant which funds the operations of a state-administered network of local agencies. The CSBG network in Texas consists of 39 agencies that create, coordinate and deliver programs and services to low-income Americans in all counties in the state.

Most agencies in the CSBG network are Community Action Agencies, created through the Economic Opportunity Act, a predecessor of the CSBG. Community representation and accountability are hallmarks of the CSBG network, where agencies are governed by a tri-partite board. This board structure consists of elected public officials, representatives of the low-income community, and appointed leaders from the private sector. Because the CSBG funds the central management and core activities of these agencies, the CSBG network is able to mobilize additional resources to combat the central causes of poverty.

Action Item Background: At the Board meeting of October 13, 2016, the Board approved the Department's request to proceed with the termination process of the Eligible Entity status and contract for CSBG funds with Urban Community Centers of North Texas ("UCC"), the administrator of the CSBG area covering Dallas County at that time. The termination process underwent a review by the OCS, the Office within USHHS that oversees CSBG. On April 12, 2017, OCS provided the Department notification that OCS had approved the Department's decision to terminate UCC's status as an Eligible Entity to administer the CSBG program. This series of events left Dallas County without a provider of CSBG services.

At the Board meeting of November 12, 2015, the Board provided broad authorization to staff to release an RFA and enter into agreements with one or more entities to administer any one or more of the CSBG, LIHEAP, or DOE WAP programs for the benefit of providing continued services to eligible low income households in a service area whenever it deems such action necessary or advisable to address a possible loss of services in an area of the state under one or more these programs. Additionally, at the Board meeting of October 13, 2016, the Board directed staff to initiate the necessary actions to identify a replacement Eligible Entity and to take other measures as may be lawfully available to provide for delivery of CSBG services to eligible Texans in Dallas County.

The RFA issued on February 10, 2017, encouraged applicant organizations to apply for CSBG funds for Dallas County. The application deadline was May 10, 2017. Staff received two applications – one each from Panhandle Community Services ("PCS") and CCGD. These applications were reviewed and only one of the two was found to satisfy the required threshold requirements. The application submitted by PCS, an

existing Eligible Entity providing CSBG services in the panhandle, did not satisfy the requirements of the CSBG Act that the applicant must be geographically located in an area contiguous to or within reasonable proximity to Dallas County and must already be providing related services in Dallas County. PCS was therefore terminated for failure to meet this requirement. PCS was provided the opportunity to appeal that termination, and chose to do so by appealing to the Executive Director of the Department who denied the appeal for the same reason mentioned above. Because CCGD met the threshold score, and was the sole qualified respondent, they are the recommended provider.

The award for CCGD, in the estimated amount of $3,236,718 for 2017, was reviewed and recommended by the Executive Award Review and Advisory Committee ("EARAC") in accordance with 10 TAC Chapter 1, Subchapter C. After approval of this recommendation, staff will request the Governor make the Eligible Entity designation.

6a

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit ("HTC") Application and a change in the ownership structure of the Development Owner, Developer, and Guarantors prior to issuance of IRS Form(s) 8609 for Commissioners' Corner fka Salazar Park (HTC #16352)

RECOMMENDED ACTION

WHEREAS, Commissioners' Corner fka Salazar Park (the "Development") received an award of 9% Housing Tax Credits in 2016 under the at-risk set aside for the new construction of 185 units of multifamily housing in El Paso;

WHEREAS, the Development Owner is now requesting material alterations to the Development's site plan and architectural design, a reduction in the number of Low Income Units, modifications to the bedroom mix of units, changes in acreage that have resulted in a modification of the residential density of at least 5%, and major changes in development costs and financing in order to help address what the Owner has identified as significant changes in the equity market affecting this Development's costs, which was discussed as an overall trend affecting multiple 2016 developments at the Board's March 23, 2017 meeting;

WHEREAS, the Development Owner is also requesting approval for changes to the organizational structures of the Development Owner, Developer, and Guarantor that involve the addition of a new entity and principal;

WHEREAS, Board approval is required for a significant modification of the site plan, a modification of the number of units or bedroom mix of units, a reduction of 3% or more in the square footage of the units or common areas, a significant modification of the architectural design of the Development, and a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4), and the Owner has complied with the amendment requirements therein;

WHEREAS, the Development Owner acknowledges that the Development will still meet the construction requirements in 10 TAC Chapter 1, Subchapter B;

NOW, therefore, it is hereby

RESOLVED, that the requested application amendments and changes to the Development Owner, Developer and Guarantor for Commissioners' Corner is presented to the Board for its consideration this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the Board's determination contingent any Executive Award Review and Advisory Committee ("EARAC") recommendation or additional conditions as a result of its previous participation review.

BACKGROUND

Commissioners' Corner fka Salazar Park was approved during the 2016 competitive 9% Housing Tax Credit cycle under the at-risk set aside to construct 185 new construction, multifamily, HUD Rental Assistance Demonstration ("RAD") program units in El Paso. The Development (in conjunction with planned units for Gonzalez Apartments, HTC #16354, also a 9% HTC 2016 award) will result in a one for one replacement and relocation of units from the existing Salazar development (286 units) owned by the Housing Authority of the City of El Paso ("HACEP"). HACEP is working with Manish Verma on this Development, and he has represented that, due to adverse changes in tax credit syndication rates, the project, as originally proposed, is not feasible. Working with CitiBank the development team has devised a proposed structure whereby the initial single development structure utilizing tax credit equity and contribution from HACEP would be replaced by two separate structures, one utilizing 9% tax credit equity and one using private activity bonds ("PAB") and 4% tax credit equity. Salient points of this bifurcated development structure include:

- Pricing for the 9% tax credit equity has gone from 1.02 to 0.88. HACEP has determined that there will be sufficient eligible basis to enable them to utilize the full amount of 9% credits at the lower equity pricing on the 9% financed development piece.
- The contribution from HACEP, initially planned to be $2,000,000, will not be utilized with the 9% tax credit equity.
- The PAB/4% development piece will be structured as a stand-alone financing structure. It will involve a contribution from HACEP in the amount of $5,300,000.
- HACEP now desires to retain the investable cash it would have contributed to the initial structure and use it in future transactions as it continues with the conversion of its portfolio of public housing units under the HUD Rental Assistance Demonstration ("RAD") program.

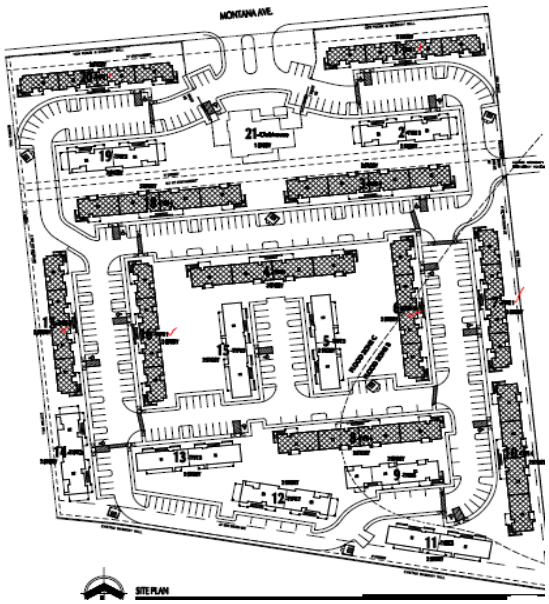
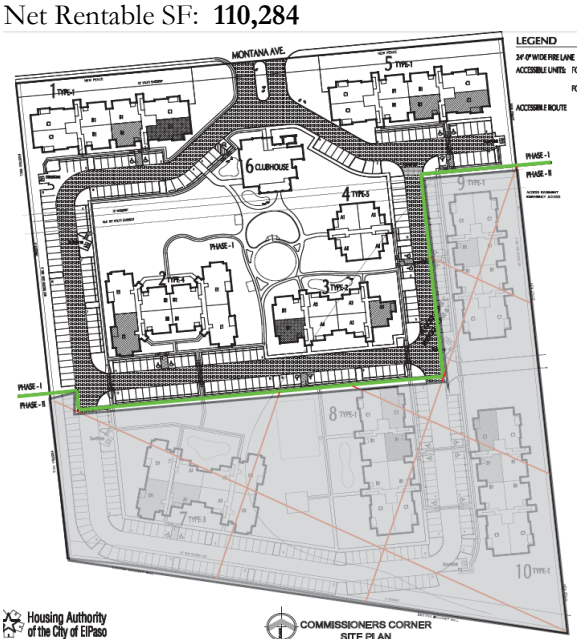
As a result of these constituent elements, the development of 185 units at Commissioners' Corner is proposed to be accomplished with all of the 9% tax credits previously awarded, private activity bonds, and a determination notice for 4% tax credits based on the standalone financing needs of the PAB/4% development. At present, there is sufficient unutilized PAB cap to cover the proposed bond issuance and the 4% credits are allocated with regard to the PAB issuance.

The Applicant has made the argument that while the amendment will show reductions in numbers of units, net rentable area of units, and acreage from the original Application, no loss of the total number of units, acreage, or rentable feet will occur when both Applications are considered

together. However, due to the fact that there is no mechanism in the Department's rules and no historical precedent whereby two separate and distinct applications (a 9% and a 4% HTC application) proposing two separate Developments (whether later phases or not) can be considered in conjunction for purposes of evaluating the affect of an amendment request on an original Application, staff contends that the amendment to the 9% HTC Application must be considered separately from the 4% HTC request and evaluated on its own terms. The changes requested to the 9% HTC Application are described in detail below.

Changes to the Acreage, Site Plan, & Architectural Design

The Amendment submitted for the 9% HTC Application included a site plan that shows a typed in acreage of 6.00 acres. In conversations with the Applicant, it has been confirmed that the site will be separated into two parcels and that only six acres will be included in the legal description related to the 9% HTC Application and prospective LURA (essentially the top section of the site comprised of five residential buildings, one clubhouse, and connected paving and parking areas). At the time of initial Application, the full site was submitted for consideration at 11.1 acres. The reduction (5.1 acres) will result in a modification of residential density of 7%, which requires approval as a material amendment under §10.405(a)(4)(F) and Tex. Gov't Code §2306.6712.

Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)	
Application	**Amendment**
Development Site: **11.10** acres Units: **185** Density: **16.67** units/acre Residential Buildings: **20** Non-Residential Buildings: **2** Common Area Square Footage (Clubhouse): **4,750** Common Area Square Footage (Maintenance): **901** Common Area Square Footage (Breezeways): **16,544** Net Rentable SF: **223,488**	Development Site: **6.00** acres Units: **93** Density: **15.50** units/acre Residential Buildings: **5** Non-Residential Buildings: **1** Common Area Square Footage (Clubhouse): **5,083** Common Area Square Footage (Maintenance): **0** Common Area Square Footage (Breezeways): **17,021** Net Rentable SF: **110,284**
	

In addition to these changes in acreage, the above site plan also shows a reduction in the number of residential buildings and changes in the building footprints. Instead of the previously planned nine two-story buildings and 11 three-story buildings (20 total residential buildings), the amended site plan shows only five total residential buildings (two two-story buildings and three three-story buildings) with a larger open area at the center of the site surrounding prospective amenities and a revised paving and parking structure. Architectural design plans for the Development have also been significantly modified – according to the Applicant, changes were incorporated into the unit floor plans (though *per unit* Net Rentable Square Feet and the number of bedrooms and bathrooms have remained the same, with the exception of five bedroom units – previously 1,558 square feet - which are no longer a unit type in the revised unit mix included under the 9% HTC award), elevations were amended to incorporate stucco and fiber cement siding as opposed to stone and fiber cement panels, and roofing was changed to composition shingles as opposed to standing seam metal roofing.

Changes in Low Income, Total Units, NRA, and Bedroom Mix

As previously stated, the amendment requests to reduce the *total* number of units by 92 from 185 to 93 (a reduction of 49.73%). Since 100% of the Development's units were previously Low Income Units, this also results in a reduction of 92 *Low Income* Units (or 49.73% of the low income units provided under this 9% HTC allocation) and an overall NRA reduction of 50.65% (reduced from 223,488 at the time of application to 110,284 as a result of this amendment request). Due to this change in total and Low Income Units, the amendment also proposes a new set aside and unit mix for the 9% HTC award. See table below for a comparison of the unit distribution.

Application

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
2	35	18.9%	35	30%	20	10.8%
3	74	40.0%	74	40%	-	0.0%
4	60	32.4%	60	50%	40	21.6%
5	8	4.3%	8	60%	125	67.6%
6	8	4.3%	8	MR	-	0.0%
TOTAL	185	100.0%	185	TOTAL	185	100.0%

Amendment

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
2	23	24.7%	23	30%	10	10.8%
3	38	40.9%	38	40%	-	0.0%
4	24	25.8%	24	50%	20	21.5%
5	-	0.0%	0	60%	63	67.7%
6	8	8.6%	8	MR	-	0.0%
TOTAL	93	100.0%	93	TOTAL	93	100.0%

In accordance with the requirements in §10.405(a)(7)(A), due to the fact that the amendment will involve a reduction in the total number of Low Income Units, staff also requested confirmation from the original lender and syndicator (both previously PNC) that the Development was infeasible without the adjustment in Units. However, the letters provided do not state that the reduction of low income units is essential to making the development feasible or reference a specific number of units at which the proposal becomes feasible. Instead, the feasibility letters state that the change in market conditions for tax credits greatly affected the budget and potential sources for the transaction, and that Commissioner's Corner would require a restructuring in order to move forward. The letter further states that "Based on a review of the project at 185 units, the financing structure appeared to be infeasible as the sources did not support the cost structure required and ultimately lead to a significantly high deferred fee level." There is no mention of the number of

units at which the deal becomes feasible or specific statement stating that the "restructuring" referred to by PNC requires a reduction of the low income units.

Changes in Common Area Square Footage

In addition to other site and architectural changes, the Applicant's amendment also requests approval for non-material increases in common area square footages for breezeways (16,544 at initial application to 17,021 at the time of amendment, showing a much larger breezeway plan for a much smaller Development site) and non-material increases in common area square footages for the clubhouse which has increased from 4,750 to 5,083 square feet. The new square footage includes a maintenance room (354 square feet), mail room (190 square feet), and porches (886 square feet) which were also included in the original Application, though the original Application included a separate non-residential, 901 square foot maintenance building in its plans and shows a combined square footage for porches and a mailroom of 500 square feet. If the maintenance room square footage is left out of the calculation for purposes of comparison, the overall square footage of the clubhouse is actually 21 square feet less than the original design, a non-material difference of less than 1%.

Changes in Development Costs & Financing

Due to the financial impact of the above changes, revised financial exhibits were submitted, including an updated rent schedule, utility allowance schedule, annual operating expenses, 15 year pro forma, development cost schedule, sources & uses, as well as an updated LOI from their new equity partner, RBC (instead of PNC at Application), an updated term sheet from their new lender, Citibank (instead of PNC at Application), and an amended Exhibit A to the Development's CHAP Agreement under the RAD program. Based on these new exhibits, the total development costs decreased from $31,957,249 at Application to $19,057,097 at the time of amendment (an overall decrease of $12,940,853 or 40.44%) though it is important to note based on the types of amendment changes being made that costs still increased on a per unit basis (increasing from $172,961/unit at Application to $204,915/unit at the time of amendment). Decreases in per unit costs occurred in site work, site amenities, building costs, contingency, and contractor fees but increases were reflected in soft costs (a dramatic difference of $1,023,261 and a per unit cost difference of $5,115/unit at Application to $21,178/unit at the time of amendment) and financing (a difference of $36,070 and a per unit cost difference of $7,879/unit at Application to $16,062/unit at the time of amendment).

In addition to changes in financing parties (from PNC to Citibank for the conventional loan and from PNC to RBC for the equity), the permanent loan amount and terms as well as the credit pricing and total equity amount also changed. At the time of Application, the deal was underwritten with an FHA 221(d)(4) loan in the amount of $13,000,000 amortizing over 40 years at a 40 year term at an interest rate of 4.50% and a HACEP Gap loan of $2,000,000. At the time of amendment, a Citibank conventional loan of $5,650,000 is shown during the permanent period amortizing over 35 years at a 15 year term at an interest rate of 5.65% and there is no prospective HACEP Gap Loan. Equity pricing has been adjusted from $1.02 at the time of Application down to $0.88, with a reduction in the overall equity from $15,298,470 at Application to $13,198,680, a difference of $2,099,790. The deferred developer fee has also been reduced from $1,658,769 to $208,407 during the permanent period.

Changes were also noted in gross rents (the rents increased $10 for 2-BR units, $14 for 3-BR units, $17 for 4-BR units, and $105 for 6-BR units, achieving an annual gross rent potential of $837,876, less than half of the prior rent potential at Application, due to the 9% HTC Development's

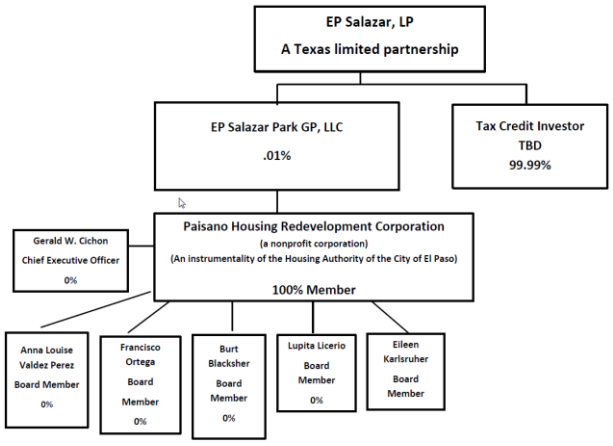
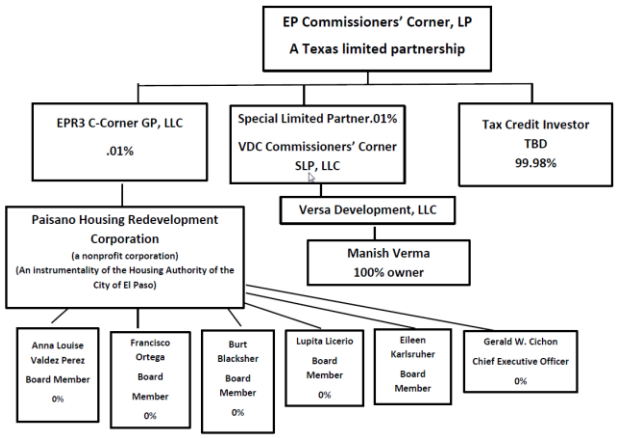
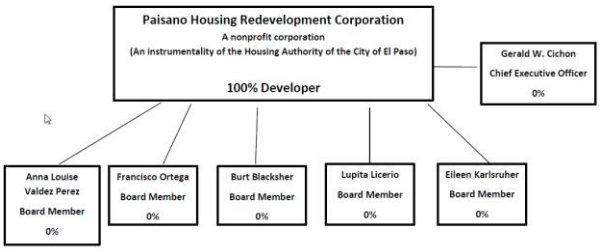
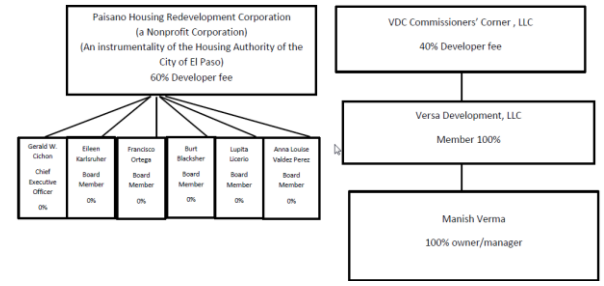
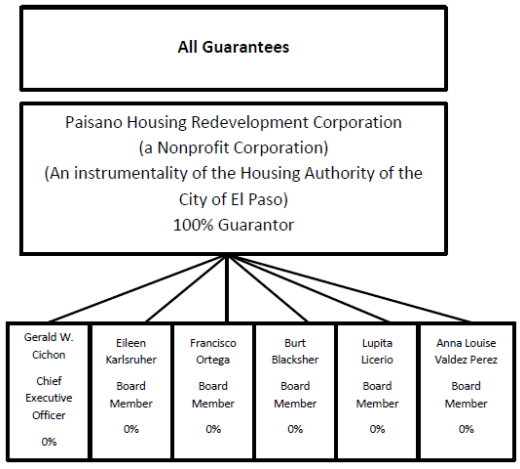
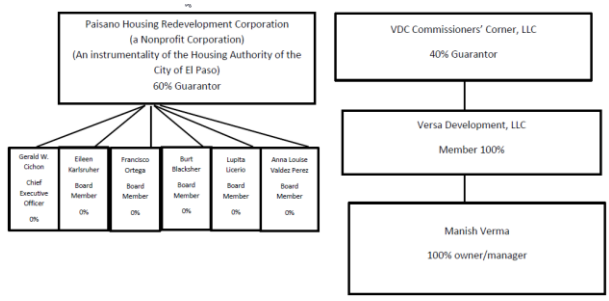
retention of almost all of the 2-BR units, removal of the 5-BR units, and reductions in 3-BR and 4-BR units) and expenses (which were almost all divided by 50% based on the number of units now proposed in the 9% HTC Development).

According to the owner's amendment request, such changes are being requested due to the significant changes in equity and debt markets. In particular, the equity pricing originally contemplated was $1.02 while current pricing is at $0.88 resulting in a $2,099,790 decrease in tax credit derived equity. The owner states that the good cause for the requested changes is that this Application proposes RAD conversion to replace and relocate public housing units to a higher opportunity area in El Paso, and further states that without approval of these changes the Development may not be able to be completed. Finally, the owner has indicated that the changes could not have been preventable, as HACEP relied on financial assumptions provided a year ago and did not foresee an impact on costs and equity pricing at that time.

While the request submitted by the Applicant does demonstrate a loss of equity due to fluctuation in the equity markets, it is also prudent to note that HACEP has submitted prior amendment requests on its other developments requesting a re-design of the site and building plans, all of which have cited improvements in architectural or building efficiency while increasing costs. On Haymon Krupp (a 9% 2014 HTC development), an amendment request dated August 31, 2015, was requested and approved that reduced residential buildings from 16 to 12 while increasing site work costs by 44%, increasing building costs by 47%, and increasing total development costs by an overall $6.2M (51%). Developer fee was increased by 33% and financing costs were increased by 69%. On Tays (a 9% 2014 HTC development), an amendment request dated August 18, 2015, was requested and approved that reduced residential buildings from seven to four while increasing site work costs by 68%, increasing building costs by 41%, and increasing total development costs by an overall $7.2M (37%). Developer fee was increased by 6% and soft costs and financing costs were increased by 117%. On Thomas Westfall and Sherman Plaza (both 2015 9% HTC developments), amendments with significant architectural design changes were submitted in May 2016 and were later retracted based on "cost concerns." Draft exhibits submitted with the amendments at the time showed similar cost increases. On Gonzalez Apartments (a 9% 2016 HTC development), a similar amendment currently requested for the same reasons, residential buildings will be reduced from 16 to seven while site work costs increased 28%, soft costs increased by 191%, financing costs increased by 30%, developer fee increased by 2%, and the overall development costs increased by a total of $3,981,251 (16%). Cost certifications are still pending for these deals (Haymon Krupp is the only cost certification that has been submitted to date) as well as for the 13 deal RAD I properties that were approved for 4% credits in 2014 and, as such, staff has yet to see whether additional changes on other developments will have significantly amended architectural, site plan, or design details and greatly increased costs. Originally, with the Haymon Krupp amendment request in 2015, taken before the Board on October 15, 2015, HACEP claimed that Development changes and cost changes were due to the Owner's reliance on a non-affiliated professional third party, though staff would caution, based on this and the prior amendments discussed, that these changes have continued to occur and may suggest an evolving trend with the Owner's applications.

Real Estate Analysis ("REA") is currently re-evaluating the transaction pursuant to Tex. Gov't Code 2306.6712(b) and will publish a written analysis and conclusion regarding feasibility prior to the September 7, 2017, board meeting.

Finally, the amendment request addressed changes to the organizational structure of the Owner, Developer, and Guarantor, proposing to admit a new Special Limited Partner, VDC Commissioners' Corner SLP, LLC to the Ownership (with .01% interest) and VDC Commissioners' Corner, LLC to the Developer (to receive 40% of the Developer Fee) and Guarantor structures.

Ownership Structure at Application	Revised Ownership Structure
	
Developer at Application	**Revised Developer**
	
Guarantor at Application	**Revised Guarantor**
	

Staff has reviewed the original application and scoring documentation against this amendment request and has concluded that none of the changes would have resulted in selection or threshold criteria changes that would have affected the application score.

The requested material amendments to the Application and changes to the Development Owner, Developer and Guarantor for Commissioners Corner are presented to the Board for its consideration.

Real Estate Analysis Division
August 30, 2017

Addendum to Underwriting Report

TDHCA Application #: **16352** Program(s): **9% HTC**

Commissioner's Corner (fka Salazar Park)

Address/Location: S side of Montana Ave, E of N Yarbrough Dr

City: El Paso County: El Paso Zip: 79935

	APPLICATION HISTORY
Report Date	**PURPOSE**
08/30/17	**Amendment**
11/14/16	Commitment Condition Clearance
07/22/16	New Application - Initial Underwriting

CONDITIONS STATUS

1 Receipt and acceptance by Commitment:

a: Copy of the CHAP Agreement and all amendments.

Status: This condition has been extended to 10% Test.

b: Receipt of MAP Invitation Letter for FHA 221(d)(4) loan, or firm commitment from Lender indicating the date that HUD concept meeting was held, and Lender's intent to proceed with HUD application.

Status: HUD Concept Meeting was held 8/19/16. Intent to Proceed Letter was also received 9/27/16 from the Lender. **Condition cleared**.

2 Receipt and acceptance by 10% test:

a: Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.

Status: Pending

b: Copy of the CHAP Agreement and all amendments.

Status: Pending

3 Documentation at Cost Certification clearing environmental issues identified in the ESA report, specifically:

a: Architect certification that noise study recommendations were successfully implemented in the completion of the Development.

Status: Pending

b: Documentation that testing for radon has been completed, and certification that all recommendations from the radon testing are incorporated into the development plans.

Status: Pending

4 Receipt and acceptance by Cost Certification:

- Attorney opinion validating federally sourced funds can be considered bona fide debt with a reasonable expectation that it will be repaid in full and further stating that the funds should not be deducted from eligible basis.

Status: Pending

5 Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

Status: Pending

ANALYSIS

Applicant received a $1.5M annual tax credit award during the 2016 9% HTC competitive cycle. On June 30, 2017, Applicant submitted a request to modify the site plan, unit and building plans, development costs and financing structure.

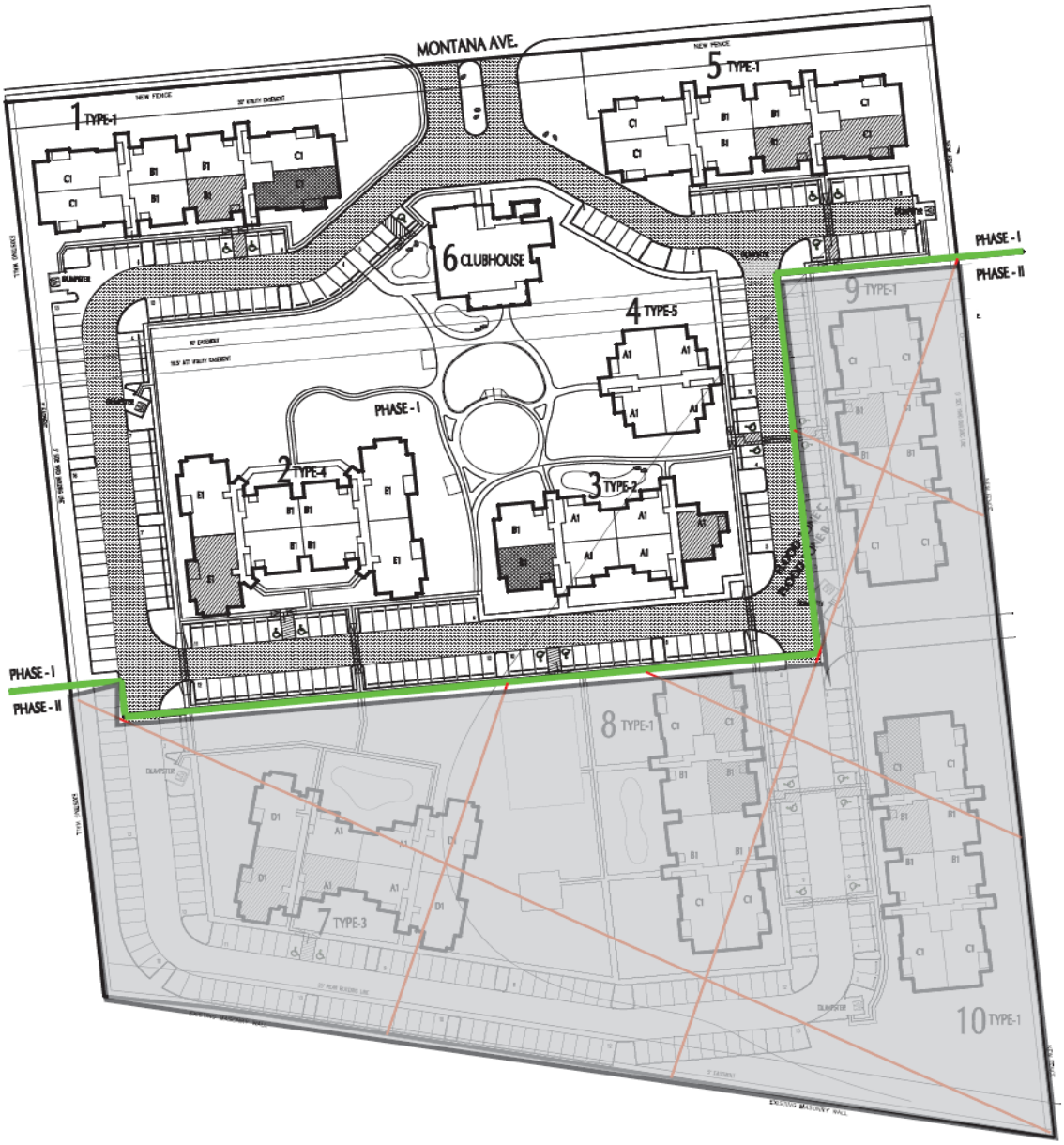
In light of the current volatile equity market and in an effort to preserve the integrity of the original development plan, the Applicant has proposed to split the original development into two phases – a 93-unit 9% portion (the Subject Amendment) and a 92 unit 4%/Bond portion (17431 Commissioner's Corner). So while the Subject amendment will identify reductions in numbers of units, net rentable square feet (NRSF), and acreage from the original application (16352 Salazar Park), the combined development plan for the two applications maintains the previous totals of the full 185-unit development.

The most notable changes to the site and building plans are:

- Decrease in number of residential buildings from 20 to 5
- Reduction in number of units from 185 to 93
- Decrease in total NRSF from 223,488 s.f. to 110,284 s.f.
- Increase in breezeway square footage from 16,544 s.f. total to 17,021 s.f. for the Subject piece only. Increase in breezeways attributed to change from single-loaded buildings to double loaded.
- Increase in clubhouse square footage from 4,750 s.f. to 5,083 s.f.
- Change in building exterior elevations to incorporate stucco and fiber cement as opposed to stone and fiber cement panels, and composition shingles as opposed to standing seam metal roofing.
- Reduction in site acreage from 11.1 acres to 6 acres.

ORIGINAL SITE PLAN

REVISED SITE PLAN



Operating Pro Forma

Applicant's revised pro forma is outside 5% of Underwriter's; therefore the Underwriter's pro forma continues to be used for analysis. Although the Amended CHAP reflects slight increases in rents, total income has decreased $798K as a result of the reduced development. Applicant's total income and expenses have essentially decreased by half as a direct result of the reduced development plan. Applicant has also restructured their ground lease to incorporate an one time up-front payment with nominal annual payments. As a result, the Underwriter has eliminated the previous $26K annual ground lease payment expense. Underwriter made no other adjustments to the pro forma.

DCR improved from 1.17 at original underwriting to 1.25.

Development Cost

Similarly, Applicant has essentially decreased total development costs by half, with certain adjustments to appropriately allocate site-specific amenities (i.e. clubhouse, playground, etc). Additionally, while total hard costs remain relatively proportionate to the original 185-unit development, soft costs increased 108% or ~$1M (242% or $2.3M increase overall), and land costs increased 100% or ~$1.1M in order to facilitate the ground lease restructure. Total Development Cost decreased 40% (~$12.9M) largely due to the reduction in development size.

Sources of Funds

Citibank has replaced PNC's $13M FHA 221d4 loan with a $5.65M conventional loan. The new loan will have a higher interest rate at 5.65% and be amortized over a 35/15 year term instead of 40/40. Applicant removed the $2M HACEP gap loan from the Subject request and will be shifting this financing to the 4% bond application.

RBC Capital Markets has replaced PNC as equity provider and the equity rate has decreased from $1.02 to $0.88, resulting in decreased equity proceeds of ~$2.1M ($13.2M total).

Conclusion

The current analysis continues to support the original $1.5M credit allocation.

No change in the approved credit allocation is being recommended at this time.

Underwriter:	*Diamond Unique Thompson*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Salazar Park, El Paso, 9% HTC #16352

LOCATION DATA	
CITY:	El Paso
COUNTY:	El Paso
PROGRAM REGION:	13

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
2	23	24.7%	23	30%	10	10.8%
3	38	40.9%	38	40%	-	0.0%
4	24	25.8%	24	50%	20	21.5%
5	-	0.0%	0	60%	63	67.7%
6	8	8.6%	8	MR	-	0.0%
TOTAL	**93**	**100.0%**	**93**	**TOTAL**	**93**	**100.0%**

Applicable Programs
9% Housing Tax Credits

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	3.37%
APP % Construction	9.00%
Average Unit Size	1,186 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		RENT ASSISTED UNIT		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	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		Mrkt Analyst
TC 30%	$354	RAD	$513	3	2	2	922	$513	$77	$436	$77	$0.56	$513	**$1,539**	**$1,539**	$513	$0.56	$77	$915	$0.99	$915
TC 50%	$590	RAD	$513	5	2	2	922	$513	$77	$436	$77	$0.56	$513	**$2,565**	**$2,565**	$513	$0.56	$77	$915	$0.99	$915
TC 60%	$708	RAD	$513	15	2	2	922	$513	$77	$436	$77	$0.56	$513	**$7,695**	**$7,695**	$513	$0.56	$77	$915	$0.99	$915
TC 30%	$408	RAD	$736	4	3	2	1,097	$736	$90	$646	$90	$0.67	$736	**$2,944**	**$2,944**	$736	$0.67	$90	$1,015	$0.93	$1,015
TC 50%	$681	RAD	$736	8	3	2	1,097	$736	$90	$646	$90	$0.67	$736	**$5,888**	**$5,888**	$736	$0.67	$90	$1,015	$0.93	$1,015
TC 60%	$817	RAD	$736	26	3	2	1,097	$736	$90	$646	$90	$0.67	$736	**$19,136**	**$19,136**	$736	$0.67	$90	$1,015	$0.93	$1,015
TC 30%	$456	RAD	$874	2	4	2	1,394	$874	$103	$771	$103	$0.63	$874	**$1,748**	**$1,748**	$874	$0.63	$103	$1,210	$0.87	$1,210
TC 50%	$760	RAD	$874	5	4	2	1,394	$874	$103	$771	$103	$0.63	$874	**$4,370**	**$4,370**	$874	$0.63	$103	$1,210	$0.87	$1,210
TC 60%	$912	RAD	$874	17	4	2	1,394	$874	$103	$771	$103	$0.63	$874	**$14,858**	**$14,858**	$874	$0.63	$103	$1,210	$0.87	$1,210
TC 30%	$503	RAD	$1,135	1	6	2	1,742	$1,135	$117	$1,018	$117	$0.65	$1,135	**$1,135**	**$1,135**	$1,135	$0.65	$117	$1,315	$0.75	$1,315
TC 50%	$838	RAD	$1,135	2	6	2	1,742	$1,135	$117	$1,018	$117	$0.65	$1,135	**$2,270**	**$2,270**	$1,135	$0.65	$117	$1,315	$0.75	$1,315
TC 60%	$1,006	RAD	$1,135	5	6	2	1,742	$1,135	$117	$1,018	$117	$0.65	$1,135	**$5,675**	**$5,675**	$1,135	$0.65	$117	$1,315	$0.75	$1,315
TOTALS/AVERAGES:				**93**			**110,284**				**$92**	**$0.63**	**$751**	**$69,823**	**$69,823**	**$751**	**$0.63**	**$92**	**$1,066**	**$0.90**	**$1,066**

ANNUAL POTENTIAL GROSS RENT:	**$837,876**	**$837,876**	

STABILIZED PRO FORMA

Salazar Park, El Paso, 9% HTC #16352

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		HACEP	El Paso Comps	% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.63	$751	$837,876	**$1,683,036**	**$1,683,036**	$837,876	$751	$0.63		0.0%	$0
late fees, forfeit deposits							$5.00	$5,580	0							
							$0.00	$0	0							
Total Secondary Income							$5.00			11,100	$5,580	$5.00			0.0%	$0
POTENTIAL GROSS INCOME								$843,456	$1,683,036	$1,694,136	$843,456				0.0%	$0
Vacancy & Collection Loss							5.0% PGI	(42,173)	(84,152)	(84,707)	(42,173)	5.0% PGI			0.0%	-
Rental Concessions								-	0	0	-				0.0%	-
EFFECTIVE GROSS INCOME								$801,283	$1,598,884	$1,609,429	$801,283				0.0%	$0
General & Administrative	$36,372	$391/Unit	37,200	24,996	$269	5.51%	$0.40	$475	$44,149	$88,010	$74,000	$37,200	$400	$0.34	4.64%	18.7%	6,949
Management	$41,357	5.8% EGI		32,236	$347	5.00%	$0.36	$431	$40,064	$79,944	$80,471	$40,064	$431	$0.36	5.00%	0.0%	(0)
Payroll & Payroll Tax	$124,558	$1,339/Unit	102,300	97,150	$1,045	9.54%	$0.69	$822	$76,428	$152,026	$152,026	$76,428	$822	$0.69	9.54%	0.0%	-
Repairs & Maintenance	$48,707	$524/Unit		44,657	$480	9.66%	$0.70	$833	$77,442	$154,026	$111,000	$55,800	$600	$0.51	6.96%	38.8%	21,642
Electric/Gas	$17,244	$185/Unit	29,312	16,586	$178	4.18%	$0.30	$361	$33,528	$66,685	$58,309	$29,312	$315	$0.27	3.66%	14.4%	4,216
Water, Sewer, & Trash	$35,493	$382/Unit	44,710	49,258	$530	4.38%	$0.32	$378	$35,124	$70,385	$70,604	$35,493	$382	$0.32	4.43%	-1.0%	(369)
Property Insurance	$24,396	$0.22 /sf	21,855	22,561	$243	2.89%	$0.21	$249	$23,159	$47,049	$43,475	$21,855	$235	$0.20	2.73%	6.0%	1,304
Property Tax (@ %)	$57,909	$623/Unit		47,658	$512	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Reserve for Replacements	$24,775	$266/Unit		15,746	$169	2.90%	$0.21	$250	$23,250	$55,500	$55,500	$23,250	$250	$0.21	2.90%	0.0%	-
Supportive Services				12,367	$133	1.25%	$0.09	$108	$10,044	$20,720	$20,720	$10,044	$108	$0.09	1.25%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees				-	$0	0.46%	$0.03	$40	$3,720	$7,400	$7,400	$3,720	$40	$0.03	0.46%	0.0%	-
Security					$0	0.42%	$0.03	$36	$3,378	$6,719	$6,719	$3,378	$36	$0.03	0.42%	0.0%	-
Ground Lease				-	$0	0.00%	$0.00	$0	$0	$0	$26,000	-	$0	$0.00	0.00%	0.0%	-
TOTAL EXPENSES						**46.21%**	**$3.36**	**$3,982**	**$ 370,286**	**$748,464**	**$706,224**	**$ 336,544**	**$3,619**	**$3.05**	**42.00%**	**10.0%**	**$ 33,742**
NET OPERATING INCOME ("NOI")						**53.79%**	**$3.91**	**$4,634**	**$430,997**	**$850,420**	**$903,205**	**$464,739**	**$4,997**	**$4.21**	**58.00%**	**-7.3%**	**$ (33,742)**

CONTROLLABLE EXPENSES								$2,867/Unit				$2,519/Unit					

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Salazar Park, El Paso, 9% HTC #16352

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Applicant**	**TDHCA**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Citibank		1.25	1.16	370,786	5.65%	35	15	$5,650,000	**$13,000,000**	**$13,000,000**	$5,650,000	15	35	5.65%	$370,786	1.25	29.7%
Annual MIP		1.25	1.16	-	0.00%	0	0	$0	**$0**	**$0**	$0	0	0	0.00%		1.25	0.0%
Ground Lease		1.25	1.16	-	0.00%	0	0	$0	**$0**	**$0**	$0	0	0	0.00%		1.25	0.0%
HACEP Gap Loan		1.25	1.16		0.00%	0	0	$0	**$2,000,000**	**$2,000,000**						1.25	0.0%
CASH FLOW DEBT / GRANTS																	
The City of El Paso		1.25	1.16		0.00%	0	0	$10	**$10**	**$10**	$10	0	0	0.00%		1.25	0.0%
				$370,786	**TOTAL DEBT / GRANT SOURCES**			**$5,650,010**			**$5,650,010**			**TOTAL DEBT SERVICE**	**$370,786**	1.25	29.7%

NET CASH FLOW	$93,953	$60,211	**TDHCA**	**NET OPERATING INCOME**	**$464,739**	**$93,953**	**NET CASH FLOW**

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE					
						Prior Underwriting							
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Applicant**	**TDHCA**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**
RBC Capital Markets	LIHTC Equity	69.4%	$1,500,000	0.88	$13,198,680	$15,298,470	$15,298,470	$13,198,680	$0.8799	$1,500,000	69.4%	$16,129	Applicant Request
Paisano Housing Redevelopment Co	Deferred Developer Fees	1.1%	(10% Deferred)		$208,407	$1,699,480	$1,658,769	$1,658,769	(77% Deferred)		8.7%	**Total Developer Fee:**	**$2,152,181**
Additional (Excess) Funds Req'd		-0.2%			($32,269)	($40,711)	$0				0.0%		
TOTAL EQUITY SOURCES		70.3%			$13,374,818	$16,957,239	$16,957,239	$14,857,449			78.1%	**15-Year Cash Flow:**	**$2,088,086**

TOTAL CAPITALIZATION	**$19,024,828**	**$31,957,249**	**$31,957,249**	**$20,507,459**	**15-Yr Cash Flow after Deferred Fee:**	**$429,317**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS						TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis				Prior Underwriting					Eligible Basis			
	Acquisition	**New Const. Rehab**	**Total Costs**		**Applicant**	**TDHCA**	**Total Costs**			**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition			$11,341 / Unit	$1,054,717	$0	$0	$1,054,717	$11,341 / Unit				0.0%	$0
Building Acquisition	$0		$ / Unit	$0	$0	$0	$0	$ / Unit			$0	0.0%	$0
Off-Sites			$995 / Unit	$92,500	$185,000	$185,000	$92,500	$995 / Unit				0.0%	$0
Site Work		$1,129,952	$12,150 / Unit	$1,129,952	$2,727,013	$2,727,013	$1,129,952	$12,150 / Unit		$1,129,952		0.0%	$0
Site Amenities		$351,200	$3,776 / Unit	$351,200	$923,626	$923,626	$351,200	$3,776 / Unit		$351,200		0.0%	$0
Building Cost		$8,250,891	$74.81 /sf	$88,719/Unit	$8,250,891	$16,579,231	$15,789,427	$7,791,565	$83,780/Unit	$70.65 /sf	$7,791,565		5.9%	$459,326
Contingency		$681,243	7.00%	7.00%	$687,718	$1,429,041	$1,373,755	$655,565	7.00%	7.00%	$649,090		4.9%	$32,153
Contractor Fees		$1,457,860	14.00%	14.00%	$1,471,717	$3,058,148	$2,939,835	$1,402,909	14.00%	14.00%	$1,389,053		4.9%	$68,808
Soft Costs	0	$1,636,656		$21,178 / Unit	$1,969,570	$946,309	$946,309	$1,969,570	$21,178 / Unit		$1,636,656	$0	0.0%	$0
Financing	0	$741,096		$16,062 / Unit	$1,493,800	$1,457,730	$1,457,730	$1,493,800	$16,062 / Unit		$741,096	$0	0.0%	$0
Developer Fee	$0	$2,176,772	15.28%	15.22%	$2,184,450	$3,966,961	$3,794,701	$2,068,138	15.00%	15.00%	$2,053,292	$0	5.6%	$116,312
Reserves				$3,985 / Unit	$370,582	$724,891	$724,891	$353,665	$3,803 / Unit				4.8%	$16,917
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BA	**$0**	**$16,425,670**		$204,915 / Unit	**$19,057,097**	**$31,997,950**	**$30,862,286**	**$18,363,581**	$197,458 / Unit		**$15,741,903**	**$0**	**3.8%**	**$693,516**
Acquisition Cost	$0				$0	$0							
Contingency		$0			$0	($12,950)							
Contractor's Fee		$0											
Interim Interest		$0											
Developer Fee	$0	($39,437)			($32,269)	($27,750)							
Reserves					$0	$0							
ADJUSTED BASIS / COST	**$0**	**$16,386,233**		$204,568/unit	**$19,024,828**	**$31,957,249**		**$18,363,581**	$197,458/unit		**$15,741,903**	**$0**	**3.6%**	**$661,247**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$19,024,828**	

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Salazar Park, El Paso, 9% HTC #16352

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$16,386,233	$0	$15,741,903
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$16,386,233	$0	$15,741,903
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$21,302,103	$0	$20,464,475
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$21,302,103	$0	$20,464,475
Applicable Percentage	3.37%	9.00%	3.37%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,917,189	$0	$1,841,803
CREDITS ON QUALIFIED BASIS	$1,917,189		$1,841,803	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8799	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,917,189	$16,869,578	----	----	----
Needed to Fill Gap	$1,520,018	$13,374,818	----	----	----
Applicant Request	$1,500,000	$13,198,680	**$1,500,000**	**$0**	**$0**

	Development Cost/SF	
	Application	TDHCA
Acquisition & Hard Costs	$111.42	$103.58
Hard Costs	$111.42	$103.58
Building Costs	$74.18	$70.65
Total Points Claimed:	12	

BUILDING COST ESTIMATE

CATEGORY		FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost:	Garden (Up to 4-story)		110,284 SF	$62.43	6,885,132
Adjustments					
Exterior Wall Finish		0.00%		0.00	$0
Elderly		0.00%		0.00	0
9-Ft. Ceilings		3.00%		1.87	206,554
Roof Adjustment(s)				1.52	167,244
Subfloor				(0.34)	(37,604)
Floor Cover				2.56	282,327
Breezeways		$27.45	17,021	4.24	467,158
Balconies		$27.18	7,526	1.85	204,534
Plumbing Fixtures		$990	279	2.50	276,210
Rough-ins		$485	186	0.82	90,210
Built-In Appliances		$1,725	93	1.45	160,425
Exterior Stairs		$2,250	30	0.61	67,500
Heating/Cooling				2.14	236,008
Enclosed Corridors		$45.62	0	0.00	0
Carports		$11.94	0	0.00	0
Garages			0	0.00	0
Comm &/or Aux Bldgs		$84.56	3,653	2.80	308,880
Elevators			0	0.00	0
Other:				0.00	0
Fire Sprinklers		$2.47	130,958	2.93	323,466
SUBTOTAL				**87.39**	**9,638,044**
Current Cost Multiplier		0.99		(0.87)	(96,380)
Local Multiplier		0.90		(8.74)	(963,804)
TOTAL BUILDING COSTS				**77.78**	**$8,577,859**
Plans, specs, survey, bldg permits		3.30%		(2.57)	($283,069)
Contractor's OH & Profit		11.50%		(8.94)	(986,454)
NET BUILDING COSTS			$78,584/unit	$66.27/sf	$7,308,336

Long-Term Pro Forma

Salazar Park, El Paso, 9% HTC #16352

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$801,283	$817,309	$833,655	$850,328	$867,335	$957,608	$1,057,276	$1,167,318	$1,422,955	$1,571,057
TOTAL EXPENSES	3.00%	$336,544	$346,240	$356,218	$366,488	$377,057	$434,719	$501,316	$578,245	$769,822	$891,634
NET OPERATING INCOME ("NOI")		**$464,739**	**$471,069**	**$477,437**	**$483,840**	**$490,277**	**$522,888**	**$555,960**	**$589,073**	**$653,133**	**$679,423**
MUST -PAY DEBT SERVICE											
Citibank		$370,786	$370,786	$370,786	$370,786	$370,786	$370,786	$370,786	$370,786	$370,786	$370,786
HACEP Gap Loan											
TOTAL DEBT SERVICE		$370,786	$370,786	$370,786	$370,786	$370,786	$370,786	$370,786	$370,786	$370,786	$370,786
ANNUAL CASH FLOW		**$93,953**	**$100,283**	**$106,651**	**$113,054**	**$119,491**	**$152,102**	**$185,174**	**$218,287**	**$282,347**	**$308,637**
CUMULATIVE NET CASH FLOW		$93,953	$194,236	$300,887	$413,942	$533,433	$1,228,468	$2,088,086	$3,113,378	$5,652,465	$7,145,827
DEBT COVERAGE RATIO		1.25	1.27	1.29	1.30	1.32	1.41	1.50	1.59	1.76	1.83
EXPENSE/INCOME RATIO		42.0%	42.4%	42.7%	43.1%	43.5%	45.4%	47.4%	49.5%	54.1%	56.8%
Deferred Developer Fee Balance		$1,564,816	$1,464,533	$1,357,882	$1,244,828	$1,125,336	$430,302	$0	$0	$0	$0

Commissioner's Corner Combined Sources & Uses

	Proposed Structure			Original
	16352 9%	17431 4%	Combined Cost	16352 Salazar
ACQUISITION				
Site acquisition cost	1,054,717	895,283	1,950,000	
Existing building acquisition cost	0	0	0	
Closing costs & acq. legal fees	0	0	0	
Other (specify) - see footnote 1	0	0	0	
Other (specify) - see footnote 1	0	0	0	
Subtotal Acquisition Cost	$1,054,717	$895,283	$1,950,000	$0
OFF-SITES[2]				
Off-site concrete	0	0	0	0
Storm drains & devices	0	0	0	0
Water & fire hydrants	0	0	0	0
Off-site utilities	0	0	0	0
Sewer lateral(s)	0	0	0	0
Off-site paving	0	0	0	0
Off-site electrical	92,500	92,500	185,000	185,000
Other (specify) - see footnote 1	0	0	0	0
Other (specify) - see footnote 1	0	0	0	0
Subtotal Off-Sites Cost	$92,500	$92,500	$185,000	$185,000
SITE WORK[3]				
Demolition	0	0	0	0
Asbestos Abatement (Demolition Only)	0	0	0	0
Detention	0	0	0	307,500
Rough grading	323,060	287,424	610,484	323,388
Fine grading	0	0	0	179,375
On-site concrete	85,073	57,650	142,723	230,625
On-site electrical	0	0	0	281,875
On-site paving	413,310	252,477	665,787	538,125
On-site utilities	302,259	302,259	604,518	835,375
Decorative masonry	0	0	0	0
Bumper stops, striping & signs	6,250	6,250	12,500	30,750
Other (specify) - see footnote 1	0	0	0	0
Subtotal Site Work Cost	$1,129,952	$906,060	$2,036,012	$2,727,013
SITE AMENITIES				
Landscaping	120,900	119,600	240,500	531,868
Pool and decking		100,000	100,000	0
Athletic court(s), playground(s)	100,000	0	100,000	150,000
Fencing	130,300	41,000	171,300	241,758
Other (specify) - see footnote 1	0	0	0	0
Subtotal Site Amenities Cost	$351,200	$260,600	$611,800	$923,626
BUILDING COSTS*:				
Concrete	423,580	432,891	856,471	1,106,820
Masonry	876,948	899,024	1,775,972	996,138
Metals	72,000	72,000	144,000	276,705
Woods and Plastics	2,153,771	2,498,881	4,652,652	3,652,506
Thermal and Moisture Protection	75,795	74,980	150,775	1,051,479
Roof Covering	75,150	74,600	149,750	996,138
Doors and Windows	195,256	193,215	388,471	719,433

		Proposed Structure			Original
		16352 9%	17431 4%	Combined Cost	16352 Salazar
BUILDING COSTS (Continued):					
Finishes		853,556	853,843	1,707,399	2,435,004
Specialties		1,451,984	1,576,796	3,028,780	221,364
Equipment		185,375	183,400	368,775	387,387
Furnishings			0	0	110,682
Special Construction		0	0	0	0
Conveying Systems (Elevators)		0	0	0	0
Mechanical (HVAC; Plumbing)		516,150	1,067,006	1,583,156	2,435,004
Electrical		1,071,326	510,600	1,581,926	1,715,571
Individually itemize costs below:					
Detached Community Facilities/Building		300,000		300,000	475,000
Carports and/or Garages		0		0	0
Lead-Based Paint Abatement		0		0	0
Asbestos Abatement (Rehabilitation Only)		0		0	0
Structured Parking		0		0	0
- Commercial Space Costs[6]		0		0	0
Other (specify) - see footnote 1		0		0	0
Subtotal Building Costs		$8,250,891	$8,437,236	$16,688,127	$16,579,231
TOTAL BUILDING COSTS & SITE WORK (including site amenities)		$9,732,043	$9,603,896	$19,335,939	$20,229,870
Contingency	7.00%	$687,718	$653,628	1,341,346	$1,429,041
TOTAL HARD COSTS		$10,512,261	$10,350,024	$20,862,285	$21,843,911
OTHER CONSTRUCTION COSTS					
General requirements (<6%)	6.00%	630,736	584,679	1,215,415	1,310,635
Field supervision (within GR limit)		0	0	0	0
Contractor overhead (<2%)	2.00%	210,245	175,296	385,541	436,878
G & A Field (within overhead limit)		0	0	0	0
Contractor profit (<6%)	6.00%	630,736	580,670	1,211,406	1,310,635
TOTAL CONTRACTOR FEES		$1,471,717	$1,340,645	$2,812,362	$3,058,148
TOTAL CONSTRUCTION CONTRACT		*$11,983,978*	$11,690,669	$23,674,647	$24,902,059
SOFT COSTS[3]					
Architectural - Design fees		850,459	494,811	1,345,270	451,791
Architectural - Supervision fees		45,000	45,000	90,000	0
Engineering fees		0	0	0	0
Real estate attorney/other legal fees		287,500	102,500	390,000	65,680
Accounting fees		50,000	50,000	100,000	32,840
Impact Fees		104,625	103,500	208,125	0
Building permits & related costs		11,625	11,500	23,125	39,408
Appraisal			0	0	10,947
Market analysis		25,000	15,000	40,000	4,379
Environmental assessment		10,000	10,000	20,000	3,010
Soils report			0	0	10,947
Survey		9,000	9,000	18,000	21,893
Marketing		70,000	0	70,000	10,947
Hazard & liability insurance		167,447	161,392	328,839	109,467

	Proposed Structure			Original
	16352 9%	17431 4%	Combined Cost	16352 Salazar
Real property taxes	0	0	0	0
Personal property taxes	0	0	0	0
Tenant Relocation Expenses	262,914	260,086	523,000	185,000
FF&E	76,000	0	76,000	0
Other (specify) - see footnote 1	0	0	0	0
Subtotal Soft Cost	$1,969,570	$1,262,789	$3,232,359	$946,309
FINANCING:				
CONSTRUCTION LOAN(S)[3]				
Interest	798,851	837,689	1,636,540	569,007
Loan origination fees	137,324	93,000	230,324	97,500
Title & recording fees	61,111	91,769	152,880	82,101
Closing costs & legal fees	100,000	100,000	200,000	25,000
Inspection fees	11,250	11,250	22,500	18,000
Credit Report	0	0	0	0
Discount Points	0	0	0	0
Lender Due Diligence	25,000	30,000	55,000	25,000
Other (specify) - see footnote 1	0	0	0	0
PERMANENT LOAN(S)				
Loan origination fees	56,500	66,300	122,800	97,500
Title & recording fees		0	0	21,893
Closing costs & legal		0	0	35,000
Bond premium		0	0	0
Credit report	0	0	0	0
Discount points	0	0	0	0
Credit enhancement fees	0	0	0	0
Prepaid MIP		0	0	32,500
Conversion Fee & Expenses	15,000	0	15,000	39,000
Other (specify) - see footnote 1	0	0	0	0
BRIDGE LOAN(S)				
Interest		0	0	273,669
Loan origination fees		0	0	49,260
Title & recording fees		0	0	0
Closing costs & legal fees		0	0	16,000
Other (specify) - see footnote 1		0	0	0
Other (specify) - see footnote 1		0	0	0
OTHER FINANCING COSTS[3]				
Tax credit fees	87,000	27,000	114,000	66,300
Tax and/or bond counsel	0	104,000	104,000	0
Payment bonds	15,597	0	15,597	0
Performance bonds	111,167	109,561	220,728	0
Credit enhancement fees	0	0	0	0
Mortgage insurance premiums	0	0	0	0
Cost of underwriting & issuance	0	183,000	183,000	0
Syndication organizational cost	75,000	0	75,000	10,000
Tax opinion	0	0	0	0
Other (specify) - see footnote 1	0	44,100	44,100	0
Other (specify) - see footnote 1	0	0	0	0
Subtotal Financing Cost	$1,493,800	$1,697,669	$3,191,469	$1,457,730

	Proposed Structure			Original
	16352 9%	17431 4%	Combined Cost	16352 Salazar
DEVELOPER FEES[3]				
Housing consultant fees[4]		0	0	90,000
General & administrative	680,932	602,617	1,283,549	0
Profit or fee	1,503,518	1,464,437	2,967,955	3,876,961
Subtotal Developer Fees	$2,184,450	$2,067,054	$4,251,504	$3,966,961
RESERVES				
Rent-up	0	0	0	0
Operating	370,582	379,200	749,782	724,891
Replacement	0	0	0	0
Escrows	0	0	0	0
Subtotal Reserves	$370,582	$379,200	$749,782	$724,891
TOTAL HOUSING DEVELOPMENT COSTS[5]	$19,057,097	$17,992,664	$37,049,761	$31,997,950
DEBT				
Citibank (was PNC FHA - 221d4)	$5,650,000	$6,630,000	$12,280,000	$13,000,000
HACEP		$5,300,000	$5,300,000	$2,000,000
City of El Paso	$10		$10	$10
EQUITY / DEFERRED FEES				
RBC Capital Markets (was PNC)	$13,198,680 #	$5,114,450	$18,313,130	$15,298,470
Pasiano HRC (DDF)	$208,407	$948,214	$1,156,621	$1,669,480
Pricing	$0.88	$0.95	$0.90	$1.02
Annual Credit Request	$1,500,000	$538,417	$2,038,417	$1,500,000
Eligible Basis	$1,917,189	$699,942	$2,617,131	$3,506,838
Gap	$1,520,018	$638,239	$2,158,257	$1,662,641
DDF Repay	Year 12	Year 7	NA	Year 9
15-Year CF after Fee	$429,317	$1,340,304	$1,769,621	$1,627,443
NOI	$464,739	$492,326	$957,065	$903,205
Source	TDHCA	TDHCA	TDHCA	TDHCA
Debt Service	$370,786	$389,435	$760,221	$773,996
DCR	1.25	1.26	1.26	1.17

Asset Management Division

Amendment Request Form

Completed forms and supporting materials can be emailed to asset.management@tdhca.state.tx.us

TYPE OF AMENDMENT REQUESTED

Date Submitted: 6/30/2017 Amendment Requested: *Application Amendment,*

Has the change been implemented? *No* Award Stage: *Carryover (Prior to Construction/10% Test)*

NOTE: *Material Application or LURA Amendment requests must be received* ***45 days before the Board Meeting****.*

Contact your Asset Manager if you are unsure what type of Amendment to request: https://www.tdhca.state.tx.us/asset-management/contacts.htm

DEVELOPMENT INFORMATION

Dev. Name: Commissioners' Corner File No. / CMTS No.: 16352 /

CONTACT INFORMATION

Request Submitted By: Sarah Anderson Phone #/Email: (512) 554-4721 /

SECTION 1: COVER LETTER

A cover letter ***MUST*** be submitted with your request. Review your cover letter to ensure it includes:

☒ The change(s) requested ☒ The reason the change is necessary ☒ The good cause for the change

☒ An explanation of whether the amendment was reasonably foreseeable or preventable at the time of Application

SECTION 2: REQUIRED DOCUMENTATION

Entering an Amendment conveys to the Department that representations in the Application have changed. You ***MUST*** provide information about any and all changes made from the time of Application (or as last approved by the Department) in your request, including any items that will be impacted by the requested change. Failure to represent or properly document all changes may result in delays, denials, or a request for re-submission. The following is attached:

☒ Revised Development Financing Exhibits – if sources, terms, conditions, or amounts of financing will be impacted or changed by your amendment request, revised Application exhibits and term sheets (or executed Loan documents and LPA, if the loan has closed) must be submitted

☐ Signed Statement of No Financial Impact – if no sources, terms, conditions, or amount of financing will be impacted or changed by your amendment request, the Owner must sign and submit a statement to this effect

☒ Revised Application Exhibits/Documents Reflecting or Supporting All Requested Changes – revised site plans, surveys, Building and Unit Configuration exhibit, etc.

☐ Material Amendment fee of $2,500 for first amendments, $3,000 for second amendments, $3,500 for third or more. (Applicable to Non-Material Amendments only if changes have been implemented prior to Amendment approval) – *N/A for Developments only funded by a Direct Loan program (HOME, NSP, HTF)*

SECTION 3A: MATERIAL APPLICATION AMENDMENT ITEMS

Check all items that have been modified from the original application (see ***Subchapter E, §10.405(a)(3)***):

☒ Site plan ☐ Scope of tenant services ☐ Exclusion of reqs in Subchapters B & C

☒ Number of units* ☒ Reduction of 3%+ in unit sq ft ☐ Other

☐ Bedroom mix ☐ Reduction of 3%+ common area

☒ Architectural design ☒ Residential density (5%+ change)

If "Number of units" is selected above and the total LI units or LI units at any rent or income level will be reduced, also:

☐ Written confirmation from the lender *and* syndicator that the development is infeasible without the adjustment in units

☐ Evidence supporting the need for the adjustment in units

NOTE: **The approved amendment may carry a penalty in accordance with* ***§10.405(a)(6)(b).***

SECTION 3B: MATERIAL LURA AMENDMENT ITEMS

Check all items that require a material LURA amendment (see Subchapter E, ***§10.405(b)(2)***):

☐ Reductions in the number of LI units ☐ Change in Target Population

☐ Changes to income or rent restrictions ☐ Removal of Non-profit ☐ Other

☐ Change in ROFR period or other ROFR provisions

The following additional items are attached for consideration or will be forthcoming:

☐ Draft Notice of Public Hearing* ☐ Evidence of public hearing*

NOTE: **Draft Notices of Public Hearing must be provided with the Amendment materials 45 days prior to the Board meeting. *The Public Hearing must be held at least 15 business days prior to the Board meeting and evidence in the form of attendance sheets and a summary of comments made must be submitted to TDHCA within 3 days of the hearing.*

SECTION 4A: NON-MATERIAL APPLICATION AMENDMENT SUMMARY

Identify all non-material changes that have been or will be made (Contact your Asset Manager if you are unsure of whether your request is non-material):

Short Summary Regarding Application Changes

☒ Amendment is requesting a change in Developer(s) or Guarantor(s) and Previous Participation forms are attached.

SECTION 4B: NON-MATERIAL LURA AMENDMENT SUMMARY

Identify non-material amendments requested to the LURA:

Short Summary Regarding LURA Changes

SECTION 4C: NOTIFICATION ITEM SUMMARY

Identify any notification items from the time of application:

Short Summary Regarding LURA Changes

June 30, 2017

Laura DeBellas
TDHCA
Multifamily Finance
221 E. 11th Street
Austin, TX 78701

RE: Amendment Commissioners' Corner Apartments—TDHCA #16352

Dear Ms. DeBellas:

Please consider this a formal request for an amendment to the Commissioners' Corner Apartments located in El Paso, Texas. This request is unique in its nature and has come about after much discussion with TDHCA Asset Management and Underwriting staff.

At the time of the 2016 tax credit application submittal, we received an LOI from PNC based on tax credit equity pricing of $1.02. Up until the time of the 2016 presidential election, we were negotiating and finalizing the terms with PNC at pricing greater than or at $1.02, with the anticipation of closing in early 2017. However, soon after the election, pricing dropped. We have been working diligently with PNC and other equity providers over the past 5-6 months, exploring various financing structures to preserve the award. We currently have an LOI for equity pricing at $.88.

In order to ensure that the original 185 units of this application still gets done, despite the adjustment of the equity markets, we have split the original deal into two phases – a 93 unit 9% portion and a 92 unit 4%/Bond portion. So while this amendment will show reductions in numbers of units, rentable feet, and acreage from the original version of #16352, overall, when both applications are considered together, there is not a loss of the total number or units, acreage, or rentable feet

Below is an overview of the proposed changes:

Overview of Architectural Changes Requested:

1. ***Amendment to Unit Floor Plans***.
    - Small changes have been made to the unit floor plans, but the number of bedrooms, bathrooms and NRSF per unit type remains the same. This amendment is to accommodate the newly designed building footprints referenced in #3 below.
    - Reduction in the number of units from 185 to 93. (additional 92 units will be in 4% application)
    - The total Net Rentable Square Feet is reduced from 223,488 SF to 110,284 SF. (additional SF is in 4% application)
2. ***Amendment to Residential Building Footprints and Elevations.***
    - This amendment incorporates the newly designed unit floor plans referenced in #1 above into a typical garden style (through breezeway) product type.
    - The elevations are amended as a result of the new building product type. Further, the elevations are amended to incorporate stucco and fiber cement siding as opposed to the previous design with stone and fiber cement panels, and composition shingles as opposed to standing seam metal roofing.
3. ***Amendment to the total number of Residential Buildings from twenty (20) to five (5).***
    - This amendment is a result of #1 and #2 above.
4. ***Amendment to Breezeway Square Footages from 16,544 SF to 17,021 SF.***
    - This amendment is a result of #1 and #2 above.
5. ***Amendment to Clubhouse Floor Plan.***
    - This amendment is a result of finalizing the interior amenities anticipated for the project.
    - This amendment results in a Clubhouse square footage of 5,083 SF.
6. ***Amendment to Club Exterior Elevations.***

- This amendment is a result of the newly designed clubhouse floor plan referenced in #5 above. Further, the elevations are amended to incorporate stucco and fiber cement siding as opposed to the previous design of stone and fiber cement panels, and composition shingles as opposed to standing seam metal roofing.

7. ***Maintenance Building Clarification:*** Please note that the Site Plan in the initial application mistakenly referenced a 900 SF Maintenance Building. The project will not have a separate Maintenance Building as Maintenance will be attached to the Clubhouse as depicted in the original and current architectural drawings.
8. ***Acreage:*** As a result of the separation of the site into two separate application, the project average is reduced to 6 acres. (additional acreage in 4% application)
9. ***Acknowledgment:*** Attached, per TDHCA request, is a letter from the Executive Director of HACEP acknowledging Subchapter G, 10.901(18).

Changes to Owner/Developer/Guarantor Structure
Because of the volume of developments that HACEP has in the pipeline, both HACEP and the development investors believe it would be in the best interest of all parties to add an Owner/Developer/Guarantor to the organizational structure.

New organization charts (Owner/Developer/Guarantor) and previous participation information is included in the attachment.

Reason for Change:
The above amendments are due to changes in the equity and debt market as pricing has changed from when the application was initially submitted a year ago. Since then, both the equity and debt markets have undergone significant changes with a reduction in equity and an increase in debt pricing by almost 15%. The changes will allow the development to be feasible.

Good Cause for Change:
The Commissioners Corner Apartments is a RAD conversion development where the Housing Authority of the City of El Paso will replace and relocate obsolete public housing units to a higher opportunity area within the City of El Paso. This will contribute to their long term success in providing quality and affordable housing to their residents. Without approval of these changes, the development may not be able to be completed.

Not Reasonably Foreseeable
The changes made could not have been preventable as the Housing Authority relied on the financial assumptions provided a year ago and they did not foresee an impact on costs then. These changes do not impact any sources, terms or conditions in connection to the financing.

We are asking that this amendment be taken to the September meeting for consideration. In the event that there is an August meeting added to the schedule, we would request to be put on that agenda if possible.

A check for the amendment fee was submitted for the original amendment request for this application and staff has concurred that an additional amendment fee is not required. Thank you for your consideration of our request and please do not hesitate to contact me should you need further information.

Thank you,

Sarah Anderson
S. Anderson Consulting
512-554-4721
sarah@sarahandersonconsulting.com

From: Laura DeBellas
Sent: Friday, July 14, 2017 11:37 AM
To: Sarah Anderson
Cc: Gomez, Martha; Raquel Morales
Subject: Commissioner's Corner Amendment (HTC # 16352)

Hi, Sarah:

I'm looking for the following clarifications/additional information for the Commissioner's Corner amendment request:

1) Since we're taking this amendment for the 9% HTC side of Commissioner's Corner, which will show a reduction in units, we'll need confirmation in writing from the lender and syndicator (the original equity provider and lender at application) that the development is infeasible without the adjustment in units. I didn't see these letters in the packet you submitted. Per Raquel, we will still need these items. Work on getting this – will have this week.
2) I noticed in the top sheet letter that it is stated that there will be a reduction from 185 to 93 for the 9% application but that an additional 82 units will be in the 4% application (I believe this should be 92 units in the 4% application – I verified with Liz Cline, who has the 4% application that this is the case – please submit a revised letter showing the correct number of units) See Attached
3) You've stated that the acreage for the 9% application will change to 6 acres – can you confirm whether the parcels have already been separated and re-surveyed? I believe these will eventually have separate legal descriptions and be treated as separate acquisitions, correct – since they will have separate LURAs? Please confirm what's happening with that process At the present time the legal M&B's are not prepared, but are in process. They will be soon and will be utilized for the LURA and other items.
4) You haven't expressly called out, but I believe it's the case that for the 9% award, there will no longer be any 5 bedrooms – looks like 2, 3, 4, and 6 bedrooms only, right? I imagine the 6 BRs are listed as 5s because of the limitations of the rent schedule? Correct, 9% will not have 5 bedrooms. They are 6 bedrooms
5) Will the clubhouse amenity end up being shared somehow between the sites or is the cost and the amenity only attributable to the 9% HTC application? The Owner understands that separate point based common amenity items will need to be constructed on each site, right? Correct, the owner understands that the clubhouse and amenities will only count for points for the 9% application.
6) Please submit an updated Building/Unit Type Configuration exhibit See Attached
7) For the approval of the change in the ownership structure (a notification item rather than a full ownership transfer), we will additionally need all agreements pertaining to the transfer Will have for you this week.
8) The rent schedule shows 26 three bedroom units with 1 bathroom; is that correct or is that an error on the schedule? All 3 bedroom have 2 baths.

I might have a few more things as I'm working through the write up – and REA might as well, but since I did an initial review and noted these, I figured it might be helpful to go ahead and send them sooner rather than later. I'm cc:ing Raquel as well in case she had any additional items she was expecting based on previous conversations with you guys regarding the splitting of this application.

Best,

Laura DeBellas, Asset Manager (Regions 7, 13)
Ph. (512) 475-0577 Fax (512) 475-4420
221 E. 11th St. Austin, TX 78701-2410
Asset Management Division
Texas Department of Housing (TDHCA)
laura.debellas@tdhca.state.tx.us

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

PNC REAL ESTATE

August 2, 2017

Manish Verma
Versa Development, LLC
4733 College Park, Ste. 200
San Antonio, TX 78249

Re: Commissioner's Corner

Dear Mr. Verma,

PNC provided you an equity letter of intent for the commissioner's Corner RAD transaction you are developing with the Housing Authority of the City of El Paso for a 185-unit development. Our analysis was based on the information provided to us at the time and the estimated development budget, timing, potential equity raise, soft funds, deferred developer fee, and other items that comprised the total potential available sources for the development. As always, the feasibility of the project somewhat depends on the ability for the sources to truly be obtained as intended. At the time, whether or not the total sources could be secured at the expected levels, including but not limited to, soft debt availability and permanent loan sizing due to a rising interest rate environment, was still a question. The change in market conditions for tax credits and the projected reduction in marginal tax rate greatly affected the budget and potential sources for the transaction, and the Commissioner's Corner would require a restructuring in order to move forward. Based on a review of the project at 185 units, the financing structure appeared to be infeasible as the sources did not support the cost structure required and ultimately lead to a significantly high deferred fee level.

To that end, we now understand that you are pursuing a new, hybrid structure and that the intention is to create the necessary sources to bring the development into balance.

We are happy to look into the possibility of pursuing the financing if you think it is something that matches well with some of the equity terms and concepts we have discussed in the past. Please let me know if you have any question regarding the above.

Sincerely,

Dan Miller, Assistant Vice President
PNC Bank

PNC REAL ESTATE

August 2, 2017

Mr. Manish Verma
Versa Development, LLC
4733 College Park, Suite 200
San Antonio, TX 78249
manishv@versadevco.com

Re: Lender Letter/Feasibility
Commissioner's Corner RAD Transaction

Dear Manish,

A few months back, PNC provided you with some basic terms and letter describing a potential loan for the commissioner's Corner RAD transaction you are developing with the Housing Authority of the City of El Paso. At the time, we had proposed a FHA 221(d)4 construction and permanent loan for the 185-unit development. Our proposal was to provide the construction and permanent financing to go with the other aspects of the proposed development. Our analysis was based on the information provided to us at the time and the estimated development budget, timing, potential equity raise, soft funds, deferred developer fee, and other items that comprised the total potential available sources for the development. As always, the feasibility of the project somewhat depends on the ability for the sources to truly be obtained as intended. At the time, whether or not the total sources could be secured at the expected levels, including but not limited to, the potential equity coming from tax credits, was still a question. From what we understand, the change in market conditions for tax credits greatly affected the budget and potential sources for the transaction, and the Commissioner's Corner would require a restructuring in order to move forward. Based on a review of the project at 185 units, the financing structure appeared to be infeasible as the sources did not support the cost structure required and ultimately lead to a significantly high deferred fee level.

To that end, we now understand that you are pursuing a new, hybrid structure and that the intention is to create the necessary sources to bring the development into balance.

We are happy to look into the possibility of pursuing the financing if you think it is something that matches well with some of the loan terms and concepts we have discussed in the past. Please let me know if you have any question regarding the above.

Very truly yours,

Mark Ragsdale

PHASE I

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	x	> 4 Units Per Building		Townhome

Development will have:

x	Fire Sprinklers		Elevators		# of Elevators		Wt. Capacity

Number of Parking Spaces(consistent with Architectural Drawings):

Free	Paid		Free	Paid	
0	0	Shed or Flat Roof Carport Spaces	0	0	Detached Garage Spaces
0	0	Attached Garage Spaces	0	0	Uncovered Spaces
0	0	Structured Parking Garage Spaces			

Floor Composition & Wall Height:

100	% Carpet/Vinyl/Resilient Flooring	9	Ceiling Height
0	% Ceramic Tile		Upper Floor(s) Ceiling Height (Townhome Only)
0	% Other	*Describe:*	

																Total # of Residential Buildings	
				Building Label	1	2	3	4	5								
				Number of Stories	3	3	3	2	2								
Unit Type				Number of Buildings	2	1	0	1	1							1	
Unit Label	# of Bed-rooms	# of Baths	Sq. Ft. Per Unit		Number of Units Per Building											Total # of Units	Total Sq Ft for Unit Type
A1	2	2	922			15	12		8							23	21,206
B1	3	2	1,097		12	6		8								38	41,686
C1	4	2	1,394		12											24	33,456
D1	5	2	1,558				8									-	-
E1	6	2	1,742					8								8	13,936
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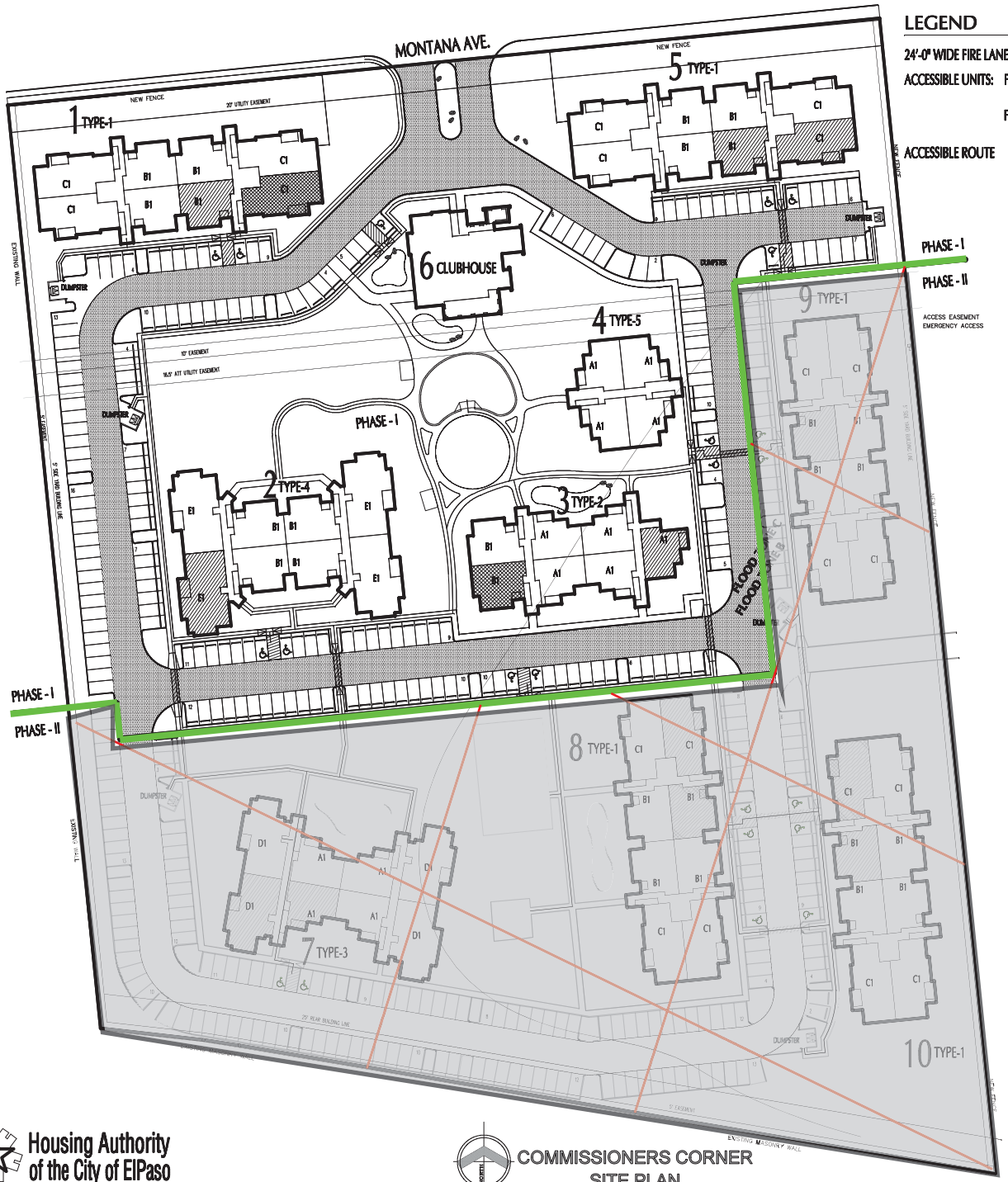
				Totals	48	21	-	16	8	-	-	-	-	-		93	110,284

Net Rentable Square Footage from Rent Schedule 110,284

Interior Corridors													
Total Interior Corridor Per Building Label	0	0	0	0	0		0	0	0	0	0		-
Common Area													
Total Common Area Per Building Label	0	0	0	0	0		0	0	0	0	0		-
Breezeways	4,272	3,895	4,923	2,902	1,680								
Total Breezeways Per Building Label	8,544	3,895	0	2,902	1,680	0	0	0	0	0	0		17,021



LEGEND

24'-0" WIDE FIRE LANE

ACCESSIBLE UNITS: FOR MOBILITY IMPARED-5%MIN. 5 UNITS

FOR VISION AND HEARING IMPARED-2%MIN. 2 UNITS

ACCESSIBLE ROUTE

BUILDING COUNT

BUILDING	# UNITS	# BEDROOMS	# STORIES
BUILDING-1 (TYPE - 1)	24 UNITS (12 - B1, 12 - C1)	84 BEDROOMS	3 STORY
BUILDING-2 (TYPE - 4)	16 UNITS (8 - B1, 8 - E1)	72 BEDROOMS	2 STORY
BUILDING-3 (TYPE - 2)	21 UNITS (15 - A1, 6 - B1)	48 BEDROOMS	3 STORY
BUILDING-4 (TYPE - 5)	8 UNITS (8 - A1)	16 BEDROOMS	2 STORY
BUILDING-5 (TYPE - 1)	24 UNITS (12 - B1, 12 - C1)	84 BEDROOMS	3 STORY
BUILDING-6 (CLUBHOUSE)	-	-	1 STORY
TOTAL	93 UNITS	304 BEDROOMS	

UNIT COUNT

UNIT	NO. OF UNITS	NET RENTABLE AREA	TOTALS
UNIT A1 (2BR/2BA)	23	922	21,206 S.F.
UNIT B1 (3BR/2BA)	38	1,097	41,686 S.F.
UNIT C1 (4BR/2BA)	24	1,394	33,456 S.F.
UNIT E1 (6BR/2BA)	8	1,742	13,936 S.F.
TOTAL	93		110,284 S.F.

UNIT MIX PERCENTAGES

UNITS	NO. OF UNITS	PERCENTAGES
2 BEDROOM UNITS - A1	23	24.7%
3 BEDROOM UNITS - B1	38	40.9%
4 BEDROOM UNITS - C1	24	25.8%
5 BEDROOM UNITS - D1	-	-
6 BEDROOM UNITS - E1	8	8.6%
TOTAL	93	100%

PARKING PROVIDED- CONCRETE PAVING

SURFACE SPACES	174
STANDARD ACCESSIBLE SPACES	11
VAN ACCESSIBLE SPACE	1
TOTAL	186

ACREAGE 6.00 ACRES

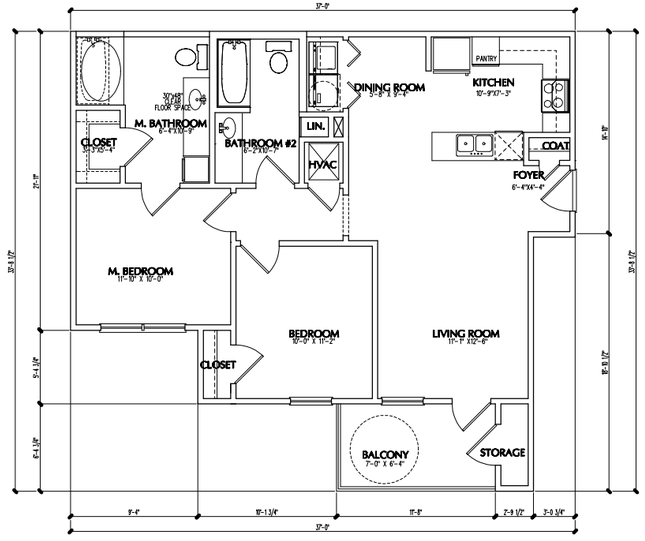
TOTAL SITE ACREAGE	11.13 ACRES
TOTAL PROPOSED UNITS (PHASES I & II)	185
UNITS/ACRE (PHASES I & II)	16.62 UNITS/ACRE

Housing Authority of the City of ElPaso

COMMISSIONERS CORNER
SITE PLAN

SCALE: 1"=30'-0"

RPGA DESIGN GROUP, INC.
Architecture SpacePlanning Interiors
100 N. Antelope Ave., Suite 100 Fort Worth, Texas 76104 817.335.9437 Fax 817.335.9437 Mobile 817.475.8435



01 UNIT A1-PLAN

SCALE: 1/4" = 1'-0"

NET RENTABLE AREA=922 S.F.

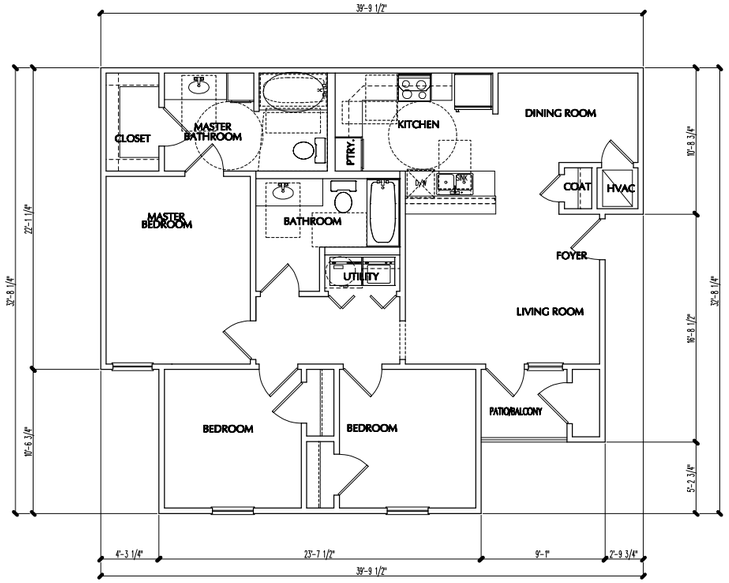
Housing Authority of the City of ElPaso

COMMISSIONERS CORNER

UNIT PLANS

SCALE: 1/4"=1'-0"

R P G A
DESIGN GROUP, INC.
Architecture SpacePlanning Interiors
101 S. Jennings Ave., Suite 100 Fort Worth, Texas 76104 817.332.3477 Fax 817.332.3487 Metro 817.451.0455



01 UNIT B1

SCALE: 1/4" = 1'-0"

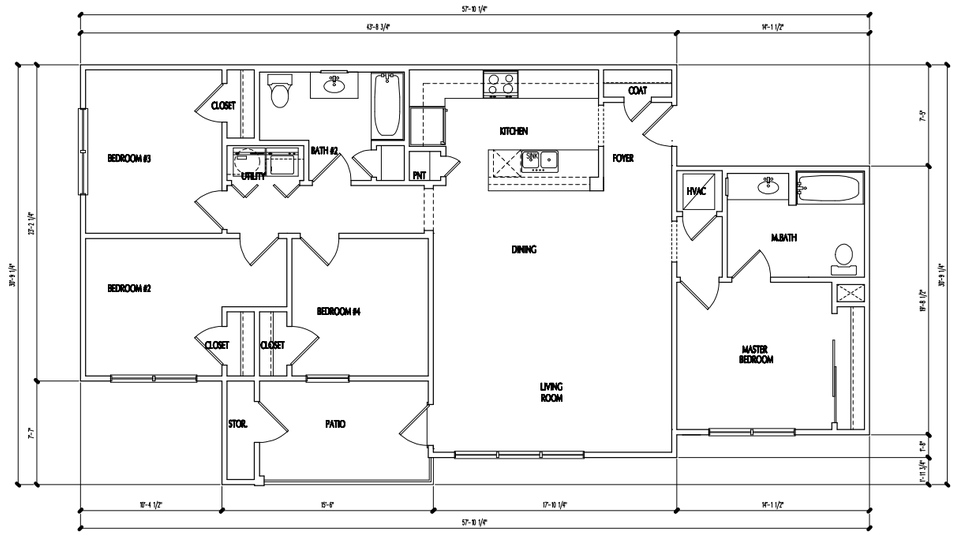
NET RENTABLE AREA=1097 S.F.

Housing Authority of the City of ElPaso

COMMISSIONERS CORNER
UNIT PLANS

SCALE: 1/4"=1'-0"

R P G A DESIGN GROUP, INC.
Architecture SpacePlanning Interiors



01 UNIT C1 - PLAN

SCALE: 1/4" = 1'-0"

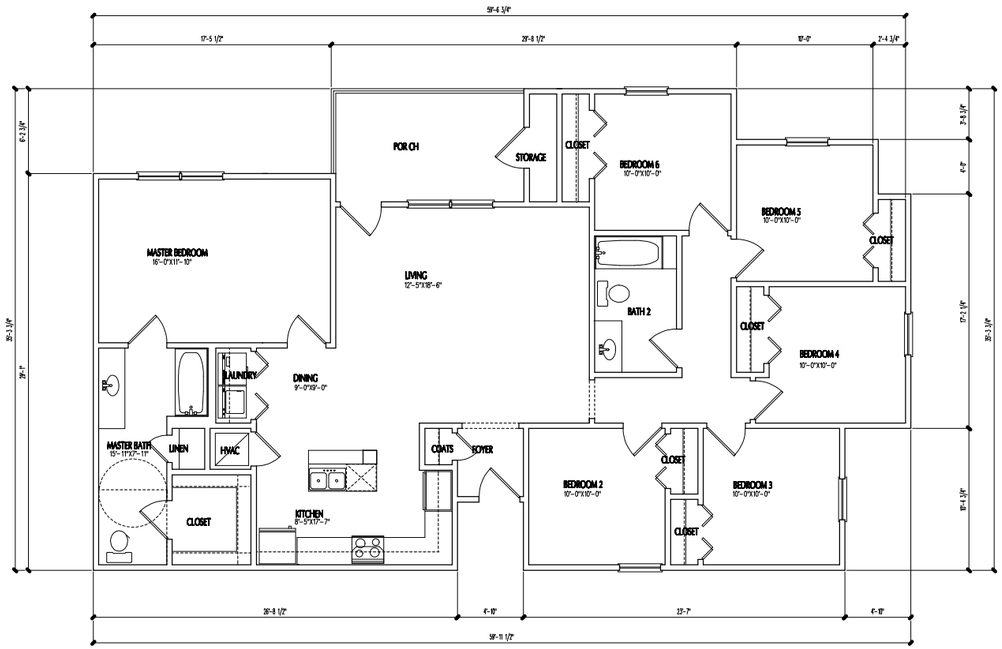
NET RENTABLE AREA=1394 S.F.

SPTH

Housing Authority of the City of ElPaso

COMMISSIONERS CORNER
UNIT PLANS
SCALE: 1/4"=1'-0"

RPGA DESIGN GROUP, INC.
Architecture SpacePlanning Interiors



01 UNIT E1 - PLAN

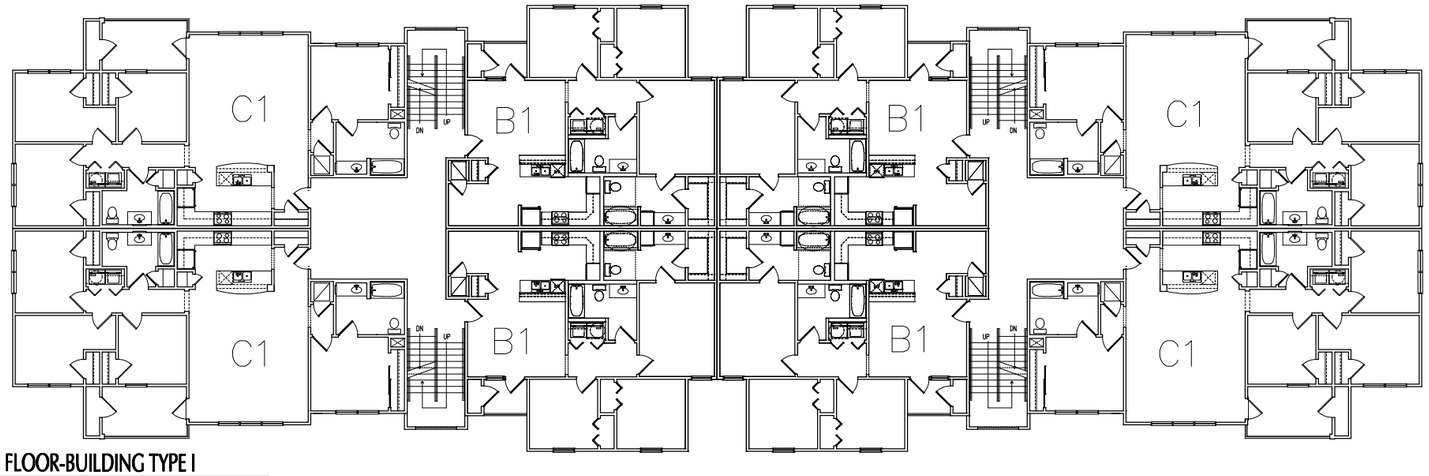
SCALE: 1/4" = 1'-0"

NET RENTABLE AREA=1,742 S.F.

Housing Authority of the City of ElPaso

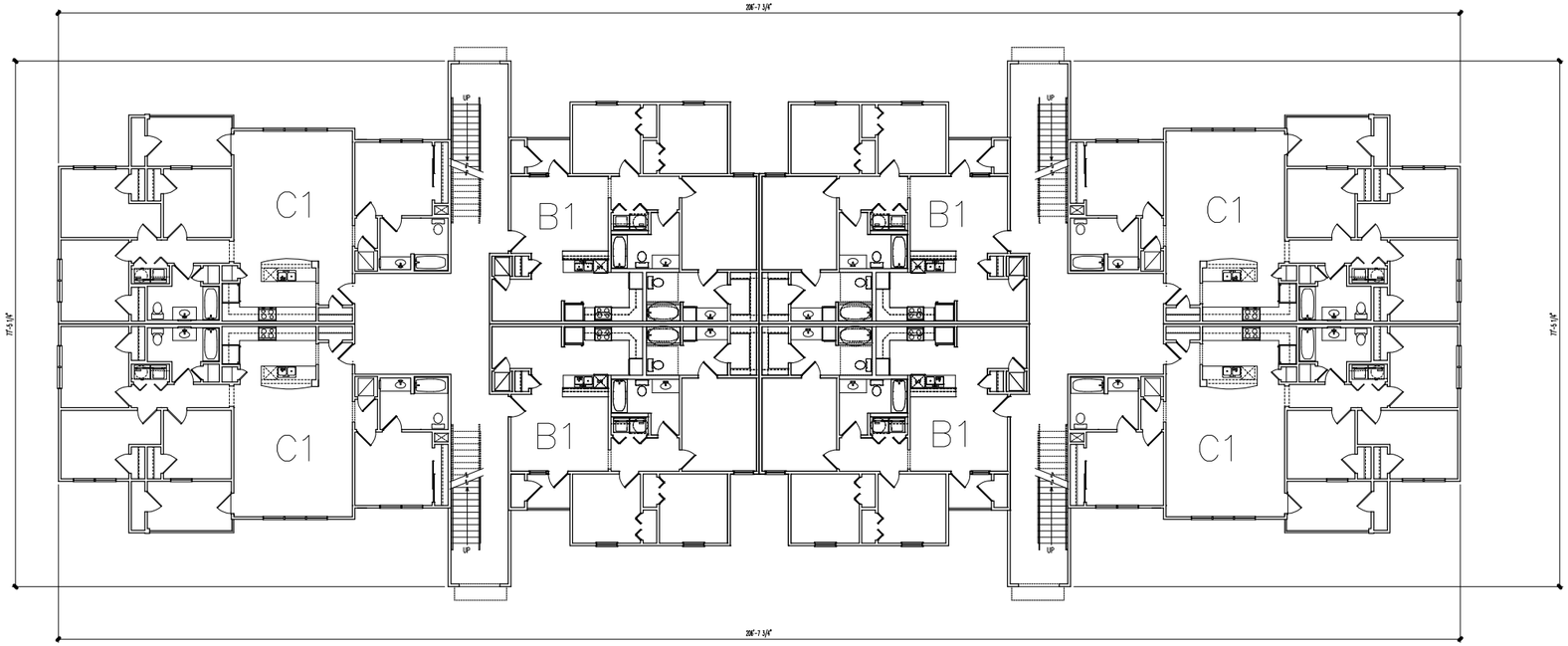
COMMISSIONERS CORNER
UNIT PLANS
SCALE: 1/4"=1'-0"

RPGA DESIGN GROUP, INC.
Architecture SpacePlanning Interiors
101 S. Jennings Ave., Suite 100 Fort Worth, Texas 76104 817.255.0477 Fax: 817.255.0457 Metro 972.445.0455



02 SECOND FLOOR-BUILDING TYPE I

SCALE: 1/8"=1'-0"



01 FIRST FLOOR-BUILDING TYPE I

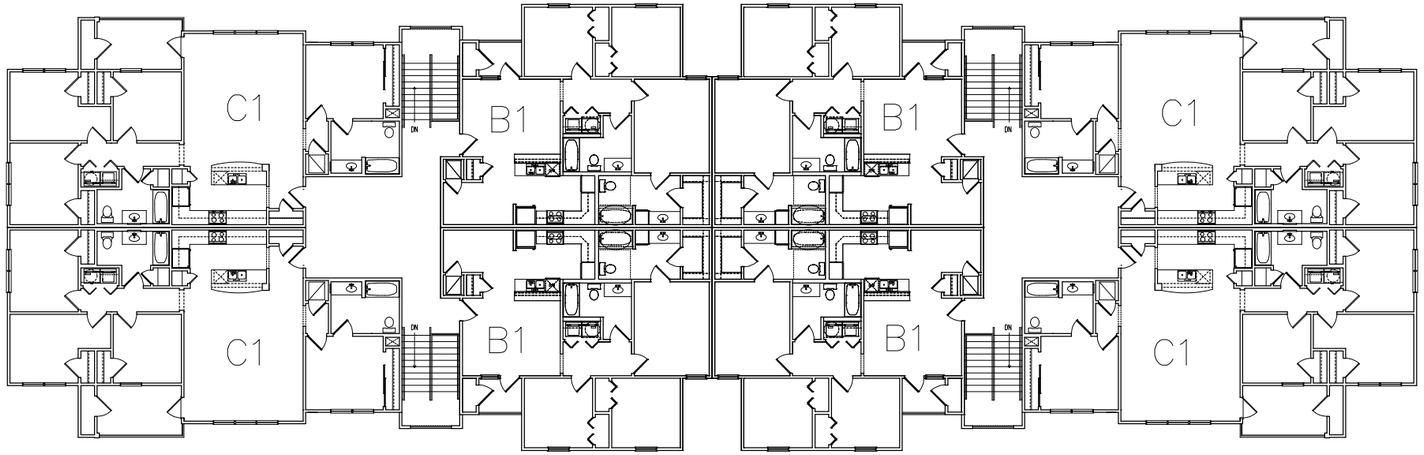
SCALE: 1/8"=1'-0"

1ST FLOOR BREEZEWAYS=1652 S.F.
2ND FLOOR BREEZEWAYS=1310 S.F.
3RD FLOOR BREEZEWAYS=1310 S.F.
TOTAL BREEZEWAYS=4272 S.F.

Housing Authority of the City of ElPaso

COMMISSIONERS CORNER
BUILDING PLANS
SCALE: 1/8"=1'-0"

R P G A DESIGN GROUP, INC.
Architecture SpacePlanning Interiors



01 THIRD FLOOR-BUILDING TYPE I

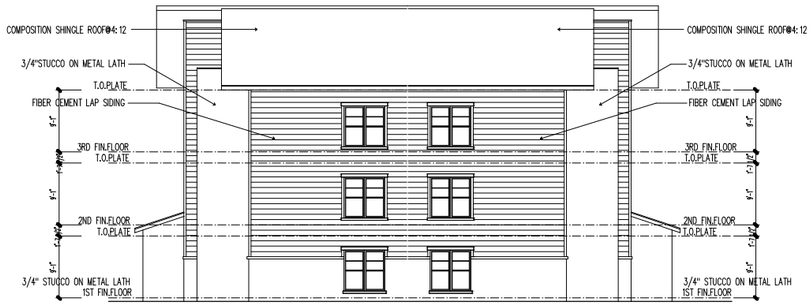
SCALE: 1/8"=1'-0"

Housing Authority of the City of ElPaso

COMMISSIONERS CORNER
BUILDING PLANS

SCALE: 1/8"=1'-0"

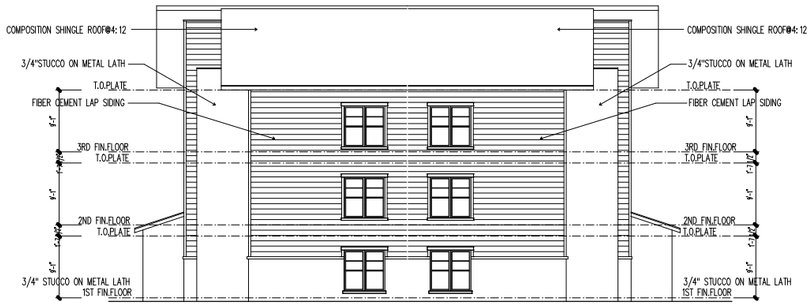
RPGA DESIGN GROUP, INC.
Architecture SpacePlanning Interiors
101 E. Jennings Ave., Suite 100 Fort Worth, Texas 76104 817.332.5477 Fax 817.332.5487 Mobile 972.415.0455



LEFT SIDE ELEVATION-BUILDING TYPE 1

SCALE: 1/8"=1'-0"

STUCCO: 30%
FIBER CEMENT SIDING 70%



RIGHT SIDE ELEVATION-BUILDING TYPE 1

SCALE: 1/8"=1'-0"

STUCCO: 30%
FIBER CEMENT SIDING 70%

REAR ELEVATION-BUILDING TYPE 1

SCALE: 1/8"=1'-0"

STUCCO: 30%
FIBER CEMENT SIDING 70%

FRONT ELEVATION-BUILDING TYPE 1

SCALE: 1/8"=1'-0"

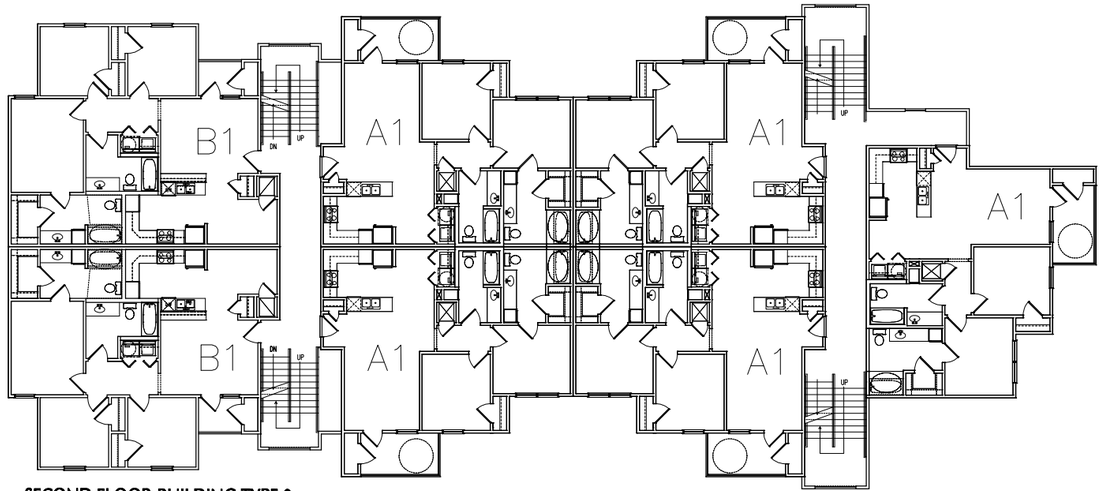
STUCCO: 30%
FIBER CEMENT SIDING 70%

Housing Authority of the City of ElPaso

COMMISSIONERS CORNER
ELEVATIONS

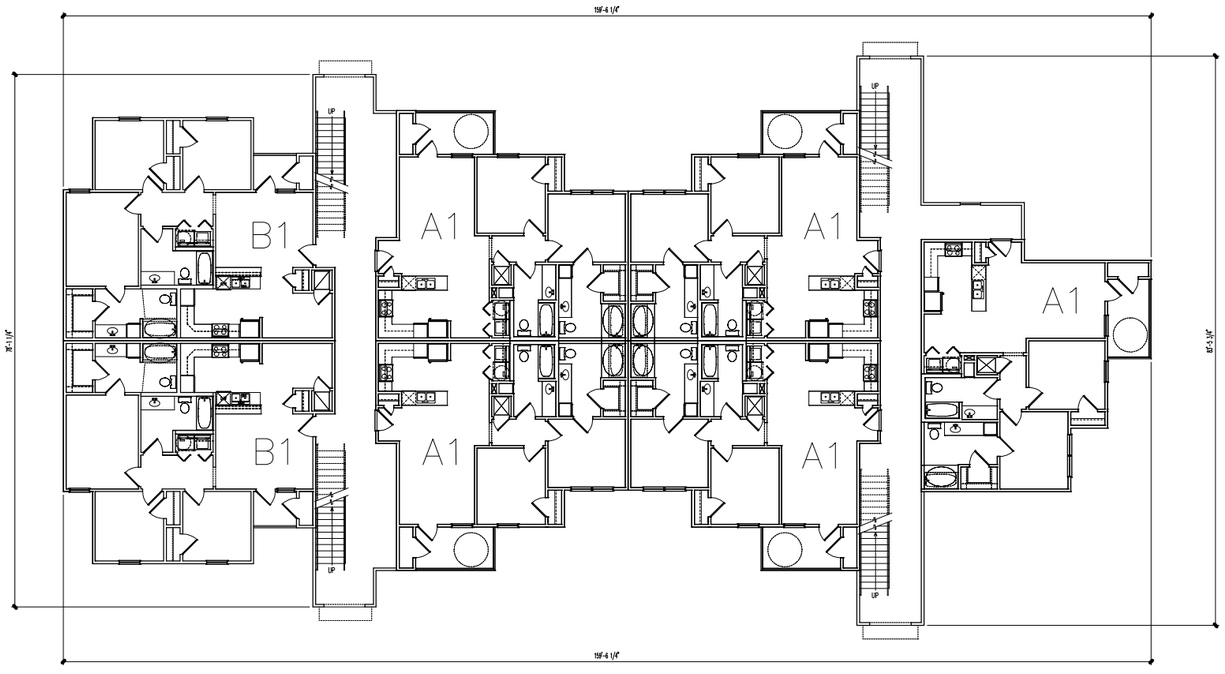
SCALE: 1/8"=1'-0"

R P G A
DESIGN GROUP, INC.
Architecture SpacePlanning Interiors



02 SECOND FLOOR-BUILDING TYPE 2

SCALE: 1/8"=1'-0"



1ST FLOOR BREEZEWAYS=1519 S.F.
2ND FLOOR BREEZEWAYS=1188 S.F.
3RD FLOOR BREEZEWAYS=1188 S.F.
TOTAL BREEZEWAYS=3895 S.F.

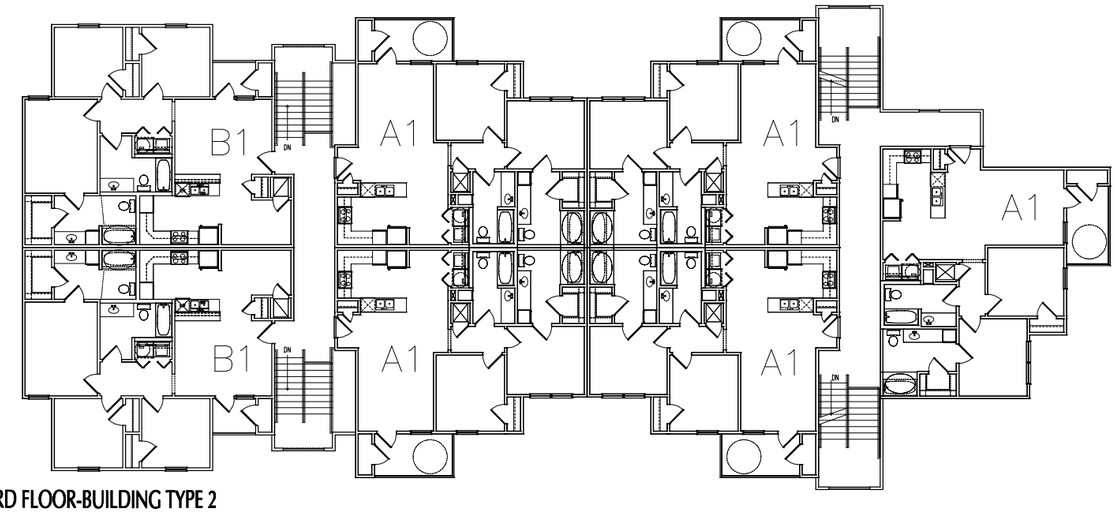
01 FIRST FLOOR-BUILDING TYPE 2

SCALE: 1/8"=1'-0"

Housing Authority of the City of ElPaso

COMMISSIONERS CORNER
BUILDING PLANS
SCALE: 1/8"=1'-0"

RPGA DESIGN GROUP, INC.
Architecture SpacePlanning Interiors
101 S. Jennings Ave., Suite 100 Fort Worth, Texas 76104 817.885.0477 Fax 817.885.0487 Metro 972.445.0425



01 THIRD FLOOR-BUILDING TYPE 2

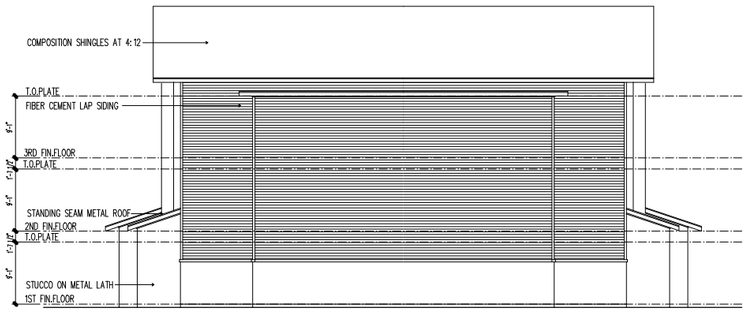
SCALE: 1/8"=1'-0"

Housing Authority of the City of ElPaso

COMMISSIONERS CORNER
BUILDING PLANS

SCALE: 1/8"=1'-0"

RPGA DESIGN GROUP, INC.
Architecture SpacePlanning Interiors
121 S. Jennings Ave., Suite 100 Fort Worth, Texas 76104 817.255.0477 Fax 817.255.0497 Metro 972.445.5485



LEFT SIDE ELEVATION-BUILDING TYPE 2

SCALE: 1/8"=1'-0"

STUCCO: 30%
FIBER CEMENT SIDING 70%

RIGHT SIDE ELEVATION-BUILDING TYPE 2

SCALE: 1/8"=1'-0"

STUCCO: 30%
FIBER CEMENT SIDING 70%

REAR ELEVATION-BUILDING TYPE 2

SCALE: 1/8"=1'-0"

STUCCO: 30%
FIBER CEMENT SIDING 70%

FRONT ELEVATION-BUILDING TYPE 2

SCALE: 1/8"=1'-0"

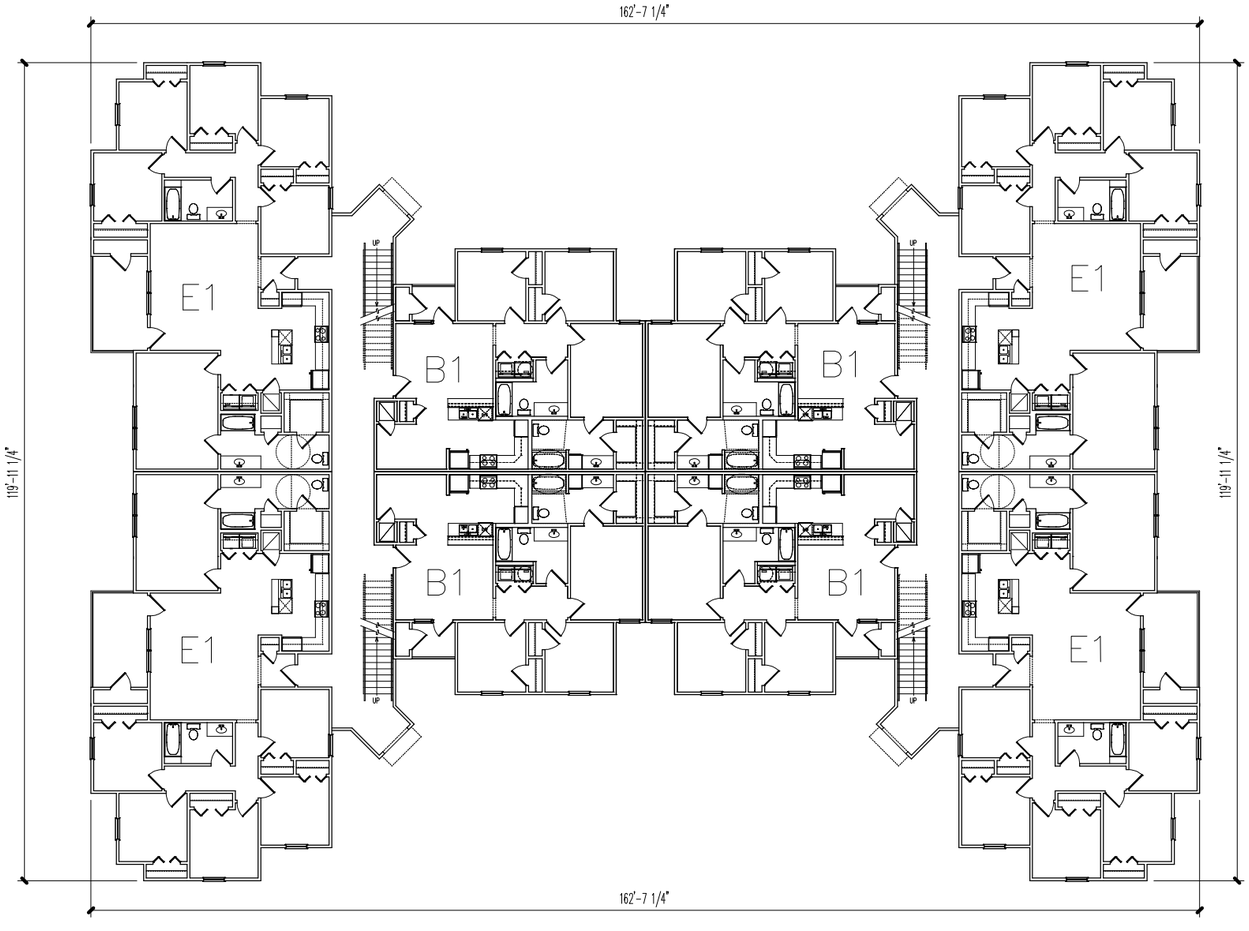
STUCCO: 30%
FIBER CEMENT SIDING 70%

Housing Authority of the City of ElPaso

COMMISSIONERS CORNER ELEVATIONS

SCALE: 1/8"=1'-0"

R P G A DESIGN GROUP, INC.
Architecture SpacePlanning Interiors



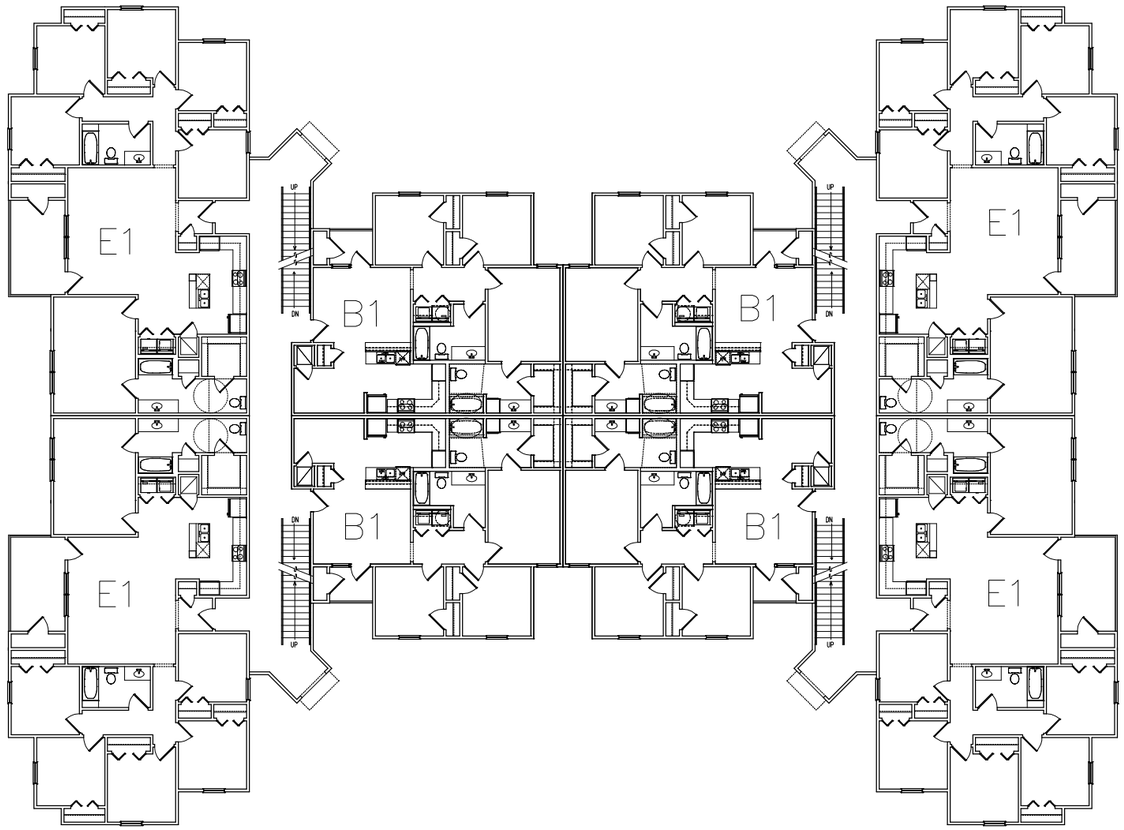
1ST FLOOR BREEZEWAYS=1451 S.F.
2ND FLOOR BREEZEWAYS=1451 S.F.
TOTAL BREEZEWAYS=2902 S.F.

01 FIRST FLOOR-BUILDING TYPE 4
SCALE: 1/8"=1'-0"

Housing Authority of the City of ElPaso

COMMISSIONERS CORNER
BUILDING PLANS
SCALE: 1/8"=1'-0"

R P G A
DESIGN GROUP, INC.
Architecture SpacePlanning Interiors



02 SECOND FLOOR-BUILDING TYPE 4

SCALE: 1/8"=1'-0"

Housing Authority of the City of ElPaso

COMMISSIONERS CORNER
BUILDING PLANS

SCALE: 1/8"=1'-0"

R P G A
DESIGN GROUP, INC.
Architecture SpacePlanning Interiors

LEFT SIDE ELEVATION-BUILDING TYPE 4

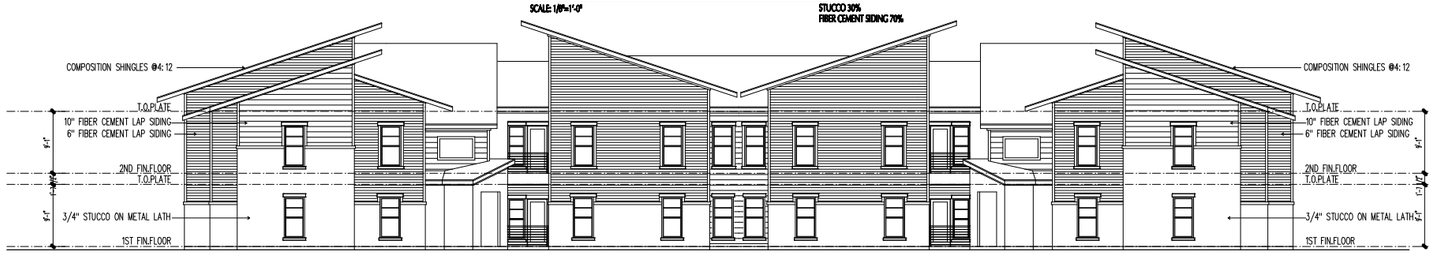
SCALE: 1/8"=1'-0"

STUCCO 30%
FIBER CEMENT SIDING 70%

RIGHT SIDE ELEVATION-BUILDING TYPE 4

SCALE: 1/8"=1'-0"

STUCCO 30%
FIBER CEMENT SIDING 70%



REAR ELEVATION-BUILDING TYPE 4

SCALE: 1/8"=1'-0"

STUCCO 30%
FIBER CEMENT SIDING 70%

FRONT ELEVATION-BUILDING TYPE 4

SCALE: 1/8"=1'-0"

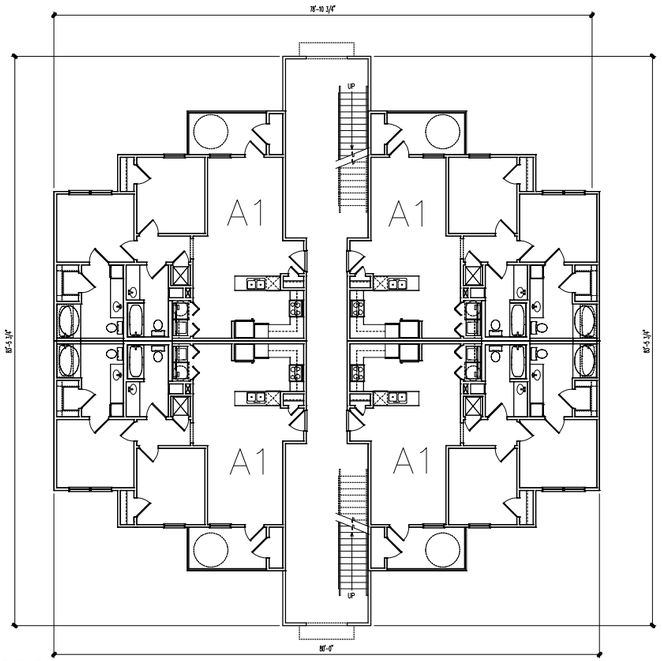
STUCCO 30%
FIBER CEMENT SIDING 70%

Housing Authority of the City of ElPaso

COMMISSIONERS CORNER ELEVATIONS

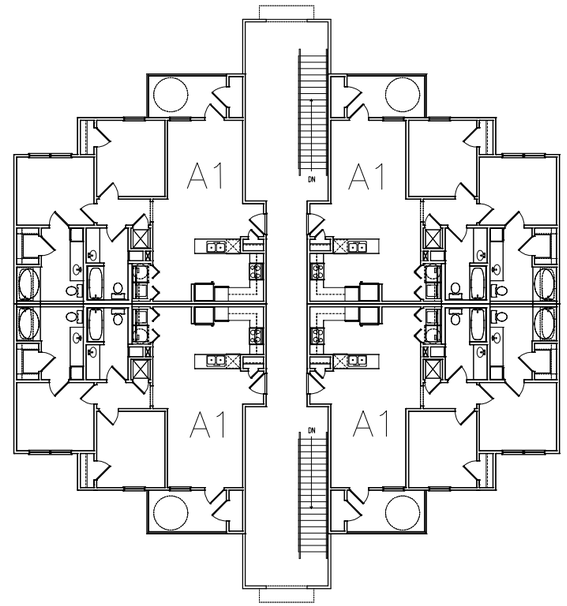
SCALE: 1/8"=1'-0"

R P G A
DESIGN GROUP, INC.
Architecture SpacePlanning Interiors
101 E. Jennings Ave., Suite 100 Fort Worth, Texas 76104 817.885.0477 Fax 817.885.0497 Metro 972.445.0425



1ST FLOOR BREEZEWAYS=840 S.F.
2ND FLOOR BREEZEWAYS= 840 S.F.
TOTAL BREEZEWAYS=1680 S.F.

01 FIRST FLOOR-BUILDING TYPE 5
SCALE: 1/8"=1'-0"

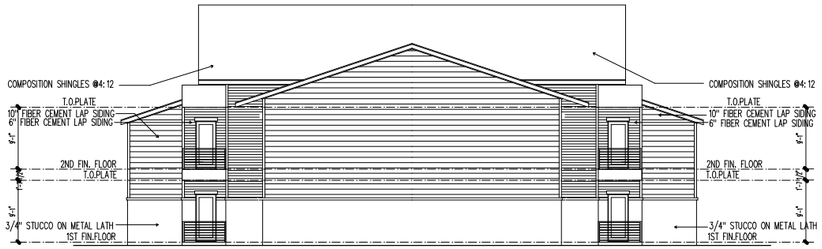


02 SECOND FLOOR-BUILDING TYPE 5
SCALE: 1/8"=1'-0"

Housing Authority of the City of ElPaso

COMMISSIONERS CORNER
BUILDING PLANS
SCALE: 1/8"=1'-0"

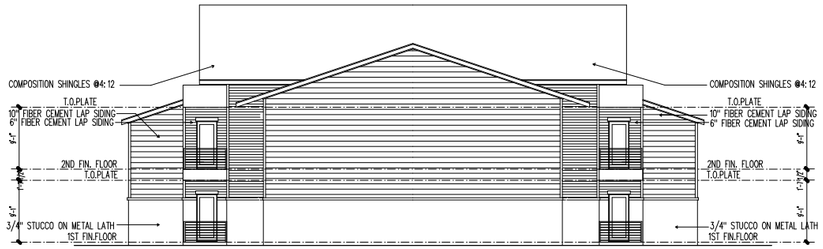
R P G A
DESIGN GROUP, INC.
Architecture SpacePlanning Interiors



LEFT SIDE ELEVATION-BUILDING TYPE 5

SCALE: 1/8"=1'-0"

STUCCO: 30%
FIBER CEMENT SIDING 70%



RIGHT SIDE ELEVATION-BUILDING TYPE 5

SCALE: 1/8"=1'-0"

STUCCO: 30%
FIBER CEMENT SIDING 70%

REAR ELEVATION-BUILDING TYPE 5

SCALE: 1/8"=1'-0"

STUCCO: 30%
FIBER CEMENT SIDING 70%

FRONT ELEVATION-BUILDING TYPE 5

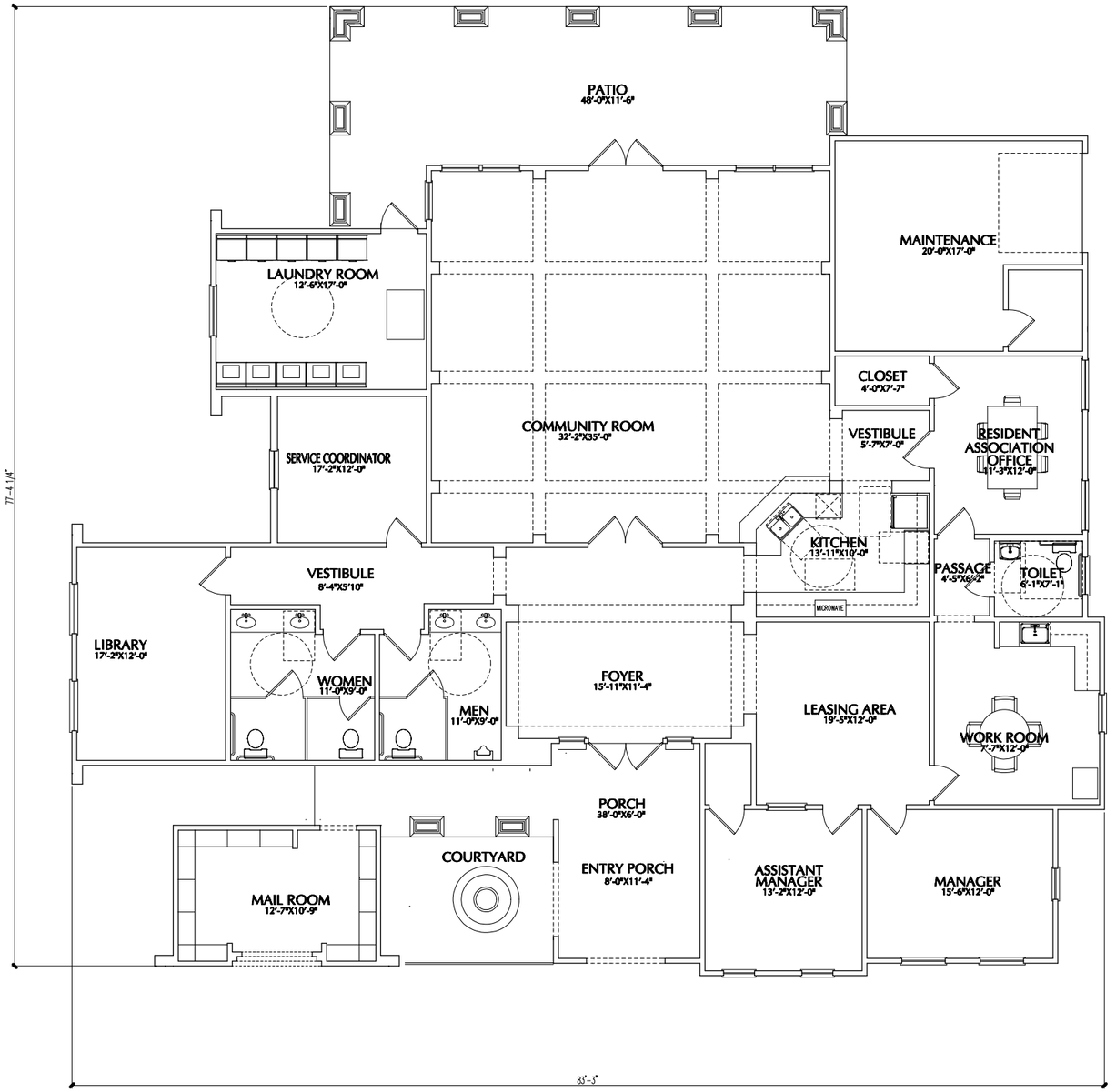
SCALE: 1/8"=1'-0"

STUCCO: 30%
FIBER CEMENT SIDING 70%

Housing Authority of the City of ElPaso

COMMISSIONERS CORNER
ELEVATIONS
SCALE: 1/8"=1'-0"

R P G A
DESIGN GROUP, INC.
Architecture SpacePlanning Interiors



AREA CALCULATIONS:

TOTAL A/C AREA:	3,653 S.F.
MAIL ROOM	190 S.F.
MAINTENANCE ROOM	354 S.F.
PORCHES	886 S.F.
TOTAL SF:	5,083 S.F.

Housing Authority of the City of ElPaso

COMMISSIONERS CORNER
CLUBHOUSE FLOOR PLAN
SCALE: 1/4"=1'-0"

RPGA DESIGN GROUP, INC.
Architecture SpacePlanning Interiors

CLUB HOUSE - REAR ELEVATION

SCALE: 1/4"=1'-0"

STUCCO: 30%
FIBER CEMENT SIDING 70%

CLUB HOUSE - FRONT ELEVATION

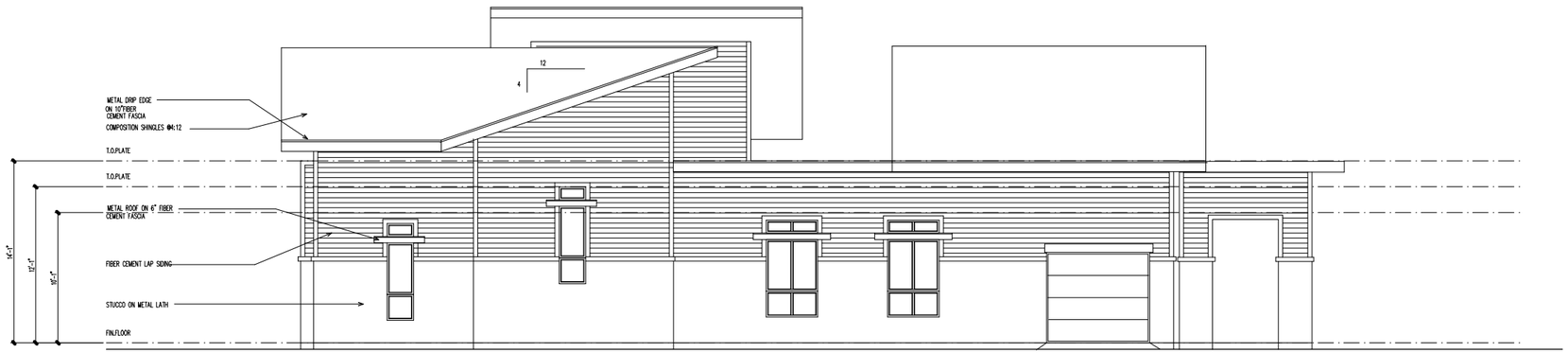
SCALE: 1/4"=1'-0"

STUCCO: 30%
FIBER CEMENT SIDING 70%

Housing Authority of the City of ElPaso

SALAZAR PARK APARTMENTS
CLUBHOUSE ELEVATIONS
SCALE: 1/4"=1'-0"

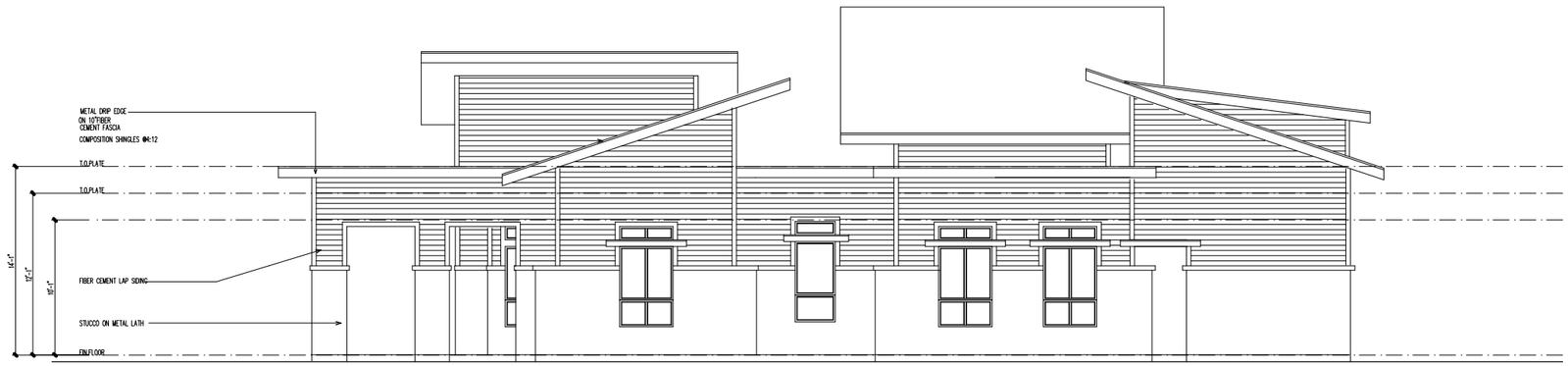
R P G A
DESIGN GROUP, INC.
Architecture SpacePlanning Interiors



CLUB HOUSE - RIGHT SIDE ELEVATION

SCALE: 1/4"=1'-0"

STUCCO: 30%
FIBER CEMENT SIDING 70%



CLUBHOUSE-LEFT SIDE ELEVATION

SCALE: 1/4"=1'-0"

STUCCO: 30%
FIBER CEMENT SIDING 70%

Housing Authority
of the City of ElPaso

SALAZAR PARK APARTMENTS
CLUBHOUSE ELEVATIONS
SCALE: 1/4"=1'-0"

R P G A
DESIGN GROUP, INC.
Architecture SpacePlanning Interiors

Rent Schedule

Self Score Total: **#DIV/0!**

ivate Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

Unit types must be entered from smallest to largest based on “# of Bedrooms” and “Unit Size”, then within the same “# of Bedrooms” and “Unit Size” from lowest to highest “Rent Collected/Unit”.

Rent Designations (select from Drop down menu)													
HTC Units	MF Direct Loan Units (HOME Rent/Inc)	HTF Units	MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			(B)	(A) x (B)			(E)	(A) x (E)
TC 30%				RAD	3	2	2.0	922	2,766	365	79	513	1,539
TC 40%				RAD	0	2	2.0	922	0	608	79	513	-
TC 50%				RAD	5	2	2.0	922	4,610	608	79	513	2,565
TC 60%				RAD	15	2	2.0	922	13,830	730	79	513	7,695
									0				-
TC 30%				RAD	4	3	2.0	1097	4,388	421	97	736	2,944
TC 40%				RAD	0	3	2.0	1097	0	407	97	736	-
TC 50%				RAD	8	3	2.0	1097	8,776	703	97	736	5,888
TC 60%				RAD	26	3	1.0	1097	28,522	843	97	736	19,136
									0				-
TC 30%				RAD	2	4	2.0	1394	2,788	471	116	874	1,748
TC 40%				RAD	0	4	2.0	1394	0	785	116	874	-
TC 50%				RAD	5	4	2.0	1394	6,970	785	116	874	4,370
TC 60%				RAD	17	4	2.0	1394	23,698	942	116	874	14,858
									0				-
TC 30%				RAD - 6 Bed	1	5	2.0	1742	1,742	519	132	1135	1,135
TC 40%				RAD - 6 Bed	0	5	2.0	1742	0	488	132	1135	-
TC 50%				RAD - 6 Bed	2	5	2.0	1742	3,484	865	132	1135	2,270
TC 60%				RAD - 6 Bed	5	5	2.0	1742	8,710	1,038	132	1135	5,675
									0				-
									0				-
									0				-
									0				-
									0				-
									0				-
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									0				-
									0				-
									0				-
									0				-
									0				-
			TOTAL		93				110,284				69,823

Non Rental Income	$0.00	per unit/month for:		
Non Rental Income	0.00	per unit/month for:		
Non Rental Income	5.00	per unit/month for:	*late fees, forfeit deposits*	465
+ TOTAL NONRENTAL INCOME	**$5.00**	per unit/month		465
= POTENTIAL GROSS MONTHLY INCOME				70,288
- Provision for Vacancy & Collection Loss			% of Potential Gross Income: 5.00%	(3,514)
- Rental Concessions ***(enter as a negative number)***			**Enter as a negative value**	
= EFFECTIVE GROSS MONTHLY INCOME				66,774
x 12 = EFFECTIVE GROSS ANNUAL INCOME				801,283

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410

Gerald Cichon
Executive Director
Housing Authority of the City of El Paso
5300 E Paisano Drive
El Paso, TX 79905

Dear Mr. Cichon:

Attached please find an amended CHAP Exhibit A for your RAD project, KING; MACHUCA; HART APTS (TX003000013), whose initial CHAP was awarded December 5, 2016. As this project is already being processed for conversion, all of the established CHAP milestone due dates will remain in effect, with any extension requests subject to the same approvals as established in the original CHAP.

With the issuance of this amended CHAP Exhibit A, you are required to update all relevant information on the RAD Resource Desk, including, but not limited to, the Transaction Log and Rent Schedule, so that the transaction accurately reflects these rents, number of units and configuration presented herein. In addition, please take appropriate action if this amendment requires a Significant Amendment to your Public Housing Agency Five Year or Annual Plan.

If you have any questions regarding this Amendment, please contact your Transaction Manager.

Sincerely,

Thomas R. Davis
Director
Office of Recapitalization

EXHIBIT A

IDENTIFICATION OF UNITS ("CONTRACT UNITS") BY SIZE AND APPLICABLE CONTRACT RENTS

The Contract Rents below for the subject project were determined in accordance with PIH Notice 2012-32, REV-1 based on Fiscal Year 2012 Federal Appropriations and assumptions regarding applicable rent caps. The final RAD contracts rents, which will be reflected in the RAD HAP contract, will be based on Fiscal Year 2012 Federal Appropriations, as well as applicable program rent caps and Operating Cost Adjustment Factors (OCAFs), and, as such, may change.

Existing PIC Development Number: TX003000013
Updated PIC Development Number* (for tracking purposes only): TX003000013K
New Project Name* (for tracking purposes only): SALAZAR

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent
35	2	$513	$0	$513
74	3	$736	$0	$736
60	4	$874	$0	$874
8	5	$1,005	$0	$1,005
8	6	$1,135	$0	$1,135

Please note that this rent schedule includes the 2014, 2015, 2016 and 2017 OCAF adjustment that the PHA is eligible for, and will be confirmed during the Financing Plan review.

*The revised PIC and Project name are only applicable as references for the RAD conversion. No formal changes to PIC have been made.

RAD CHAP AWARDEES AND RESERVATIONS (2/16/2017)

TN035000001	FRANKLIN HSG AUTH B	Franklin Housing Authority	Medium	35	PBV
TN046000001	CREEKSIDE ACRES	Columbia Housing and Redevelopment Corporatio	Medium	140	PBRA
TX001000001	CHALMERS COURTS	Austin Housing Authority	Large	158	PBRA
TX001000002	ROSEWOOD COURTS	Austin Housing Authority	Large	156	PBRA
TX001000003	SANTA RITA COURTS	Austin Housing Authority	Large	97	PBRA
TX001000004	MEADOWBROOK COURTS	Austin Housing Authority	Large	160	PBRA
TX001000005	BOOKER T. WASHINGTON TER	Austin Housing Authority	Large	222	PBRA
TX001000007	LAKESIDE APARTMENTS	Austin Housing Authority	Large	164	PBRA
TX001000009	GASTON PLACE	Austin Housing Authority	Large	100	PBRA
TX001000011	THURMOND HEIGHTS	Austin Housing Authority	Large	144	PBRA
TX001000016C	NORTHGATE WEST APARTMENTS	Austin Housing Authority	Large	14	PBRA
TX001000017D	SHADOWBEND RIDGE D	Austin Housing Authority	Large	42	PBRA
TX003000011F	Sites)	Housing Authority of the City of El Paso TX	Large	130	PBRA
TX003000011G	JOHN D. CRAMER MEMORIAL (G) (Kathy White)	Housing Authority of the City of El Paso TX	Large	80	PBRA
TX003000011I	EISENHOWER (I)	Housing Authority of the City of El Paso TX	Large	66	PBRA
TX003000011J	JOHN D. CRAMER MEMORIAL (J) (Roosevelt)	Housing Authority of the City of El Paso TX	Large	146	PBRA
TX003000011MP2	JOHN D. CRAMER MEMORIAL (KATHY WHITE)	Housing Authority of the City of El Paso TX	Large	8	PBRA
TX003000013A	KING; MACHUCA; HART APTS A (DEWITTER)	Housing Authority of the City of El Paso TX	Large	8	PBRA
TX003000013F	KING; MACHURA; HART APTS F (DeWetter)	Housing Authority of the City of El Paso TX	Large	99	PBRA
TX003000013G	KING; MACHUR; HART APTS G (Valle Verde)	Housing Authority of the City of El Paso TX	Large	50	PBRA
TX003000013I	KING;MACHURA;HART APTS I (John Cramer)	Housing Authority of the City of El Paso TX	Large	144	PBRA
TX003000013J	KING; MACHUCA; HART APTS J (Tays)	Housing Authority of the City of El Paso TX	Large	278	PBRA
TX003000013K	KING; MACHUCA; HART APTS K (Salazar)	Housing Authority of the City of El Paso TX	Large	185	PBRA
TX003000013L	KING; MACHUCA; HART L (Sherman South)	Housing Authority of the City of El Paso TX	Large	180	PBRA
TX003000013MP4	RG3	Housing Authority of the City of El Paso TX	Large	153	PBRA
TX003000014B	CHELSEA (RUBEN SALAZAR PARK B)	Housing Authority of the City of El Paso TX	Large	330	PBRA
TX003000014E	RUBEN SALAZAR PARK E (Sun Plaza)	Housing Authority of the City of El Paso TX	Large	330	PBRA
TX003000014F	RUBEN, SALAZAR PARK F (Guillen)	Housing Authority of the City of El Paso TX	Large	130	PBRA
TX003000014G	RUBEN SALAZAR PARK G (Pooley)	Housing Authority of the City of El Paso TX	Large	139	PBRA
TX003000015E	HILARY J. SANDOVAL E (Martin Luther King)	Housing Authority of the City of El Paso TX	Large	152	PBRA
TX003000015F	GONZALEZ	Housing Authority of the City of El Paso TX	Large	153	PBRA
TX003000018C	ROBINSON	Housing Authority of the City of El Paso TX	Large	184	PBRA
TX003000018D	SUN PLAZA D	Housing Authority of the City of El Paso TX	Large	224	PBRA
TX003000018E	SUN PLAZA E	Housing Authority of the City of El Paso TX	Large	122	PBRA
TX003000028	EASTSIDE CROSSINGS	Housing Authority of the City of El Paso TX	Large	64	PBRA

Utility Allowances [§10.614]

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. Where the Applicant uses any method that requires Department review, such review must have been requested prior to submission of the Application. 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	$ 8	$ 9	$ 12	$ 14	$ 17	HACEP 9/1/15
Cooking	Tenant	Electric	$ 5	$ 6	$ 7	$ 8	$ 10	HACEP 9/1/15
Other Electric	Tenant		$ 16	$ 19	$ 25	$ 31	$ 37	HACEP 9/1/15
Air Conditioning	Tenant	Electric	$ 7	$ 8	$ 13	$ 18	$ 22	HACEP 9/1/15
Water Heater	Tenant	Electric	$ 10	$ 12	$ 17	$ 21	$ 25	HACEP 9/1/15
Water	Landlord							
Sewer	Landlord							
Trash	Landlord							
Flat Fee	Tenant	Electric	$ 5	$ 5	$ 5	$ 5	$ 5	HACEP 9/1/15
Other	Tenant							
Total Paid by Tenant			$ 51	$ 59	$ 79	$ 97	$ 116	

Other (Describe)

Utility allowances will be added per revised CHAP. CHAP rents will not change.

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)

Locality: **Housing Authority of the City of El Paso, TX**

Unit Type: **Apartment**

Date (mm/dd/yyyy): 09/01/2016

Utility or Service		Monthly Dollar Allowances					
Energy Efficient		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas	$3.00	$4.00	$4.00	$5.00	$5.00	$6.00
	b. Bottle Gas/Propane						
	c. Electric	$8.00	$9.00	$12.00	$14.00	$17.00	$19.00
	d. Electric Heat Pump	$3.00	$4.00	$5.00	$6.00	$7.00	$8.00
	e. Oil / Other						
Cooking	a. Natural Gas	$1.00	$1.00	$2.00	$2.00	$2.00	$3.00
	b. Bottle Gas/Propane						
	c. Electric	$5.00	$6.00	$7.00	$8.00	$10.00	$11.00
Other Electric (Lights & Appliances)		$16.00	$19.00	$25.00	$31.00	$37.00	$43.00
Air Conditioning		$7.00	$8.00	$13.00	$18.00	$22.00	$27.00
Evaporative Cooling		$3.00	$3.00	$5.00	$6.00	$8.00	$10.00
Water Heating	a. Natural Gas	$3.00	$3.00	$5.00	$6.00	$7.00	$7.00
	b. Bottle Gas/Propane						
	c. Electric	$10.00	$12.00	$17.00	$21.00	$25.00	$27.00
	d. Oil / Other						
Water		$16.00	$18.00	$22.00	$25.00	$29.00	$32.00
Sewer		$23.00	$25.00	$28.00	$31.00	$34.00	$38.00
Trash Collection		$18.00	$18.00	$18.00	$18.00	$18.00	$18.00
Range / Microwave Tenant-supplied		$12.00	$12.00	$12.00	$12.00	$12.00	$12.00
Refrigerator Tenant-supplied		$13.00	$13.00	$13.00	$13.00	$13.00	$13.00
Other--specify:	**Monthly Electric Fee $5.18**	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00
	Monthly Gas Fee $18.10	$18.00	$18.00	$18.00	$18.00	$18.00	$18.00

Actual Family Allowances

To be used by the family to compute allowance. *Complete below for the actual unit rented.*

Name of Family

Address of Unit

Number of Bedrooms

Utility or Service	per month cost
Heating	$
Cooking	$
Other Electric	$
Air Conditioning	$
Water Heating	$
Water	$
Sewer	$
Trash Collection	$
Range / Microwave	$
Refrigerator	$
Other	$
Other	$
Total	$

ANNUAL OPERATING EXPENSES

General & Administrative Expenses					
Accounting		$	11,071		
Advertising		$	1,764		
Legal fees		$	1,452		
Leased equipment		$			
Postage & office supplies		$	300		
Telephone		$	1,032		
Other	*Fuel, Membership Fees, Contracts, IT*	$	6,300		
Other	*Third Party Compliance Oversight*	$	22,230		
Total General & Administrative Expenses:				$	44,149
Management Fee:	Percent of Effective Gross Income:		5.00%	$	40,064
Payroll, Payroll Tax & Employee Benefits					
Management		$	39,735		
Maintenance		$	21,405		
Other	*Employee Benefits*	$	15,288		
Other	*describe*				
Total Payroll, Payroll Tax & Employee Benefits:				$	76,428
Repairs & Maintenance					
Elevator		$			
Exterminating		$	1,116		
Grounds		$	16,182		
Make-ready		$	5,100		
Repairs		$	33,624		
Pool		$			
Other	*Maintenance Contracts - Janitorial*	$	13,872		
Other	*Service Contracts*	$	7,548		
Total Repairs & Maintenance:				$	77,442
Utilities (Enter Only Property Paid Expense)					
Electric	*HACEP Portfolio Expenses*	$	33,528		
Natural gas		$			
Trash	*HACEP Portfolio Expenses*	$	5,580		
Water/Sewer	*HACEP Portfolio Expenses*	$	29,544		
Other	*describe*	$			
Other	*describe*	$			
Total Utilities:				$	68,652
Annual Property Insurance:	Rate per net rentable square foot:	$	0.21	$	23,159
Property Taxes:					
Published Capitalization Rate:		Source:	NA - Tax Exemption		
Annual Property Taxes		$			
Payments in Lieu of Taxes		$			
Total Property Taxes:				$	-
Reserve for Replacements:	Annual reserves per unit:	$	$ 250	$	23,250
Other Expenses					
Cable TV		$			
Supportive Services (Staffing/Contracted Services)		$	10,044		
TDHCA Compliance fees		$	3,720		
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)		$			
Security		$	3,378		
Other	*describe*	$			
Other	*describe*	$			
Total Other Expenses:				$	17,142
TOTAL ANNUAL EXPENSES	Expense per unit:	$	3982	$	370,286
	Expense to Income Ratio:		**46.21%**		
NET OPERATING INCOME (before debt service)				$	430,997
Annual Debt Service					
Citibank		$	370,786		
		$			
		$			
		$			
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.16	$	370,786
NET CASH FLOW				$	60,211

15 Year Rental Housing Operating Pro Forma

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 market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. 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	$837,876	$854,634	$871,726	$889,161	$906,944	$1,001,339	$1,105,560
Secondary Income	$ 5,580	$ 5,692	$ 5,805	$ 5,922	$ 6,040	$ 6,669	$ 7,363
POTENTIAL GROSS ANNUAL INCOME	$843,456	$860,325	$877,532	$895,082	$912,984	$1,008,008	$1,112,922
Provision for Vacancy & Collection Loss	($42,173)	($43,016)	($43,877)	($44,754)	($45,649)	($50,400)	($55,646)
Rental Concessions	$0						
EFFECTIVE GROSS ANNUAL INCOME	$801,283	$817,309	$833,655	$850,328	$867,335	$957,608	$1,057,276
EXPENSES							
General & Administrative Expenses	$44,149	$45,473	$46,838	$48,243	$49,690	$57,604	$66,779
Management Fee	$ 40,064	$ 40,865	$ 41,683	$ 42,516	$ 43,367	$ 47,880	$ 52,864
Payroll, Payroll Tax & Employee Benefits	$ 76,428	$ 78,721	$ 81,082	$ 83,515	$ 86,020	$ 99,721	$ 115,604
Repairs & Maintenance	$ 77,442	$ 79,765	$ 82,158	$ 84,623	$ 87,162	$ 101,044	$ 117,138
Electric & Gas Utilities	$ 33,528	$ 34,534	$ 35,570	$ 36,637	$ 37,736	$ 43,746	$ 50,714
Water, Sewer & Trash Utilities	$ 35,124	$ 36,178	$ 37,263	$ 38,381	$ 39,532	$ 45,829	$ 53,128
Annual Property Insurance Premiums	$ 23,159	$ 23,854	$ 24,569	$ 25,306	$ 26,066	$ 30,217	$ 35,030
Property Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reserve for Replacements	$ 23,250	$ 23,948	$ 24,666	$ 25,406	$ 26,168	$ 30,336	$ 35,168
Other Expenses	$ 17,142	$ 17,656	$ 18,186	$ 18,732	$ 19,293	$ 22,366	$ 25,929
TOTAL ANNUAL EXPENSES	$370,286	$380,994	$392,015	$403,359	$415,034	$478,745	$552,354
NET OPERATING INCOME	$430,997	$436,315	$441,640	$446,969	$452,300	$478,863	$504,922
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$370,786	$370,786	$370,786	$370,786	$370,786	$370,786	$370,786
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$60,211	$65,529	$70,854	$76,183	$81,514	$108,077	$134,136
CUMULATIVE NET CASH FLOW	$60,211	$125,740	$196,594	$272,777	$354,292	$828,269	$1,433,801
Debt Coverage Ratio	1.16	1.18	1.19	1.21	1.22	1.29	1.36
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, is consisstent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (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

Development Cost Schedule

Self Score Total: **#DIV/0!**

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.	
ACQUISITION				
Site acquisition cost	1,054,717			Upfront ground lease payment
Existing building acquisition cost				
Closing costs & acq. legal fees				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Acquisition Cost	$1,054,717	$0	$0	
OFF-SITES[2]				
Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities				
Sewer lateral(s)				
Off-site paving				
Off-site electrical	92,500			
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Off-Sites Cost	$92,500	$0	$0	
SITE WORK[3]				
Demolition				
Asbestos Abatement (Demolition Only)				
Detention				
Rough grading	323,060		323,060	
Fine grading				
On-site concrete	85,073		85,073	
On-site electrical				
On-site paving	413,310		413,310	
On-site utilities	302,259		302,259	
Decorative masonry	0		0	
Bumper stops, striping & signs	6,250		6,250	
Other (specify) - see footnote 1				
Subtotal Site Work Cost	$1,129,952	$0	$1,129,952	
SITE AMENITIES				
Landscaping	120,900		120,900	
Pool and decking	100,000		100,000	
Athletic court(s), playground(s)			0	
Fencing	130,300		130,300	
Other (specify) - see footnote 1				
Subtotal Site Amenities Cost	$351,200	$0	$351,200	

BUILDING COSTS*:						
Concrete		423,580		423,580		
Masonry		876,948		876,948		
Metals		72,000		72,000		
Woods and Plastics		2,153,771		2,153,771		
Thermal and Moisture Protection		75,795		75,795		
Roof Covering		75,150		75,150		
Doors and Windows		195,256		195,256		
BUILDING COSTS (Continued):						
Finishes		853,556		853,556		
Specialties		1,451,984		1,451,984		
Equipment		185,375		185,375		
Furnishings						
Special Construction						
Conveying Systems (Elevators)						
Mechanical (HVAC; Plumbing)		516,150		516,150		
Electrical		1,071,326		1,071,326		
Individually itemize costs below:						
Detached Community Facilities/Building		300,000		300,000		
Carports and/or Garages						
Lead-Based Paint Abatement						
Asbestos Abatement (Rehabilitation Only)						
Structured Parking						
Commercial Space Costs						
Other (specify) - see footnote 1						
Subtotal Building Costs		$8,250,891	$0	$8,250,891		
TOTAL BUILDING COSTS & SITE WORK (including site amenities)		$9,732,043	$0	$9,732,043		
Contingency	7.00%	$687,718		681,243		
TOTAL HARD COSTS		$10,512,261	$0	$10,413,286		
OTHER CONSTRUCTION COSTS						
General requirements (<6%)	6.00%	630,736		624,797	6.00%	
Field supervision (within GR limit)						
Contractor overhead (<2%)	2.00%	210,245		208,266	2.00%	
G & A Field (within overhead limit)						
Contractor profit (<6%)	6.00%	630,736		624,797	6.00%	
TOTAL CONTRACTOR FEES		$1,471,717	$0	$1,457,860		
TOTAL CONSTRUCTION CONTRACT		*$11,983,978*	*$0*	*$11,871,146*		

SOFT COSTS[3]				
Architectural - Design fees	850,459		850,459	
Architectural - Supervision fees	45,000		45,000	
Engineering fees				
Real estate attorney/other legal fees	287,500		287,500	
Accounting fees	50,000		50,000	
Impact Fees	104,625		104,625	
Building permits & related costs	11,625		11,625	reflects $10 waiver from City
Appraisal				
Market analysis	25,000		25,000	
Environmental assessment	10,000		10,000	
Soils report	0		0	
Survey	9,000		9,000	
Marketing	70,000			
Hazard & liability insurance	167,447		167,447	
Real property taxes				
Personal property taxes				
Tenant Relocation Expenses	262,914		262,914	
FF&E	76,000		76,000	
Other (specify) - see footnote 1				
Subtotal Soft Cost	$1,969,570	$0	$1,899,570	
FINANCING:				
CONSTRUCTION LOAN(S)[3]				
Interest	798,851		532,568	
Loan origination fees	137,324			
Title & recording fees	61,111		61,111	
Closing costs & legal fees	100,000			
Inspection fees	11,250		11,250	
Credit Report				
Discount Points				
Lender Due Diligence	25,000		25,000	
Other (specify) - see footnote 1				
PERMANENT LOAN(S)				
Loan origination fees	56,500			
Title & recording fees				
Closing costs & legal				
Bond premium				
Credit report				
Discount points				
Credit enhancement fees				
Prepaid MIP				
Conversion Fee and Expenses	15,000			
Other (specify) - see footnote 1				
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[3]					
Tax credit fees		87,000			
Tax and/or bond counsel					
Payment bonds		15,597			
Performance bonds		111,167		111,167	
Credit enhancement fees					
Mortgage insurance premiums					
Cost of underwriting & issuance					
Syndication organizational cost		75,000			
Tax opinion					
Other (specify) - see footnote 1					
Other (specify) - see footnote 1					
Subtotal Financing Cost		$1,493,800	$0	$741,096	
DEVELOPER FEES[3]					
Housing consultant fees[4]					
General & administrative		680,932		680,932	
Profit or fee		1,503,518		1,495,840	
Subtotal Developer Fees	14.95%	$2,184,450	$0	$2,176,772	15.00%
RESERVES					
Rent-up					
Operating		370,582			
Replacement					
Escrows					
Subtotal Reserves		$370,582	$0	$0	
TOTAL HOUSING DEVELOPMENT COSTS[5]		$19,057,097	$0	$16,688,584	
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			$0	$16,688,584	
**High Cost Area Adjustment (100% or 130%)				130%	
Total Adjusted Basis			$0	$21,695,159	
Applicable Fraction				100%	
Total Qualified Basis		$21,695,159	$0	$21,695,159	
Applicable Percentage[6]				9.00%	
Credits Supported by Eligible Basis		$1,952,564	$0	$1,952,564	
(May be greater than actual request)					

Name of contact for Cost Estimate: **Jorge L. Azcarate, PE, CFM**

Phone Number for Contact: **(915) 544-5232 Ext. 19**

Footnotes:

[1] An itemized description of all "other" costs must be included at the end of this exhibit.

[2] 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.

[3] (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.

[4] *(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.

[5] *(HTC Only)* Provide **all** costs & Eligible Basis associated with the Development.

[6] (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

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

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	
Debt										
TDHCA	Multifamily Direct Loan (Repayable)	$0	0.00%		$ -	0.00%	30	0		
TDHCA	Multifamily Direct Loan (Deferred Forgivable)	$0	0.00%		$ -	0.00%	0	0		
TDHCA	Mortgage Revenue Bond	$0	0.00%		$ -	0.00%	0	0		
Citibank	Conventional Loan	$13,732,443	3.91%	First						
Citibank	Conventional Loan				$ 5,650,000	5.65%	35	15		First
Third Party Equity										
RBC Capital Markets	HTC $ 1,500,000	$ 1,979,802			$ 13,198,680				0.88	
Grant										
Deferred Developer Fee										
	Deferred Fee	$ 1,476,043			$ 208,407					
Other										
	Total Sources of Funds	$ 17,188,288			$ 19,057,087					
	Total Uses of Funds				$ 19,057,097					

Briefly describe the complete financing plan for the Development, including a discussion of the sources of funds. The information must be consistent with all other documentation in this section. Provide sufficient detail so that the reader can understand all terms related to each source that are not readily apparent above or in the term sheets.

Commissioners' Corner I will be financed with a Citibank construction loan and permanent mortgage. Tax credit equity will be provided by RBC Capital Markets. 15% of equity will be made available at closing, with the balance of the equity paid in installments at completion, stabilized occupancy and receipt of 8609(s). Any deferred developer fee will be repaid within the 15 year credit period. The project will benefit from rental asistance on 100% of the units through the RAD conversion of Public Housing Units.

Community Capital

TERM SHEET

Multifamily Rental Developments with Rent Restrictions
New Construction and/or Substantial Rehabilitation and/or Term Mortgages

COMMISSIONER'S CORNER 9%

June 16, 2017

NOTE: This Term Sheet constitutes a brief summary of certain, but not all, transaction terms and conditions for discussion purposes only. The summary that follows is subject to credit approval and does not constitute an offer or commitment.

In connection with this Term Sheet, CITI will be acting solely as a principal and not as your agent, advisor or fiduciary. CITI has not assumed a fiduciary responsibility with respect to this Term Sheet, and nothing in this transaction or in any prior relationship between you and CITI will be deemed to create an advisory, fiduciary or agency relationship between us in respect of this Term Sheet. You should consider carefully whether you would like to engage an independent advisor to represent or otherwise advise you in connection with this Term Sheet, if you have not already done so.

PRELIMINARY LOAN TERMS

Transaction Summary:	Citibank, N.A. ("CITI") proposes to arrange a construction/permanent loan ("Loan") to the Borrower (defined below) in connection with the acquisition and construction of the Property described below.
Property:	A to-be-constructed multifamily project containing 93 units located in El Paso, TX. The property is commonly referred to as "Commissioner's Corner 4%" ("Property")
Set-Asides:	100% of the units are reserved for individuals or families whose income is no greater than 60% of Area Median Income ("AMI").
Applicant:	Versa Development, LLC and the Paisano Housing Redevelopment Corporation
Borrower:	A single asset entity whose manager or general partner is the Applicant or an affiliate of Applicant. Borrower entity, its constituent entities and its operating agreement must be acceptable to CITI in all respects.
LIHTC Investor/ Syndicator:	If applicable, the Low Income Housing Tax Credit ("LIHTC") Investor/Syndicator, the upper tier investor(s) and the terms and conditions of the operating agreement must be acceptable to CITI in all respects including, particularly, the timing and conditions to funding capital contributions. RBC is an approved LIHTC Investor/Syndicator.
Guarantor(s):	GMAT Development and/or other individuals or corporate entities acceptable to CITI in all respects. The Guarantor(s)' financial condition(s) must be acceptable to CITI in all respects.
Subordinate Debt:	If applicable, the sources of subordinate debt and the subordinate loan documents must be acceptable to CITI in all respects. All subordinate debt must fund prior to the Loans funding unless CITI approves other arrangements.

Loan Security: First lien on land and any improvements, UCC filings for fixtures; assignment of all leases and rents; and, a first priority collateral assignment of all contracts, management agreements, and other agreements and all permits relating to the Property. Ground leases must be subordinate to CITI's lien position unless the fee interest is owned by a government agency to ensure long-term affordability. All income and rent restrictions will be subordinate to the CITI security instrument.

Construction Phase Recourse Guarantees: Prior to Conversion of the Loan to the Permanent Phase (described below) and during the Construction Phase (described below), the Loan will be fully recourse to the Borrower and to the Guarantor(s) and Completion and Repayment Guarantees are required from the Borrower and the Guarantor(s).

Guarantees, Permanent Phase: None, except for industry standard carve outs ("Carve Outs"). Carve Outs include guarantees against fraud, misrepresentation, bankruptcy and environmental issues.

Environmental Indemnity: Borrower and Guarantor(s) will be liable for CITI's standard environmental indemnity.

Closing: Closing is subject to full satisfaction of CITI's standard due diligence, underwriting and credit approval processes, and the execution and delivery of all required loan documents, delivery of opinions, payment of fees and other customary requirements.

Closing Date (*est.*): Third Quarter 2017

CONSTRUCTION PHASE

Construction Phase Loan Amount: An amount, currently estimated to be $13,732,443, but in any event, an amount not to exceed 80% of costs budgeted for the Construction Phase.

Term: 24 months, plus two 6-month extension(s). Fees for the extension(s) are indicated below under "Fees & Expenses."

Construction Phase Interest Rate: Pricing will be set at a variable rate equal to one month LIBOR plus a spread of 2.75%. Rate adjusts monthly. Currently, one month LIBOR is trading at approximately 1.16%, for an all-in rate of 3.91%. One month LIBOR will have a floor of 0.00%. Pricing is based on current market conditions and is subject to change.

Availability: Loan proceeds will be advanced to Borrower on a "draw down" basis upon receipt of a written request from Borrower, supported by documentation acceptable to CITI. Borrower will be required to submit a loan budget worksheet with each draw request tracking all Property sources and uses of funds. Draw requests limited to one per month.

Loan in Balance: The Loan must remain "in balance" during the Construction Phase. "In balance" means that (1) the funds available during the Construction Phase (from the Loan and all other debt and equity sources) are sufficient to complete the construction or rehabilitation of the Property and all other expenses reasonably expected to be necessary to achieve the conditions for conversion of the Loan to the Permanent Phase; and (2) the sources available at Conversion are sufficient to pay down the Construction Phase Loan Amount to the Permanent Phase Loan Amount, along with any other funding requirements for Conversion.

Amortization: None. Payments on the Loan during the Construction Phase will be interest only.

Prepayment and Yield Maintenance: Voluntary prepayment of Loan principal amounts during the Construction Phase, including those as a result of a Borrower default, may be made without prepayment premium unless the Construction Phase Loan Amount is reduced to less than the Permanent Phase Loan Amount (as defined below).

If the prepayment reduces the Loan amount to an amount less than the Permanent Phase Loan Amount, the Borrower shall pay the greater of: (i) 1% of the amount of the Loan prepaid below 100% of the Permanent Phase Loan Amount; or (ii) CITI's standard yield maintenance amount on the amount of the Loan prepaid below 100% of the Permanent Phase Loan Amount.

In the event that a Loan prepayment resulting from a Loan resizing, as determined by CITI in its sole discretion, reduces the Loan amount to an amount less than the Permanent Phase Loan Amount, the Borrower shall pay the greater of: (i) 1% of the amount of the Loan prepaid below 90% of the Permanent Phase Loan Amount; and (ii) CITI's standard yield maintenance amount on the amount of the Loan prepaid below 90% of the Permanent Phase Loan Amount.

Notwithstanding any of the above, in the event the amount of such prepayment would cause the Loan amount to fall below 50% of the Permanent Phase Loan Amount, the Borrower shall be required to repay the Loan in full plus the greater of: (i) 1% of the amount of the Loan repaid below 90% of the Permanent Phase Loan Amount; and (ii) CITI's standard yield maintenance amount on the amount of the Loan repaid below 90% of the Permanent Phase Loan Amount.

If Borrower prepays Loan principal amounts through the application of insurance proceeds or a condemnation award, no prepayment premium shall be payable to CITI

Interest Reserve: Calculated at the Construction Phase Interest Rate noted above, plus a cushion acceptable to CITI at time of final Credit approval. Currently, CITI is underwriting with a cushion of 1.00%. The Interest Reserve will be sized based on an analysis of the projected draw schedule for the Loan during the Construction Phase.

Budget and Contingencies: The budget for the Construction Phase, including all budget line items, is subject to CITI approval. The budget shall include a hard cost contingency of no less than 5% of budgeted hard costs for new construction projects and no less than 10% of budgeted hard costs for rehabilitation projects. The budget shall include a soft cost contingency of no less than 5% of budgeted soft costs, excluding 1) soft costs incurred prior to or in connection with closing; 2) interest reserve and bank fees; 3) capitalized operating reserve deposits and other costs that may be due in connection with Conversion for which specific sources are identified; and 4) developer fees.

General Contractor and Bonding Requirements: The general contractor and the construction contract must be acceptable to CITI. CITI will require payment and performance bonds equal to 100% of the construction contract amount. Surety issuing bonds must have an A.M. Best rating of "A/VIII" or better and must be acceptable to CITI in all other respects. In lieu of bonds, CITI will accept a letter of credit ("LC") equal to 10% of the hard cost budget. LC provider must be rated "BBB" or better.

Retainage: Construction contract will provide for a minimum retainage of 10% of each construction pay application until "substantial completion" (as defined in the Loan documents). Retainage percentage amounts can be revised, but only down to a minimum of 10% until 50% completion and then 0% retention withheld thereafter. No release of retainage is permitted for achieving 50% completion. All retained amounts will be released upon final, lien-free completion of construction, as approved by CITI.

PERMANENT PHASE

Permanent Phase Loan Amount: The estimated Permanent Phase Loan Amount is currently estimated to be in the maximum amount of $5,650,000 or such other loan amount supported by CITI's underwriting of the Property at the time of Conversion in accordance with CITI's underwriting requirements including those listed below.

Term/Amortization: 15/35 years

Yield Maintenance Period: From Closing until 6 months prior to the end of the Permanent Phase.

Permanent Phase Interest Rate: Fixed rate equal to the 10-year Treasury yield plus a spread of 3.50. Currently, 10-year Treasury is trading at approximately 2.15%, for an all-in rate of 5.65%. Pricing is based on current market conditions and is subject to change. The rate will be committed at the time of closing of the Construction Phase financing.

Conversion to Permanent Phase Requirements: Conversion requirements include completion of construction and 90% physical occupancy of Project for three consecutive calendar months. CITI will review the Property's net operating income to determine the maximum Permanent Phase Loan Amount based on the Debt Service Coverage and Loan-to-Value noted below. For purposes of this Term Sheet, the term "Construction Phase" means the period from the Closing Date through the day prior to the Conversion Date and the term "Permanent Phase" means the period from the Conversion Date (inclusive) through the maturity date (or earlier termination) of the Project's permanent financing.

Debt Service Coverage: A minimum of 1.15 to 1.00.

Loan-to-Value: 90% of market value, based on restricted rents and inclusive of value of permanent below market financing (if applicable), assuming project rents on 80% or more of the units are discounted to a level at least 10% below market. Otherwise, 85%.

Replacement Reserve: Upon Conversion, Borrower will be required to fund a Replacement Reserve for each of the first five years following Conversion in a minimum amount of $250/unit/year for new construction projects or, for renovation projects, in an amount determined by a Physical Needs Assessment acceptable to CITI, but in a minimum amount of $250/unit/year. For each successive five year period thereafter until Tax-exempt Loan maturity, the Replacement Reserve level will be determined by a new Physical Needs Assessment acceptable to CITI.

Taxes and Insurance: Commencing upon Conversion, real estate taxes and insurance premiums must be escrowed with the Loan servicer ("Servicer") on a monthly prorated basis in an amount

sufficient to enable the Servicer to pay (at least 30 days before due) all taxes, assessments, insurance premiums or other similar charges affecting the Property.

OTHER

Appraisal, Environmental, Plan/Cost Reviews: Appraisal and Plan/Cost Review reports will be commissioned and reviewed by CITI. CITI may rely upon environmental reports commissioned by Borrower if report is current (within 12 months) and Citi has been provided evidence of acceptable E&O insurance coverage carried by Borrower's environmental consultant and a reliance letter in form acceptable to CITI. Appraisal, environmental condition and plan/cost reviews must be acceptable to CITI in all respects.

Property Tax Abatements, Incentives: All documentation related to any tax abatement or tax incentives must be acceptable to CITI in all respects.

Developer Fee: Any developer fee paid prior to conversion to the Permanent Phase shall be pre-approved by CITI in its sole discretion.

FEES & EXPENSES

Application Fee: $25,000, which amount shall be non-refundable (except as set forth in the "Exclusivity" section of the Preliminary Application to which this Term Sheet is appended) and due and payable upon acceptance of a Preliminary Application. This fee is applicable toward third party reports, loan underwriting and processing (in the minimum amount of $5,000), and CITI's initial legal fees. Applicant is responsible for the payment of all reasonable costs incurred in connection with the underwriting, processing and/or closing of the Loan (including CITI legal fees).

Origination Fee: A non-refundable Origination Fee equal to 1.00% of the Construction Phase Loan Amount and 1.00% of the Permanent Phase Loan Amount ("Origination Fee") shall be earned in full by CITI upon the closing of the Loan, and is due and payable at that time. The Origination Fee will be applied towards CITI's costs of providing this financing.

CITI Legal Fees (*est*): Estimated fees of CITI's counsel for the initial closing are to be determined and assumes no significant negotiation over CITI's form documents. A portion of the Application Fee will be applied to initial CITI counsel fees. Applicant agrees to make a supplemental deposit to cover CITI's counsel fees once the drafting of legal documentation commences, if requested.

Fees of CITI's counsel for work associated with Conversion of the Loan to the Permanent Phase are estimated to be $10,000 plus expenses.

Course of Construction Inspections (*est*): $TBD/monthly report.

Construction Term Extension Fee: The first extension will be offered free of charge and the second will be offered at a charge of 0.25% of the Tax-exempt and Taxable Construction Phase Loan Amount.

Conversion Fee and Expenses:	A Conversion fee equal to $10,000 will be charged by CITI. Other expenses, including insurance review, site inspection and loan servicer set-up fees are estimated to be $5,000.
Other Costs:	Applicant is responsible for costs of survey, title insurance policy, hazard insurance policy, tax escrow fee and all other normal and customary loan closing expenses.
Term Sheet Expiration Date:	Fifteen (15) days after the date hereof, unless attached to a Preliminary Application letter.

This Term Sheet is an indication of our proposal to finance the Property. It is understood and agreed that this Term Sheet does not, in any manner, constitute a commitment to lend. The financing documents evidencing the Loan will be documented separately and will contain terms and conditions that may be in addition to or in substitution of those set forth in this Term Sheet.

Any terms set forth herein are intended for discussion purposes only and are subject to the final terms as set forth in separate definitive written agreements. This Term Sheet is not a commitment to lend, syndicate a financing, underwrite or purchase securities, or commit capital. By accepting this Term Sheet, subject to applicable law or regulation, you agree to keep confidential the existence of and proposed terms for any transaction contemplated hereby (a "Transaction").

The provision of information in this Term Sheet is not based on your individual circumstances and should not be relied upon as an assessment of suitability for you of a particular product or transaction. Even if CITI possesses information as to your objectives in relation to any transaction, series of transactions or trading strategy, this will not be deemed sufficient for any assessment of suitability for you of any transaction, series of transactions or trading strategy.

This Term Sheet is provided for information purposes and is intended for your use only. Except in those jurisdictions where it is impermissible to make such a statement, CITI hereby informs you that this Term Sheet should not be considered as a solicitation or offer to sell or purchase any securities or other financial products. This Term Sheet does not constitute investment advice and does not purport to identify all risks or material considerations which should be considered when undertaking a transaction. CITI makes no recommendation as to the suitability of any of the products or transactions mentioned. Any trading or investment decisions you take are in reliance on your own analysis and judgment and/or that of your advisors and not in reliance on us.

CITI often acts as (i) a market maker; (ii) an issuer of financial instruments and other products; and (iii) trades as principal in many different financial instruments and other products, and can be expected to perform or seek to perform investment banking and other services for the issuer of such financial instruments or other products. The author of this Term Sheet may have discussed the information contained herein with others within or outside CITI and the author and/or such other Citi personnel may have already acted on the basis of this information (including by trading for CITI's proprietary accounts or communicating the information contained herein to other customers of CITI). CITI, CITI's personnel (including those with whom the author may have consulted in the preparation of this Term Sheet), and other customers of CITI may be long or short the financial instruments or other products referred to in this Term Sheet, may have acquired such positions at prices and market conditions that are no longer available, and may have interests different from or adverse to your interests.

CITI is required to obtain, verify and record certain information that identifies each entity that enters into a formal business relationship with CITI. CITI will ask for your complete name, street address, and taxpayer ID number. CITI may also request corporate formation documents, or other forms of identification, to verify information provided.

Although Citibank, N.A. (together with its subsidiaries and branches worldwide, "Citibank") is an affiliate of CITI, you should be aware that none of the financial instruments or other products mentioned in this term sheet (unless expressly stated otherwise) are (i) insured by the Federal Deposit Insurance Corporation or any other governmental authority, or (ii) deposits or other obligations of, or guaranteed by, Citibank or any other insured depository institution.

IRS Circular 230 Disclosure: CITI and its employees are not in the business of providing, and do not provide, tax or legal advice to any taxpayer outside of CITI. Any statements in this term sheet regarding tax matters were not intended or written to be used, and cannot be used or relied upon, by any taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

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RBC Capital Markets®

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June 16, 2017

Versa Development, LLC
4733 College Park, Suite 200
San Antonio, TX 78249
Attn: Manish Verma

Re: ***Commissioner's Corner***
El Paso, El Paso County, TX

Dear Manish:

Thank you for providing us the opportunity to submit a proposal on Commissioner's Corner (the "Project"). This letter serves as our mutual understanding of the business terms regarding the acquisition of an ownership interest in Commissioner's Corner, LP, a Texas limited partnership, or similar entity to be formed (the "Partnership"). RBC Tax Credit Equity, LLC, its successors and assigns ("RBC") will acquire a 99.98% interest, and RBC Tax Credit Manager II, Inc. ("RBC Manager") will acquire a .01% interest (collectively, the "Interest") in the Partnership.

1. **Project and Parties Involved.**

(a) The Project, located in the City of El Paso, County of El Paso, State of Texas will consist of 93 apartment units. Within the Project 93 units 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 a to-be-determined single purpose, taxable entity which is anticipated to be owned by the Housing Authority of the City of El Paso.

(ii) **Developer**. The Developer is Versa Development LLC, or an affiliate.

(iii) **Guarantors**. Subject to RBC's review and approval of financial statements, the Guarantors are the Developer, the General Partner, Manish Verma, and other entities deemed necessary by RBC, on a joint and several basis.

2. **Purchase Price**. The Interest in the Partnership will be acquired for a total capital contribution of $13,198,680. 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 $0.88. 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 2016 LIHTC in the amount of $1,500,000 annually. The total LIHTC anticipated to be delivered to the Partnership is $15,000,000. The LIHTC will be available to the Partnership beginning in 2018.

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**.

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) $0.88 multiplied by (ii) the difference between Projected LIHTC and Certified LIHTC.

(b) Late Delivery Adjustment. The amount of LIHTC allocated to RBC for 2018 will be determined at the time the Project is fully leased. If the amount of the LIHTC allocated to RBC for calendar year 2018 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 year 2018 less the present value (using a 10% discount rate) of the additional LIHTC projected to be received in 2028.

(c) 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.

(d) Early Delivery Adjustment. The amount of LIHTC allocated to RBC for 2018 will be determined at the time the Project is fully leased. If the amount of the LIHTC allocated to RBC for calendar year 2018 is 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 year 2018, multiplied by $0.40. This additional capital contribution will be paid by RBC at the time of its final capital contribution and will be applied first to any deferred developer fee, with any remaining amounts released to Net Cash Flow.

(e) 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) $0.88 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 and will be applied first to any deferred developer fee, with any remaining amounts released to Net Cash Flow.

The aggregate of the Early Delivery Adjustment and Upward Capital Adjustment will not exceed 5% of the total capital contribution.

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 is projected to remain above 1.15 debt service coverage ratio throughout the compliance period using 2% income trending, 3% expense trending and a 5% vacancy factor; 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 in an amount equal to 6 months of operating expenses, debt service, and replacement reserve contributions. 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 0% 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 is projected to remain above 1.15 debt service coverage ratio throughout the compliance period using 2% income trending, 3% expense trending and a 7% vacancy factor, 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.

(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. The Guarantors will maintain a net worth and liquidity level as determined by RBC after review of the Guarantors' financial statements.

7. **Reserves**.

(a) Operating Reserves. An operating reserve in an amount equal to six months of operating expenses, debt service and replacement reserve contributions will be established and maintained by the General Partner concurrent with RBC's third capital contribution. Withdrawals from the operating reserve will be subject to RBC's consent. 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 substantial completion of the Project.

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 $2,184,450 projected to be paid as follows:

(i) $500,000 (22.9%) concurrent with RBC's first capital contribution;

(ii) $580,083 (26.6%) concurrent with RBC's second capital contribution;

(iii) $500,000 (22.9%) concurrent with RBC's third capital contribution;

(iv) $395,960 (18.1%) concurrent with RBC's final capital contribution; and

(v) $208,407 (9.5%) is deferred and paid from net cash flow.

The deferred portion of the developer fee shall accrue interest at 8% per annum commencing as of the date of RBC's final capital contribution. 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 will not exceed 5% of gross rental revenues. The management agent and the terms of the property management agreement are subject to the prior approval of RBC. If the management agent is an affiliate of any Guarantor, its fee will be subordinated to payment of operating costs and required debt service and reserve payments.

(d) Asset Management Fee. The Partnership will pay RBC Manager an annual asset management fee of $7,500 which will increase by 3% annually.

9. **Tax Benefits and Distributions**.

(a) Tax Benefits. Tax profits, tax losses, and tax credits will be allocated 99.98% to RBC, .01% to RBC Manager, and .01 % 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 required in Paragraph 7(a);

(iv) to the payment of any unpaid developer fee;

(v) to the payment of any debts owed to the General Partner or their affiliates;

(vi) 90% of the remaining cash flow to the General Partner as an incentive management fee; and

(vii) 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, 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 their affiliates including any unpaid developer fee;

(vii) to RBC Manager, 1% of such proceeds as a capital transaction administrative fee;

(viii) 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

(ix) 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. 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 a construction contingency in an amount not less than 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 $75,000 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.

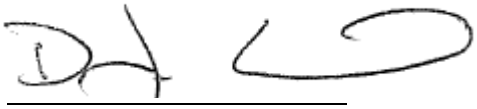
(b) Information and Laws. No adverse change in the information you have provided to us, no adverse change in market conditions and no adverse change in existing law.

(c) Anticipated Closing Date. The closing occurring on or before September 30, 2017.

(d) Third Party Investor. RBC's receipt of a firm commitment from a third party investor to purchase from RBC the LP Interest on terms and conditions satisfactory to RBC in its sole discretion.

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.

Very truly yours,



By: _____
Name: Dan Kierce
Title: Director

EXHIBIT A
CAPITAL CONTRIBUTIONS

Conditions	Amount	Anticipated Funding Date
i) 15.00% upon the later of: (a) the execution of the Partnership Agreement, (b) closing of the financing sources described in Exhibit B, and (c) receipt and approval of all due diligence items on RBC's due diligence checklist.	$1,979,802	9/1/17
ii) 15.00% 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) January 1, 2019.	$1,979,802	1/1/19
iii) 67.00% upon the later of: (a) receipt of a final cost certification from an independent certified public accountant, (b) achievement of 100% qualified occupancy, (c) permanent loan conversion, including achievement of 90 days at a 1.15 Debt Service Coverage Ratio, and (d) July 1, 2019.	$8,843,116	7/1/19
iv) 3.00% upon the later of: (a) achievement of the Stabilization Date, (b) receipt of the IRS Form 8609, and (c) October 1, 2019.	$395,960	10/1/19
Total:	$13,198,680	

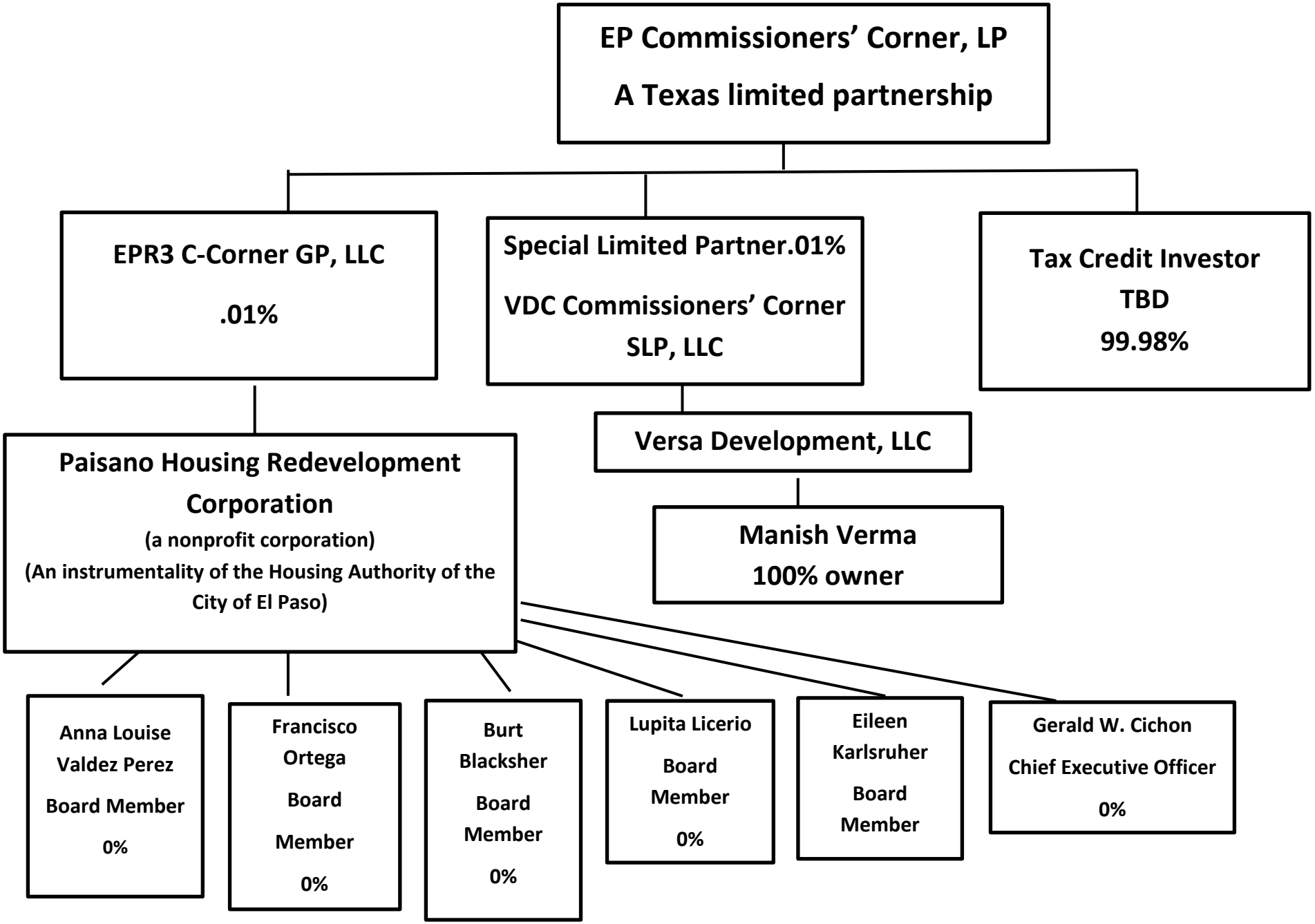
EXHIBIT B
SOURCES

Construction/Permanent Loan

- Lender: Citi Community Capital (or another Lender acceptable to RBC)
- Amount: Approximately $13,750,000 during construction, $5,650,000 upon Conversion
- Maturity: 35 years after Conversion
- Amortization: 35 years
- Interest Rate: TBD during construction, 5.65% (estimated) upon Conversion
- Collateral: 1st mortgage on Project during construction and upon Conversion (or other collateral acceptable to RBC)

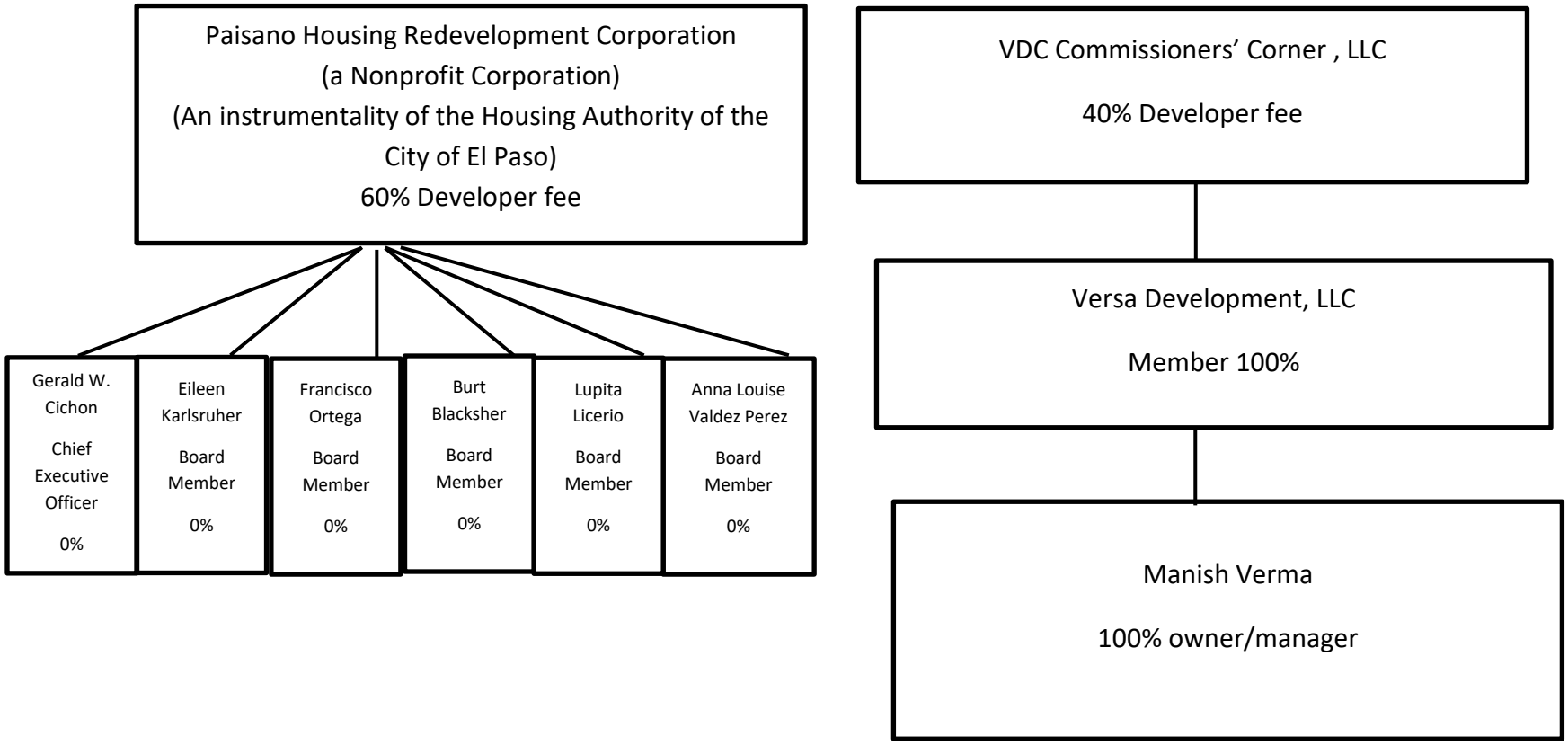
AMAM - Received 07.17.17 - LD

Ownership Organizational Chart



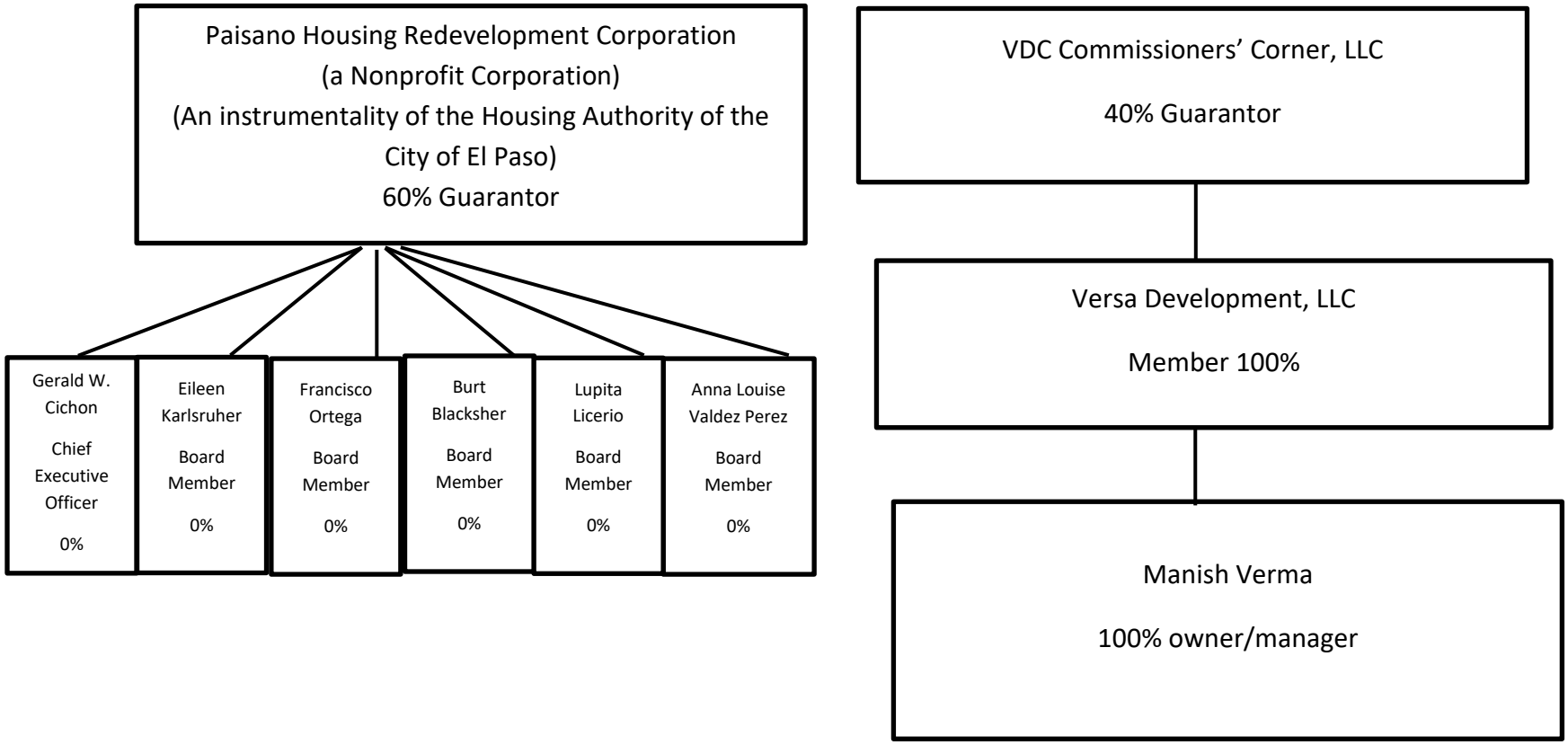
AMAM - Received 07.17.17 - LD

Developer Organizational Chart



AMAM - Received 07.17.17 - LD

Guarantor Organizational Chart



Previous Participation Form

Form must be completed separately for each entity (i.e. person, organization, etc.) that has or will have a controlling interest or oversight in the contract, award, agreement, or ownership transfer being considered. This form should also be completed for each board member, individual with signature authority, executive director, or elected official that represents the person/entity (as applicable).

Person/Role:	Versa Development, LLC / Member of SLP and Member of Developer
Email Address:	manishv@versadevco.com
City & State of Home Addr:	4733 College Park, ste. 200, San antonio, TX 78249
Applicant Legal Name:	EP Commissioners' Corner, LP

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, RHD), and BOND) that you have controlled at any time.

☐ By selecting this box I certify that I have no prior experience with any TDHCA administered affordable rental program.

TDHCA ID#	Property Name	Property City	Program	Control began (mm/yy)	Control End (mm/yy)
12339	Hacienda del Sol	San Benito	HTC/Home	Sep-12	
12388	Paseo Pointe	Los Fresnos	HTC/Home	Sep-12	
13232	Paso Fino	San Antonio	HTC	Aug-13	
14256	Retama Park	Brownsville	HTC	Sep-14	
15264	La Palmilla	Edinburgh	HTC	Sep-15	
16263	Starlight	Murillo	HTC	Aug-16	

2. Identify all Community Affairs and Single Family department programs that you have participated in within the last three(3) years by placing an "x" next to the program name.

☒ By selecting this box I certify that I have no prior experience with any TDHCA Single Family or Community Affairs Programs.

Community Affairs:	CEAP		DOE		HHSP		WAP				
	CSBG		ESG		LIHEAP						
HOME:	CFDC		HBA		PWD		TBRA				
	DR		HRA		SFD						
HTF/OCI:	AYBR		Bootstrap		CFDC		Self-Help				
Other:							**NSP**				

Previous Participation Form

Form must be completed separately for each entity (i.e. person, organization, etc.) that has or will have a controlling interest or oversight in the contract, award, agreement, or ownership transfer being considered. This form should also be completed for each board member, individual with signature authority, executive director, or elected official that represents the person/entity (as applicable).

Person/Role:	Manish Verma/Member of SLP & Developer
Email Address:	manishv@versadevco.com
City & State of Home Addr:	4733 College Park, ste. 200, San antonio, TX 78249
Applicant Legal Name:	EP Commissioners' Corner, LP

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, RHD), and BOND) that you have controlled at any time.

☐ By selecting this box I certify that I have no prior experience with any TDHCA administered affordable rental program.

TDHCA ID#	Property Name	Property City	Program	Control began (mm/yy)	Control End (mm/yy)
03264	Riversquare	Corpus Christi	HTC	Jun-04	
04403	Stonehouse Apt.	San Antonio	HTC	Aug-04	
05445	Bayview	Baytown	HTC	Mar-06	
05118	Vista Verde I&II	San Antonio	HTC	May-06	Jan-10
05127	Navigation Pointe	Corpus Christi	HTC	May-06	
060610	Meadowlands	Houston	HTC	Oct-06	
060418	Southpark Ranch	Austin	HTC	Nov-08	
060418	Constellation Ranch (aka Palmero)	Midland	HTC/Home	Nov-08	
10169	La Risa	San Antonio	HTC	Aug-10	
11011	Sedona Village	Ft. Worth	HTC	Aug-10	
09265/09986	Greenhouse Village	Cypress	Exchange	Aug-10	
12339	Hacienda del Sol	San Benito	HTC/Home	Sep-12	
12388	Paseo Pointe	Los Fresnos	HTC/Home	Sep-12	
13232	Paso Fino	San Antonio	HTC	Aug-13	
14256	Retama Park	Brownsville	HTC	Sep-14	
15400	Compass Pointe	Midland	HTC/Bond	Sep-15	
15264	La Palmilla	Edinburgh	HTC	Sep-15	
16263	Starlight	Murillo	HTC	Aug-16	

2. Identify all Community Affairs and Single Family department programs that you have participated in within the last three(3) years by placing an "x" next to the program name.

☒ By selecting this box I certify that I have no prior experience with any TDHCA Single Family or Community Affairs Programs.

Community Affairs:	CEAP		DOE		HHSP		WAP		
	CSBG		ESG		LIHEAP				
HOME:	CFDC		HBA		PWD		TBRA		
	DR		HRA		SFD				
HTF/OCI:	AYBR		Bootstrap		CFDC		Self-Help		
Other:							**NSP**		

Previous Participation Form

Form must be completed separately for each entity (i.e. person, organization, etc.) that has or will have a controlling interest or oversight in the contract, award, agreement, or ownership transfer being considered. This form should also be completed for each board member, individual with signature authority, executive director, or elected official that represents the person/entity (as applicable).

Person/Role:	VDC Commissioners Corner I, LLC / Developer
Email Address:	manishv@versadevco.com
City & State of Home Addr:	4733 College Park, ste. 200, San antonio, TX 78249
Applicant Legal Name:	EP Commissioners' Corner, LP

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, RHD), and BOND) that you have controlled at any time.

[x] By selecting this box I certify that I have no prior experience with any TDHCA administered affordable rental program.

TDHCA ID#	Property Name	Property City	Program	Control began (mm/yy)	Control End (mm/yy)

2. Identify all Community Affairs and Single Family department programs that you have participated in within the last three(3) years by placing an "x" next to the program name.

[x] By selecting this box I certify that I have no prior experience with any TDHCA Single Family or Community Affairs Programs.

Community Affairs:	CEAP		DOE		HHSP		WAP				
	CSBG		ESG		LIHEAP						
HOME:	CFDC		HBA		PWD		TBRA				
	DR		HRA		SFD						
HTF/OCI:	AYBR		Bootstrap		CFDC		Self-Help				
Other:							**NSP**				

Previous Participation Form

Form must be completed separately for each entity (i.e. person, organization, etc.) that has or will have a controlling interest or oversight in the contract, award, agreement, or ownership transfer being considered. This form should also be completed for each board member, individual with signature authority, executive director, or elected official that represents the person/entity (as applicable).

Person/Role:	VDC Commissioners Corner I SLP, LLC /SLP
Email Address:	manishv@versadevco.com
City & State of Home Addr:	4733 College Park, ste. 200, San Antonio, TX 78249
Applicant Legal Name:	EP Commissioners' Corner, LP

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, RHD), and BOND) that you have controlled at any time.

[x] By selecting this box I certify that I have no prior experience with any TDHCA administered affordable rental program.

TDHCA ID#	Property Name	Property City	Program	Control began (mm/yy)	Control End (mm/yy)

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	CSBG		ESG		LIHEAP					
HOME:	CFDC		HBA		PWD		TBRA			
	DR		HRA		SFD					
HTF/OCI:	AYBR		Bootstrap		CFDC		Self-Help			
Other:							**NSP**			

Credit Limit Certification (Only 9% HTC developments awarded in the last 5 yrs)

This form must be completed for each person that will be a new member of the development owner after the ownership change and for any new developer, guarantor or related party.

Name of subject property: Commissioners' Corner

Name and role of Person or Entity completing this form: *VDC Commissioners Corner SLP, LLC*

Which is:

- [x] a new member of the Development Owner after ownership change or transfer
- [ ] a new related party with respect to a new member of the Development Owner
- [ ] a new Developer
- [ ] an Affiliate to the Development Owner
- [ ] a new Guarantor

The Rules of the Texas Department of Housing and Community Affairs ("the Department") stipulates that, for the specified year, the Department shall not allocate more than the amount of tax credits stated in the applicable QAP to any Applicant (which includes Affiliates), Developer, or entity that provides, or is anticipated to provide, for a fee, a guarantee to secure equity or financing for development or mortgage of the subject property. The undersigned represents to the Department that the following is a list of all developments that would be affected by the rules just stated with respect to the subject property.

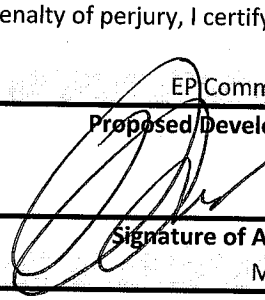
Development Name:	Region:	City:	% Ownership:	% of Dev. Fee:
Commissioners' Corner	13	El Paso	0.01%	0.00%

I hereby certify that the foregoing is a complete list of Developments in Texas that are governed by the Qualified Allocation Plan and Rules of the same year as the subject property, the Developments named being all those in which I seek or currently possess an ownership, developer, guarantor or related party interest. I certify that the transfer under consideration does not violate the limitation stated in the applicable QAP.

I acknowledge that if the Department determines that a Development Owner, Developer, Related Party or Guarantor has interests that violate the credit limitation of any year, the Department may refuse to issue an approval for an ownership change or transfer and notify the Internal Revenue Service of any noncompliance with the terms of an allocation.

Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

EP Commissioners' Corner, LP
Proposed Development Owner Entity Name

By: 
Signature of Authorized Representative

Manish Verma
Printed Name

Auth. Rep
Title

8/2/2017
Date

Credit Limit Certification (Only 9% HTC developments awarded in the last 5 yrs)

This form must be completed for each person that will be a new member of the development owner after the ownership change and for any new developer, guarantor or related party.

Name of subject property: Commissioners' Corner

Name and role of Person or Entity completing this form: *VDC Commissioners Corner, LLC*

Which is:

- [ ] a new member of the Development Owner after ownership change or transfer
- [ ] a new related party with respect to a new member of the Development Owner
- [x] a new Developer
- [ ] an Affiliate to the Development Owner
- [x] a new Guarantor

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Development Name:	Region:	City:	% Ownership:	% of Dev. Fee:
Commissioners' Corner	13	El Paso	0.00%	40.00%

I hereby certify that the foregoing is a complete list of Developments in Texas that are governed by the Qualified Allocation Plan and Rules of the same year as the subject property, the Developments named being all those in which I seek or currently possess an ownership, developer, guarantor or related party interest. I certify that the transfer under consideration does not violate the limitation stated in the applicable QAP.

I acknowledge that if the Department determines that a Development Owner, Developer, Related Party or Guarantor has interests that violate the credit limitation of any year, the Department may refuse to issue an approval for an ownership change or transfer and notify the Internal Revenue Service of any noncompliance with the terms of an allocation.

Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

EP Commissioners' Corner, LP
Proposed Development Owner Entity Name

By:

Signature of Authorized Representative

Manish Verma
Printed Name

Auth. Rep
Title

8/2/2017
Date

Credit Limit Certification (Only 9% HTC developments awarded in the last 5 yrs)

This form must be completed for each person that will be a new member of the development owner after the ownership change and for any new developer, guarantor or related party.

Name of subject property: Commissioners' Corner

Name and role of Person or Entity completing this form: *Manish Verma*

Which is:

- [x] a new member of the Development Owner after ownership change or transfer
- [ ] a new related party with respect to a new member of the Development Owner
- [x] a new Developer
- [x] an Affiliate to the Development Owner
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Development Name:	Region:	City:	% Ownership:	% of Dev. Fee:
Starlight	11	San Antonio	100.00%	100.00%
Commissioners' Corner	13	El Paso	0.01%	40.00%

I hereby certify that the foregoing is a complete list of Developments in Texas that are governed by the Qualified Allocation Plan and Rules of the same year as the subject property, the Developments named being all those in which I seek or currently possess an ownership, developer, guarantor or related party interest. I certify that the transfer under consideration does not violate the limitation stated in the applicable QAP.

I acknowledge that if the Department determines that a Development Owner, Developer, Related Party or Guarantor has interests that violate the credit limitation of any year, the Department may refuse to issue an approval for an ownership change or transfer and notify the Internal Revenue Service of any noncompliance with the terms of an allocation.

Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

EP Commissioners' Corner, LP
Proposed Development Owner Entity Name

By: _____
Signature of Authorized Representative

Manish Verma
Printed Name

Title

8/2/2017
Date

Credit Limit Certification (Only 9% HTC developments awarded in the last 5 yrs)

This form must be completed for each person that will be a new member of the development owner after the ownership change and for any new developer, guarantor or related party.

Name of subject property: Commissioners' Corner

Name and role of Person or Entity completing this form: *Versa Development, LLC*

Which is:

- [x] a new member of the Development Owner after ownership change or transfer
- [ ] a new related party with respect to a new member of the Development Owner
- [x] a new Developer
- [x] an Affiliate to the Development Owner
- [x] a new Guarantor

The Rules of the Texas Department of Housing and Community Affairs ("the Department") stipulates that, for the specified year, the Department shall not allocate more than the amount of tax credits stated in the applicable QAP to any Applicant (which includes Affiliates), Developer, or entity that provides, or is anticipated to provide, for a fee, a guarantee to secure equity or financing for development or mortgage of the subject property. The undersigned represents to the Department that the following is a list of all developments that would be affected by the rules just stated with respect to the subject property.

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Starlight	11	San Antonio	100.00%	100.00%
Commissioners' Corner	13	El Paso	0.01%	40.00%

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Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

EP Commissioners' Corner, LP
Proposed Development Owner Entity Name

By: _____
Signature of Authorized Representative

Manish Verma
Printed Name

President
Title

8/2/2017
Date

COMMISSIONER'S CORNER (FORMERLY SALAZAR PARK)
MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this "**MOU**"), effective as of April 28, 2017 (the "**Effective Date**"), is entered into by and between the HOUSING AUTHORITY OF THE CITY OF EL PASO ("**HACEP**"), a Texas municipal public housing authority, PAISANO HOUSING REDEVELOPMENT CORPORATION, a Texas nonprofit corporation ("**Paisano**"), and VERSA DEVELOPMENT, LLC (the "**Development Partner**"), a Texas limited liability company, regarding a new construction project known as Commissioner's Corner (formerly Salazar Park). HACEP, Paisano, and the Development Partner are herein sometimes individually referred to as a "**Party**" and collectively as the "**Parties**."

RECITALS

A. HACEP issued Request for Proposal RAD 17-R-0011 (the "**RFP**") for individuals interested in serving as third party developers to HACEP in the renovation of affordable housing communities. Specifically, HACEP is renovating or rebuilding its public housing portfolio through the Department of Housing and Urban Development's ("**HUD**") Rental Assistance Demonstration ("**RAD**") Program. The RFP is incorporated by reference as if fully set forth herein and made a part hereof.

B. The RAD Program allows HACEP to establish ownership of public housing communities through an owner entity in which HACEP has an ownership interest. Upon Closing (as hereinafter defined), such properties are converted from public housing property to a Project Based Rental Assistance ("**PBRA**") property.

C. The RFP invited proposals for six (6) separate HACEP projects. The RFP specified that HACEP would be the general (managing) partner/member of the ownership entities formed for the projects. Further, the RFP specified that HACEP approval would be required of the developer's development plan, development team, bids and contracts, project design, funding program, and any regulatory filings done by the developer. The RFP also specified that HACEP would consider utilizing multiple debt and equity instruments to fund the RAD conversion, including but not limited to tax exempt bonds, Low Income Housing Tax Credits ("**LIHTCs**"), mortgage financing, limited partnerships, HOME funds, CDBG funds, Federal Home Loan Bank funds, and public/private collaborations but that a major role of the selected third party developer would be to identify adequate development funds for the projects.

D. The RFP provided that the selected developer for each project would be responsible for: (i) creating the RAD Conversion Plan (as defined in Section 3.01 hereof); (ii) identifying and securing all necessary funding sources as more fully described in Section 3.02; (iii) creating and regularly updating detailed development and operating budgets for HACEP's review and approval; (iv) starting at commencement of construction, providing monthly reports to HACEP on the progress of the development efforts, including updates regarding the development schedule and budget; (v) procuring any required additional third party reports and evaluations, including but not limited to environmental site assessments, surveys, and appraisals; (vi) performing all normal and customary development work, including but not limited to selecting development team members, scheduling and project management, completing site and infrastructure assessments, managing

design, entitlements, and construction, identifying, procuring, and managing project funding, and managing regulatory filings (other than HUD).

E. The Development Partner submitted a response to the RFP on September 6, 2016, regarding the Commissioner's Corner Project. On September 20, 2016, the Development Partner submitted its best and final offer for the fee structure for the development. The Development Partner's responses to the RFP and the best and final offer are incorporated by reference as if fully set forth herein and made a part hereof.

F. On September 22, 2016, HACEP notified the Development Partner that the agency had selected the Development Partner to be the development partner for the Project.

G. HACEP and the Development Partner entered into that certain Form of Contract, Contract # RAD 17-C-0011A (Project #1 Salazar Park) effective October 17, 2016 to October 16, 2017.

H. The Parties hereto wish to establish basic terms to address the planning and predevelopment period, address expectations concerning implementation of the RAD conversion for the Project, and to authorize the Development Partner to begin work.

NOW, THEREFORE, for and in consideration of one dollar ($1), and the mutual covenants and agreements herein contained, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I. GENERAL TERMS; THE PROJECT.

Section 1.01 Incorporation of Recitals. The recitals set forth above are incorporated by reference as if fully set forth herein and made a part hereof.

Section 1.02 Term of this Agreement. The term of this MOU shall commence on the Effective Date and expire upon Stabilized Occupancy (defined generally as 90% or greater physical occupancy, 80% or greater economic occupancy and a 1.15 debt service coverage, and application to TDHCA for IRS Forms 8609 or as defined by the Investment Partner and first lien lender) (the "**Developer Guaranty Termination Date**"), unless extended by mutual written agreement of the Parties or terminated in accordance with Article VI herein (the "**Term**"); provided that, if there is a conflict between this MOU and the terms of the financing documents executed at Closing, the Closing documents shall control.

Section 1.03 The Project. The Commissioner's Corner development project ("**Commissioner's Corner**" or the "**Project**") will include a garden-style project consisting of 185 newly constructed RAD housing units (the "**RAD Units**") located on the South side of Montana Avenue, East of N. Yarborough Drive, El Paso, Texas 79935 (the "**Property**"). The legal description for the Property is attached hereto at Exhibit A.

(a) The existing Salazar Park development consists of 286 units of public housing located at a different site (the "**Existing Development**"). The Project will replace 185 of the

existing public housing units. The remaining 101 public housing units in the Existing Development will be replaced by the Gonzalez Apartments development project and are not subject to this MOU.

(b) It is the Parties intent that the existing tenants will remain in place while the Project is constructed. Once the Project is complete, existing tenants will be offered the first opportunity to move into equivalent units at the Project. Alternatively, existing tenants will have the opportunity to move to an equivalent unit at an existing HACEP property. The Parties agree that a formal Commissioner's Corner Relocation Plan will be developed for the tenants of the Existing Development consistent with this MOU.

Section 1.04 Ownership Structure. EP Commissioner's Corner, LP, a Texas limited partnership, will be a single-asset entity and the owner entity for the Project (the "**Owner**"). EPR3 C-Corner GP, LLC will be a single-asset entity and the general partner of the Owner with a 0.01% ownership interest (the "**General Partner**"). Paisano, an instrumentality of HACEP, will be the 100% member of the General Partner. The Development Partner or an affiliate thereof (the "**Developer SLP**") will be a special limited partner of the Owner with a .01% ownership interest. So long as the Developer Partner and/or its affiliates are obligated for any guarantees relating to the Owner or the Project, the Developer SLP shall have the right to consent to, and jointly direct, all major actions of the Owner that could impact the liability of the Development Partner and its affiliates under its various guarantees. The Developer SLP shall also be entitled to receive copies of reports and documents under the Partnership Agreement (as hereinafter defined). Following the Developer Guaranty Termination Date, the General Partner will assume the interest of the Developer SLP in return for payment of all remaining Development Partner Fee owed to the Development Partner and repayment of loan amounts advanced by the Development Partner or its affiliate (to the extent subject to repayment under the Partnership Agreement). In addition, HACEP or its affiliate will assume all remaining guarantees for the Project, and the guaranty obligations of the Development Partner and its affiliates shall terminate as of the Developer Guaranty Termination Date. The foregoing ownership interests and rights of the partners shall be further set forth in the Partnership Agreement (as hereinafter defined) and shall be subject to the approval of the Investment Partner (as hereinafter defined).

(a) The Parties contemplate jointly selecting an investment partner or partners for the Project (collectively, the "**Investment Partner**") pursuant to the process set forth in Section 3.02(d) herein. Upon selection, the General Partner and the Investment Partner will enter into a partnership agreement for the Owner (the "**Partnership Agreement**"). In furtherance of the foregoing, on behalf of HACEP the Development Partner issued a Request for Proposal for Equity and/or Syndication and Construction and Permanent Financing for the Project on January 30, 2017.

(b) The Property is currently owned by Cielo Vista Church. HACEP entered into that certain Option Agreement for Purchase of Real Property executed on January 6, 2016 (the "**Option Agreement**") regarding the Property. Pursuant to that certain Third Amendment to Option Agreement for Purchase of Real Property, the Option Term under the Option Agreement was extended to February 28, 2017.

(c) HACEP and the Owner will enter into a Ground Lease (the "**Ground Lease**") pursuant to which HACEP will ground lease the Property to the Owner on terms mutually agreed to between the Parties. The commitment to enter into the Ground Lease is evidenced by that certain

Contract for Ground Lease dated January 1, 2016 between HACEP and the Owner (the "**Lease Contract**"). The Lease Contract is incorporated by reference as if fully set forth herein and made a part hereof.

(d) The ownership structure contemplated herein is expected to generate a 100% ad valorem tax exemption for the Project. HACEP shall work with the El Paso Central Appraisal District to obtain confirmation of the availability of such exemption, as set forth in a property tax exemption predetermination letter, prior to Closing. HACEP shall also be responsible for applying for the final recognition of the exemption after the financial closing with the Investment Partner and any construction lender ("**Closing**") and shall be responsible for submission of any additional or subsequent documentation or information to the appraisal district in order to obtain and maintain such exemption.

Section 1.05 Financing. The Project will be financed using LIHTCs, traditional debt, and other funding to be identified by the Development Partner and approved by HACEP. As of the Effective Date, the Parties contemplate the following funding sources (collectively, the "**Project Financing**"):

(a) Tax credit syndication (as described in Section 1.04(a) above) of an award of 9% LIHTCs from the Texas Department of Housing and Community Affairs ("**TDHCA**") pursuant to that certain TDHCA Housing Tax Credit Commitment (the "**LIHTC Commitment**") issued on August 29, 2016. A copy of the LIHTC Commitment is attached hereto at Exhibit B. The LIHTC Commitment provides for an annual tax credit commitment of $1,500,000.00.

(b) First lien construction and permanent debt, selected pursuant to Sections 1.04(a) and 3.02(d) herein.

(c) RAD financing.

(d) A gap loan provided by HACEP, evidenced by a commitment of funds letter.

Financing for the Project may additionally include other sources as contemplated in Section 3.02 of this MOU, and specifically is intended (if feasible) to include a plan for financing with 9% tax credit financing for a portion of the Project and 4% tax credit financing and tax-exempt bonds for the remaining portion of the Project (referred to herein as the "**Bifurcated Financing Plan**"). It is anticipated that the Bifurcated Financing Plan may require ownership of the 4% and 9% components of the Project by separate owners and other elements to distinguish and separate the two components as necessary for the financing, in which case the terms of this MOU shall apply to both the 4% and the 9% components, to the extent applicable. The parties agree to work together to satisfy such requirements and facilitate Closing under the Bifurcated Financing Plan or, if the Bifurcated Financing Plan is not feasible, an alternative financing plan consistent with this MOU.

ARTICLE II. RELATIONSHIP OF THE PARTIES; DEVELOPMENT FEES; INDEMNIFICATIONS.

Section 2.01 Purposes. The sole and exclusive purpose of this MOU is to define the understanding of the Parties with regards to the Project. The Parties agree to work together for the limited purposes and scope specifically set forth in this MOU. Except as specifically provided under the terms, provisions, and conditions herein, this MOU shall not be construed to constitute the Parties as partners or joint venturers or to constitute any Party as the general agent of the other Party by virtue of this MOU. No Party shall be responsible or liable to the other Party or to third parties for indebtedness or obligations of such other Party except as to those joint responsibilities incurred pursuant to this MOU or otherwise provided for herein.

Section 2.02 Not Responsible for Other's Commitments. Except as to those responsibilities, liabilities, debts, or obligations incurred or assumed pursuant to and which shall be performed and paid in accordance with the terms of this MOU, no Party shall be responsible or liable for any indebtedness or obligation of any other Party incurred or assumed either before or after the execution of this MOU, and each Party indemnifies and agrees to hold the other harmless from such indebtedness and obligations.

Section 2.03 Standard of Effort; Mutual Cooperation; Further Assurances. Each Party shall diligently and in good faith (i) undertake its responsibilities hereunder, (ii) cooperate fully with the other Party in all reasonable respects necessary to consummate such Party's obligations hereunder and in support of such Party's obligations hereunder, and (iii) shall take all reasonable actions within its authority to secure the cooperation of its officials, officers, agents, and other third parties to consummate and support such obligations.

Section 2.04 Developer Fee. As of the Effective Date, the Parties expect a total developer fee of fifteen percent (15%) of eligible basis as determined by the TDCHA Cost Certification to be earned by the Project (the "**Total Development Fee**"). The final amount of the Total Development Fee shall be reflected in the financial projections at Closing. In consideration for the performance of their respective development services pursuant to the RFP and this MOU, the Parties have agreed to split the Total Development Fee as follows:

40% to Development Partner ("**Development Partner Fee**")
60% to HACEP ("**HACEP Fee**")

The Development Partner Fee and HACEP Fee shall be paid pro rata to the respective parties, except as otherwise contemplated in Section 2.04(b) below. In the event that any of the Total Development Fee is deferred to cover development cost overruns (the "**Cost Overrun Deferral**"), such deferral shall be shared by the Development Partner and HACEP in accordance with the percentages set forth above, and the deferred fee shall be repaid to the Development Partner and HACEP on a pro rata basis.

(a) Timing of Payment of Development Partner Fee. Prior to the date of Closing, no Developer Fee will be paid to the Development Partner. It is the Parties intent assuming the

approval of the LIHTC syndicator, that the Development Partner Fee will be paid out according to the following Developer Fee payout schedule:

(i) 20% at Closing;
(ii) 25% at 50% construction completion;
(iii) 25% at 100% construction completion;
(iv) 30% at stabilization/8609

(b) Timing of Payment of HACEP Fee. HACEP will have the option, at HACEP's sole discretion, to defer receiving payment of such portion of the HACEP Fee as HACEP deems appropriate in favor of decreasing the gap financing contemplated under Section 1.05(d) herein (the "**HACEP Fee Deferral**"); provided however, such deferral by HACEP shall not affect the payment of the Development Partner Fee to the Development Partner as contemplated above. Moreover, the HACEP Fee Deferral shall not affect the sharing percentages set forth above as to any remaining HACEP Fee that is available to be deferred for the Cost Overrun Deferral.

Section 2.05 Indemnification. The Development Partner and HACEP hereby agree to the following indemnification provisions, which shall expressly survive termination of this MOU.

(a) Development Partner. The Development Partner shall indemnify, defend, and hold harmless HACEP and its respective commissioners, directors, officers, agents, employees, and affiliates hereunder from any loss, cost, damage, claim, demand, suit, liability, judgment, and expense (including reasonable attorney fees actually incurred and other costs of litigation) arising out of or relating to any injury, disease, or death of persons, or damage to or loss of property directly resulting from any material breach of this MOU or intentional wrongful acts by the Development Partner or its member entities, agents, partners, employees, contractors, and subcontractors, excluding however matters arising from conditions of the Property not caused by the Development Partner or by or its member entities, agents, partners, employees, contractors, and subcontractors.

(b) HACEP. To the extent permitted by law, HACEP (and any HACEP affiliate participating in the Project) shall indemnify, defend, and hold harmless the Development Partner and its respective directors, officers, agents, employees, and affiliates hereunder from any loss, cost, damage, claim, demand, suit, liability, judgment, and expense (including reasonable attorney fees actually incurred and other costs of litigation) arising out of or relating to any injury, disease, or death of persons, or damage to or loss of property directly resulting from any material breach of this MOU or intentional wrongful acts by HACEP or its member entities, agents, partners, employees, contractors, and subcontractors, excluding however matters arising from conditions of the Property not caused by HACEP or by or its member entities, agents, partners, employees, contractors, and subcontractors.

ARTICLE III. DEVELOPMENT PARTNER ROLES AND RESPONSIBILITIES.

The Development Partner will assist HACEP to develop the Project into high quality, energy efficient, and sustainable housing as set forth in the Plans and Specifications (as hereinafter defined) and will work closely with HACEP and other community stakeholders throughout the implementation of the Project to provide development and construction services in accordance with this MOU. The Development Partner shall perform the duties and undertake the responsibilities herein set forth in a competent, diligent, and professional manner. The Development Partner shall

further exercise oversight to ensure that its affiliates and contractors perform all duties and responsibilities related to the Project in a competent, diligent, and professional manner.

The Development Partner's role in planning and implementation of the RAD conversion of the Project shall include:

Section 3.01 RAD Conversion Plan. No later than thirty (30) days from the Effective Date, the Development Partner shall propose an implementation plan to develop the Project that will achieve a high quality, energy efficient, sustainable housing product for El Paso families consistent with (a) the terms set forth in that certain Commitment to enter into a Housing Assistance Payment contract ("**CHAP**") issued by HUD for the Project (a copy of which shall be provided to the Development Partner no later than the date of execution of this MOU) and (b) El Paso's Housing Policy standards (the "**RAD Conversion Plan**"). The RAD Conversion Plan shall include proposed scope of work, site plans, unit types, size and targeted income levels, the overall project budget including all proposed sources and uses of funds, conceptual design plans, and a detailed implementation schedule of development milestones. The RAD Conversion Plan shall be subject to HACEP's approval, such approval to be granted or withheld in HACEP's reasonable discretion and will not be unreasonably delayed. Such plan must be supported by a detailed market study prepared by the Development Partner as required by the Investment Partner and first lien lender, which will also be used to determine the overall feasibility of the conceptual approach to the Commissioner's Corner RAD Conversion. Included as Exhibit C to this MOU is a predevelopment budget (the "**Commissioner's Corner Predevelopment Budget**") for the costs associated with the creation of the RAD Conversion Plan, including predevelopment costs incurred by HACEP or the Development Partner prior to the Effective Date, which costs will be updated from time to time resulting in updates, in turn, to the Commissioner's Corner Predevelopment Budget. The Development Partner will revise the Commissioner's Corner Predevelopment Budget from time to time as new and updated pricing information is obtained. All revisions to the Commissioner's Corner Predevelopment Budget will be subject to HACEP's review and approval. Such approval shall not be unreasonably withheld. Notwithstanding anything herein to the contrary, after execution of this MOU, the Development Partner shall fund up to Three Hundred Thousand an No/100 Dollars ($300,000.00) in costs under the Commissioner's Corner Predevelopment Budget and thereafter, all further costs associated with the RAD Conversion Plan and proposed in the Commissioner's Corner Predevelopment Budget will be split by HACEP and the Development Partner 50/50. All such costs funded pursuant to the Commissioner's Corner Predevelopment Budget will be reimbursed at Closing.

Section 3.02 Financing. The Development Partner will propose to HACEP private equity and debt financing to leverage funds available for the Project and to secure all financial commitments for the costs (hard and soft costs) that will be necessary for successful conversion of the Project phase. The Development Partner shall assist in obtaining private financing and public financing in a timely and cost effective manner and shall prepare all necessary financing applications, other than applications related to RAD which shall be the responsibility of HACEP with the cooperation of the Development Partner as contemplated in Section 4.05 herein. The Development Partner and HACEP each agree to cooperate with one another as reasonably requested in order to prepare and submit the necessary information for their respective financing applications. As of the Effective Date, the Parties contemplate the Project Financing as set forth in Section 1.05 hereof.

(a) All financing arrangements and the terms and conditions of any loan documents must be approved by HACEP.

(b) The Development Partner agrees to work with HACEP in the preparation of documents necessary to provide all evidentiary material, financial guarantees, and assurances as required including documents necessary for the RAD Program.

(c) HACEP may provide Public Housing Capital Funds and Operating Reserves based upon the approved RAD Conversion Plan.

(d) The Development Partner will be responsible for soliciting a minimum of 3 LIHTC syndicators to bid on LIHTCs allocated to or received for the Project, which has been accomplished through the financing Request for Proposal described in Section 1.04(a). HACEP must approve the identity of the LIHTC investor(s) selected and the terms of the letter of intent. Only equity investors who agree to providing HACEP and Paisano an option/right of first refusal at the minimum price permitted by the Internal Revenue Code (the "**Code**") and who are amenable to structuring the transaction to minimize investor exit taxes due when HACEP or Paisano exercise the option/right of first refusal shall be considered as possible investors. In addition, a minimum of three debt providers will be solicited (which has also been accomplished through the financing Request for Proposal described in Section 1.04(a)), and any debt and/or equity providers proposed by HACEP will be included in any solicitation.

(e) The Development Partner will be responsible for any market analysis and appraisals required to develop and obtain financing for the Project and shall include the costs for such market analysis and appraisals in the Commissioner's Corner Predevelopment Budget.

Section 3.03 Design/Approvals/Construction.

(a) Galaxy Builders, Ltd., a Texas limited partnership, ("**Galaxy**") shall serve as the general contractor (the "**General Contractor**"). Notwithstanding anything herewith to the contrary, the fees to the General Contractor for builder overhead, the builder fee, and general conditions collectively shall equal eleven percent (11%) of the construction contract amount; provided that in no event shall the builder overhead, the builder fee, and general conditions be less than that stated in the construction contract at Closing. In addition, any cost savings under the construction contract shall be shared 50/50 between Galaxy and HACEP. In order to obtain an exemption on state sales tax for materials purchased for the construction of the Project, HACEP (or its affiliate) may serve as the general contractor and enter into a master subcontract with the General Contractor. In such case, the terms of the master subcontract shall be mutually agreed to by the HACEP contractor entity and the General Contractor prior to Closing.

(i) The Development Partner and the General Contractor acknowledge and agree that the terms and conditions of any such contract between the Development Partner and the General Contractor, including fees, shall comply with the requirements of all government funders ("**Government Funders**"), which the Parties anticipate to be TDHCA, the Federal Housing Administration ("**FHA**"), and HUD

through the Project Based Rental Assistance Program, as well as the requirements of all private lenders and investors concerning construction-related fees and costs. To the extent that the Government Funders or private lenders and investors have specific requirements for identity-of-interest contractors, HACEP and the Development Partner shall comply with such requirements. In addition, HACEP and the Development Partner must use the contract form required by the applicable Government Funders and include all contract clauses required by any Government Funders.

(b) When selecting contractors not affiliated with the Development Partner ("**Third-Party Contractors**"), the Development Partner shall be alert to organizational conflicts of interest as well as noncompetitive practices that may restrict or eliminate competition or otherwise restrain trade. If a contract with a Third-Party Contractor is procured through a bidding process, awards of such contracts shall be made to the bidder or offeror whose bid or offer is most advantageous to the Project, taking into consideration price, quality, timeliness of performance, and other factors deemed by the Development Partner and HACEP to be relevant. The Development Partner shall not recommend to HACEP any third party contractor which has been debarred by HUD and shall promptly terminate any contracts with any third party contractor that is subsequently debarred.

(i) All contracts entered into by the Development Partner in furtherance of the Project must be approved by HACEP prior to execution, which approval shall not be unreasonably withheld, delayed, or conditioned.

(ii) The Development Partner will oversee construction, ensure completion in a timely and cost effective manner, and ensure that all required occupancy permits, including certificates of occupancy, and other necessary approvals are obtained after construction completion for occupancy and operation.

(iii) The Development Partner shall be responsible for the development of design and construction documents utilizing design principles that are compatible with the neighborhood and community surrounding its properties, as set forth in the approved Plans and Specifications. The Development Partner will comply with such design and construction standards as are prescribed by TDHCA. Determinations about the scope of the construction and the components and materials to be utilized in the construction, will comply with these standards. The plans for the design and construction of the Project (the "**Plans and Specifications**") shall be subject to HACEP's review, comment, and approval, such approval not to be unreasonably withheld, conditioned or delayed.

(iv) RPGA Design Group, Inc. shall serve as the project architect (the "**Project Architect**") and shall report to and coordinate with Development Partner in such role. The Project Architect will be

responsible for certification of all documents related to design and construction of the Project.

(v) Except for HUD or TDHCA approvals, if any, the Development Partner will be responsible for obtaining permits and any required approvals for the Project.

(vi) The Development Partner, the General Contractor, and all of its subcontractors will be required to pay Davis Bacon Wage Rates ("**DBWR**") (see Exhibit D), to comply with all DBWR requirements, and to submit any/all required documentation in compliance with DBWR.

(c) HACEP shall coordinate with the City of El Paso to obtain a Resolution of No Objection for development of the Project.

Section 3.04 Resident/Local Employment and Contracting. The Development Partner will develop and implement a Section 3 Program ("**Section 3 Program**") for the Project that will require the General Contractor and all subcontractors working on the Project to work with Section 3 Program business entities and provide economic opportunities for Section 3 Residents. The Development Partner shall:

(a) Develop a comprehensive Section 3 Program employment plan for the RAD Conversion Plan, which must be incorporated into the construction contract between the Owner and the General Contractor and all construction subcontracts entered into as part of the implementation of the RAD conversion.

(b) At the Development Partner's sole expense, the Development Partner shall be responsible for the preparation and submittal to HACEP of all Section 3 Program requirements for reports to be provided to HUD. The Development Partner may delegate such Section 3 Program reporting responsibility to a designated consultant, provided that such consultant has been approved by HACEP and such consultant services will be at the Development Partner's sole expense.

(c) In compliance with 24 C.F.R. § 135, the Development Partner will identify qualified individuals or businesses to meet the Section 3 requirement of thirty percent (30%) of new hires as a result of these solicitations by working with the Texas Work Force Commission, EPPC Contract Opportunity Center, Hispanic Chamber of Commerce, Small Business Administration office local contact, Colleen Burns, and other applicable agencies and entities.

(d) The Section 3 Clause attached at Exhibit E shall be included in the construction contract between the Owner and the General Contractor and all construction subcontracts entered into as part of the implementation of the RAD conversion.

Section 3.05 Guarantees. The Development Partner (including such additional entities that may be necessary to satisfy equity and/or lender requirements, if necessary (collectively with the Development Partner, the "**Guarantors**")) will provide all investor and lender guarantees of construction completion, payment guarantees, and tax credit guarantees (the "**Guarantees**") until

the Developer Guaranty Termination Date in a form and manner reasonably acceptable to the Guarantors.

Section 3.06 Marketing Plan. The Development Partner, if required by HACEP, will develop a lease-up strategy to obtain initial occupancy.

ARTICLE IV. HACEP AND PAISANO ROLES AND RESPONSIBILITIES.

Section 4.01 Land Ownership/Lease. No later than Closing, HACEP will acquire the fee interest in the Property and will lease the Property to the Owner pursuant to the Ground Lease. The Parties agree to work together to achieve the most beneficial property tax treatment for the Project; provided that HACEP shall be responsible for applying for any property tax exemption for the Project and for maintaining such exemption once received, as more fully set forth in Section 1.04(d).

Section 4.02 Financing. HACEP will participate in all financial structuring decisions from an owner's perspective including the review and approval of the financing arrangements, loan or equity commitments, investor-related documentation, and the terms and conditions of any loan documentation. As part of its financing roles and responsibility, HACEP shall provide the gap financing referenced in Section 1.05.

Section 4.03 Design/Approvals/Construction. HACEP will provide written approval of the Plans and Specifications.

Section 4.04 Monitor Resident/Local Employment and Contracting. HACEP will monitor the Development Partner's compliance with Section 3 Program requirements including employment opportunities for low income residents located in the City of El Paso and contracting with Section 3 Program business entities.

Section 4.05 HUD Submissions and Approvals. HACEP will manage and take responsibility for all communication with HUD and prepare and submit all program documents and any other submittals that are required to obtain any HUD approval, including but not limited to any submittals relating to the RAD Program; provided, however, to the extent such documents required information that is within the particular knowledge or responsibility of the Development Partner, the Development Partner agrees to assist in the preparation of such documents as HACEP may reasonably request.

Section 4.06 Performance Oversight. HACEP will establish performance measures through the various project documents. HACEP will review performance on these measures throughout the development of the Project and the Development Partner shall be responsible for meeting any such performance measures that are in its control.

Section 4.07 Property Management. EP HOME, a HACEP instrumentality, will be the property manager ("**Property Manager**") for the Project and shall cooperate with HACEP and the Development Partner in the performance of the RAD conversion of the Project pursuant to a property management agreement ("**Property Management Agreement**").

Section 4.08 Resident Relocation. The Property Management Agreement shall provide that the Property Manager will assist the Development Partner in the coordination of all resident relocation required to facilitate the construction and that:

(a) All resident relocation will be performed in accordance with the Uniform Relocation Act.

(b) The Property Manager will coordinate with the Development Partner and the General Contractor to ensure a sufficient number of units are available at all times to comply with the construction schedule approved by the Parties.

Section 4.09 Guarantees. Upon and after the Developer Guaranty Termination Date, Paisano or an affiliate of HACEP will provide any long term compliance and/or operating deficit guaranty required for the Project by TDHCA, the Investment Partner, or lenders, and indemnity to the Development Partner for any liability, if any, claimed against the Development Partner for matters that occur after the Developer Guaranty Termination Date or that result from the acts or omissions of the Property Manager (whether occurring before or after the Developer Guaranty Termination Date). Paisano's indemnity to the Development Partner, if any, shall be funded solely by non-federal funds.

ARTICLE V. PROJECT REQUIREMENTS.

Section 5.01 Placed in Service. Pursuant to the terms of the LIHTC Commitment and in accordance with Section 42(h)(1)(E)(i), the Project must be placed in service no later than December 31, 2018, with respect to the portion financed with 9% LIHTCs or such other date as approved by TDHCA, provided that HACEP has authorized such requests to TDHCA for changes to the LIHTC Commitment or the attendant deadlines contemplated in the LIHTC award.

Section 5.02 Set-Aside Requirements. The RAD Units are subject to the following area median income ("**AMI**") requirements:

Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	20
50% of AMI	50% of AMI	40
60% of AMI	60% of AMI	125

Section 5.03 RAD Requirements. The Project will be subject to the requirements of the RAD Program (the "**RAD Requirements**"), which include but are not limited to (1) the Consolidated and Further Continuing Appropriations Act of 2012, and all applicable statutes and any regulations issued by HUD for the RAD Program, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices (including but not limited to, Notice PIH 2012-32, as it may be amended from time to time), and Mortgagee letters (if any) for the RAD Program, and all future updates, changes, and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes, and amendments shall be applicable to the Project only to the extent that

they interpret, clarify, and implement terms in the applicable Closing documents rather than add or delete provisions from such document.

(a) The RAD Units will be benefited by the terms and conditions of a RAD Housing Assistance Payments ("**HAP**") Contract. The Parties acknowledge that for so long as the RAD HAP Contract is in effect, the RAD Requirements apply to the Project.

ARTICLE VI. TERMINATION; EVENTS OF DEFAULT; CURE PERIODS.

Section 6.01 Termination of MOU. If the Parties are unable to reach agreement on the RAD Conversion Plan within sixty (60) days of receipt of the proposed RAD Conversion Plan as provided for in Section 3.01 herein, which sixty (60) days may be extended by written agreement signed by the Parties, then this MOU shall terminate and the Parties will have no responsibilities to each other except as provided in this Section 6.01. If this MOU terminates, HACEP agrees that it will reimburse the Development Partner for third party costs incurred and included in the Commissioner's Corner Predevelopment Budget provided that the third party contracts and work products must be assigned to HACEP (or already be placed in HACEP's or the Owner's name) before HACEP will reimburse for such third party costs. Each Party to this MOU shall be responsible for its own overhead costs and no reimbursement related to such costs shall be made to either party upon the termination of this MOU.

Section 6.02 Termination for Infeasibility. Either Party may terminate this MOU because the terminating Party concludes, after the exercise of reasonable due diligence, and having made commercially reasonable efforts, that the Project and/or the agreements contemplated in this MOU is/are infeasible (including, without limitation, a lack of success in securing adequate financing to meet the actual costs of the Project and/or inability to obtain all required approvals, in either case despite commercially reasonable efforts to do so). Upon termination of this MOU for infeasibility, if within one year after such termination HACEP determines to pursue the Project separate from the Development Partner ("**Separate Pursuit**") and intends to use any portion of the Plans and Specifications, environmental and geotechnical reports, and parkland fees (if already paid) obtained pursuant to this MOU in connection with such Separate Pursuit, HACEP shall reimburse the Development Partner for all third party costs related to the foregoing. With respect to all other third party contracts and work product, the Development Partner shall, at HACEP's sole request, assign such third party contracts and work products to HACEP as HACEP chooses, provided that HACEP will reimburse the Development Partner for the associated third party costs. Except as provided for in this Section 6.02, neither Party shall owe the other Party any funds.

Section 6.03 Termination for Cause/Default.

(a) HACEP may terminate this MOU with cause, at any time, upon giving notice to the Development Partner of the grounds asserted for such termination, including but not limited to the Events of Default provided under Section 6.04 herein; provided that the grounds for termination are caused by the Development Partner's material failure to comply with the terms of this MOU and the Development Partner fails to cure such failure within sixty (60) days from receipt of such notice. If the grounds for termination are not susceptible to being cured with sixty (60) days, then HACEP will not unreasonably withhold its consent to such longer period as may be required to cure such

material failure, provided that the Development Partner, following receipt of such notice, has promptly commenced and diligently and continuously pursues a cure.

(b) The Development Partner may terminate this MOU with cause, at any time, upon giving notice to HACEP of the grounds asserted for such termination, including but not limited to the Events of Default provided under Section 6.04 herein; provided that the grounds for termination are caused by HACEP's material failure to comply with the terms of this MOU and HACEP fails to cure such grounds within sixty (60) days from receipt of such notice. If the grounds for termination are not susceptible to being cured within sixty (60) days, then the Development Partner will not unreasonably withhold its consent to such longer period as may be required to cure such material failure, provided that HACEP, following receipt of such notice, has promptly commenced and diligently and continuously pursues a cure.

(c) Upon termination hereof for cause by either HACEP or the Development Partner, the other Party shall have all remedies available at law or in equity.

Section 6.04 Termination Upon Event of Default. Subject to the cure periods set forth herein, HACEP or Paisano may terminate this MOU upon an Event of Default by the Development Partner and the Development Partner may terminate this MOU upon an Event of Default by HACEP or Paisano.

(a) Events of Default. The occurrence of any of the following shall constitute an Event of Default under this MOU after all notice and cure periods provided herein:

(i) Refusal or failure of a Party to diligently carry out its obligations hereunder with the diligence that will insure its completion within the time specified in this MOU, or failure to satisfy said obligations within the time specified;

(ii) If any representation of such Party under this MOU or the Development Partner's to the RFP is or becomes untrue or inaccurate in any material respect;

(iii) The Development Partner, the General Contractor, HACEP, or Paisano is debarred by the Federal government or the State of Texas;

(iv) Either Party (i) being or becoming insolvent or bankrupt or ceasing to pay its debts as they mature or making an arrangement with or for the benefit of its creditors or consenting to or acquiescing in the appointment of a receiver, trustee, or liquidator for any substantial part of its property, (ii) a bankruptcy, winding up, reorganization, insolvency, arrangement, or similar proceeding instituted by such party under the laws of any jurisdiction, or any such proceeding instituted against such party under the laws of any jurisdiction that has not been stayed or dismissed within ninety (90) days after its institution, (iii) any action or answer by such party approving or, consenting to, or acquiescing in, any such proceeding, or (iv) the levy

of any distress, execution, or attachment upon the property of such party that shall substantially interfere with its performance hereunder; or

(v) There is a change in the ownership of the Development Partner that has not been disclosed to and approved by HACEP.

(b) Cure Period; Remedy Upon Default. Upon the occurrence of an Event of Default, the non-defaulting Party may give written notice thereof to the defaulting Party. If the defaulting Party shall fail to cure the default within thirty (30) days of such notice, or such additional time as may be necessary provided that the defaulting Party has commenced to cure such default within such thirty (30) day period and thereafter prosecutes such cure to completion, then the non-defaulting Party may, by written notice, terminate this MOU. In no event under this MOU will either Party be entitled to any special, consequential, lost opportunity, or lost profits damages as a remedy in the event of the other Party's default.

Section 6.05 Termination for Convenience. HACEP may terminate this MOU in whole, or in part, whenever HACEP determines, in good faith, that such termination is in the best interest of HACEP. Any such termination shall be effected by written notice to the Development Partner specifying the extent to which the performance hereunder is terminated, and the date upon which such termination becomes effective. If this MOU is terminated, either in whole or in part, HACEP shall be liable to the Development Partner for reasonable and proper costs resulting from such termination which costs shall be paid to the Development Partner within thirty (30) days of receipt by HACEP of a properly documented and presented claim setting out in detail: (a) total cost of all third-party costs incurred to date of termination, provided such costs are consistent with the Commissioner's Corner Predevelopment Budget (as may be revised from time to time), less the total amount of reimbursements previously made to the Development Partner; (b) the cost of settling and paying claims (including reasonable profit) under subcontracts and material orders for work performed and materials and supplies delivered to the Project site, payment for which has not been made by HACEP to the Development Partner; (c) the cost of preserving and protecting the work already performed until HACEP or its assignee takes possession thereof or assumes responsibility for such work.

ARTICLE VII. MISCELLANEOUS PROVISIONS.

Section 7.01 Compliance with HUD Requirements.

(a) Treatment of HUD Funds. Any transfer of public housing funds pursuant to this MOU will not be an assignment of public housing funds or be deemed an assignment of public housing funds. The Development Partner will not succeed to any rights or benefits HACEP may have under the applicable grant agreements or contracts with HUD or attain any privilege, authority, interest, or right under applicable grant agreements or contracts between HACEP and HUD. Nothing contained in this MOU will be construed to create any relationship of third party beneficiary or otherwise with HUD.

(b) Source of Funds. Subject to HUD approval, HACEP shall make available such RAD Program funds to the Project as contemplated in the CHAP and the Development Partner

acknowledges and agrees that acceptance of such RAD Program funds would require the Development Partner, the General Contractor, and all subcontractors to the Project to comply with HUD's requirements for the RAD Program.

(c) Environmental Review. The Development Partner acknowledges that because the Project has applied for RAD Program funds, the Development Partner will comply with all applicable HUD environmental review requirements, including those at 24 C.F.R. Part 50. Without limiting the foregoing, until the Project has received the necessary environmental approvals from HUD or HACEP, and until the Development Partner receives written confirmation regarding such approvals, the Development Partner will not take any action or otherwise spend any federal or non-federal funds with respect to the Project, except that the Development Partner and the General Contractor may expend funds to conduct routine title, survey, and other due diligence that will not have an adverse environmental impact with respect to the Project. The Development Partner understands that if the Development Partner takes any other action or spends any other funds, regardless of their source, with respect to the Project before receiving the necessary environmental approvals, such action may be cause for termination of this MOU.

(d) Development Obligations. The Development Partner shall provide development services in accordance with this MOU. The Development Partner shall perform the duties and undertake the responsibilities herein set forth in a competent and professional manner using good faith reasonable efforts. The Development Partner is an independent contractor and not an agent of HACEP. Therefore, except as may be expressly set forth herein, the Development Partner shall have no authority to bind HACEP. Except as expressly set forth herein, the Development Partner will provide all services, equipment, and materials for the Project and will furnish, directly or through contractors or subcontractors, professional expertise, construction, management, labor, materials, supplies, fixtures, equipment, tools and machinery, testing, supervision, facilities, and other services required for the completion of the Project.

(e) Compliance with Laws and other Requirements. The Development Partner shall fully comply with all applicable laws and regulations applicable to the Development Partner, including but not limited to workers' compensation, social security, unemployment insurance, hours of labor, wages, working conditions, licensing and other employer-employee related matters, including, without limitation, all laws, rules and regulations with respect to non-discrimination based on race, sex or otherwise, and MBE/WBE, and Section 3 of the Housing and Urban Redevelopment Act of 1968. The Development Partner will further comply with all applicable public housing or RAD requirements.

Section 7.02 Notices. Any notice required or permitted under this MOU shall, except as otherwise expressly permitted by this MOU, be in writing and shall be deemed to have been duly given on the date of receipt, and shall be either served personally on the party to whom notice is to be given or mailed to the party to whom notice is to be given by recognized overnight commercial courier or first class registered or certified mail, return receipt requested, postage prepaid, and addressed to the addressee at the address stated opposite its name below, or at the most recent address specified by written notice given to the other party in the manner provided in this Article. As a matter of convenience, but not a requirement, the sending party where possible also will transmit to the other party a copy of the communication by fax or e-mail, if available to the parties. Notices

concerning emergency situations may be orally communicated in person or by telephone, or sent by either hand delivery or telegraphic, teleprinter, e-mail or tele-typewriter service, but shall be promptly confirmed by supplemental written notice as provided herein.

Notice to HACEP:	Housing Authority of the City of El Paso 5300 E. Paisano Drive El Paso, TX 79905 Attn: Gerald Cichon (915) 849-3702 asaenz@hacep.org
With a copy to:	Reno & Cavanaugh, PLLC 455 Massachusetts Avenue, NW Suite 400 Washington, DC 20001 Attn: Megan Glasheen (202) 349-2470 mglasheen@renocavanaugh.com
Notice to Paisano:	Paisano Housing Redevelopment Corporation 5300 E. Paisano Drive El Paso, TX 79905 Attn: Gerald Cichon (915) 849-3702 asaenz@hacep.org
Notice to Development Partner:	Versa Development, LLC 4933 College Park, Suite 200 San Antonio, TX 78249 Attn: Manish Verma (210) 530-0090 ext. 202 manishv@versadevco.com
With a copy to:	Locke Lord LLP 600 Congress, Suite 2200 Austin, TX 78701 Attn: Christine Richardson (512) 305-4700 crichardson@lockelord.com

Section 7.03 Avoidance of Conflicts of Interest. No commissioner, member, officer, or employee of HACEP, no member of the governing body of the locality in which the Project is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the Project location shall, during his or her tenure, and for one year thereafter or such longer time as HACEP's policies may require, have any interest, direct or indirect, in this MOU or the proceeds thereof, unless the conflict of interest is waived by HACEP and by HUD. In addition, the Development Partner shall not solicit or hire any current HACEP employees with responsibilities for the administration of the Project, whether as an employee or consultant,

during the Term and one year thereafter, and HACEP and Paisano shall not solicit or hire any current employees of Development Partner with responsibilities for the administration of the Project, whether as an employee or consultant, during the Term and one year thereafter. The provisions of this Section 7.03 shall expressly survive any termination of this MOU.

Section 7.04 Amendment. This MOU may not be amended, modified, or altered except by written instrument duly executed by the Parties.

Section 7.05 Assignment. The Development Partner shall not assign its rights or delegate its duties under this MOU without the prior written consent of HACEP. All of the terms, provisions, covenants, conditions, and obligations of this MOU shall be binding on, and inure to, the benefit of any such assignee. Notwithstanding the foregoing, it is anticipated that the Development Partner will form one or more affiliates controlled by the Development Partner to act as the developer of the Project and as the Developer SLP, if applicable. The assignment of rights and obligations under this MOU and the performance or exercise thereof by any such affiliate of the Development Partner is hereby permitted by HACEP and shall not be construed as a violation of the first sentence of this Section 7.05, so long as the formation documents for such entity(ies) is provided to HACEP prior to Closing.

Section 7.06 Merger. The Parties acknowledge and agree that all prior discussions, negotiations, letters of intent, and any other writings by and between the parties shall be deemed to be superseded and replaced by the terms of this MOU, and of no force or effect.

Section 7.07 Entire Agreement. This MOU contains the entire agreement of the Parties with respect to the subject matter of this MOU, and shall be deemed to supersede all prior agreements, whether written or oral; and the terms and provisions of any such prior agreement shall be deemed to have been merged into this MOU.

Section 7.08 Governing Law. This MOU shall in all respects be governed and construed in accordance with the laws of the State of Texas including all matters of construction, validity, and performance. The venue of any court proceeding to interpret or enforce the provisions of this MOU shall be Texas.

Section 7.09 Multiple Counterparts. This MOU may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this MOU or the terms hereof to produce or account for more than one of such counterparts provided that the counterpart produced bears the signature of the party sought to be bound.

Section 7.10 Severability. In the event that any provision of this MOU shall, for any reason, be determined to be invalid, illegal, or unenforceable in any respect, the Parties hereto shall negotiate in good faith to agree to such amendments, modifications, or supplements of or to this MOU and take such other appropriate actions as shall, to the maximum extent practicable in light of such determination, implement and give effect to the intentions of the Parties as reflected herein, and the other provisions of this MOU shall, as so amended, modified, or supplemented or otherwise affected by such action, remain in full force and effect.

Section 7.11 Waiver. The waiver by any party hereto of its rights arising out of, or in connection with an Event of Default or other breach, failure, or default under this MOU by any other party hereto shall not operate or be construed to operate as a waiver of any subsequent Event of Default, breach, failure, or default.

Section 7.12 Development Partner Legal Counsel. The Parties acknowledge and agree that the Development Partner shall be entitled to engage its own legal counsel for the Project, which legal counsel shall not be subject to HACEP's approval or the third party contracting or procurement requirements set forth in this MOU. The costs for such legal counsel shall be included in the Commissioner's Corner Predevelopment Budget to be reimbursed at Closing.

Section 7.13 Confidentiality. The Parties hereto acknowledge and agree to maintain as confidential: (i) any information of the other Party that is of a proprietary nature (such as technical methods or processes, detailed pricing information, or trade secrets); and (ii) financial records, balance sheets, and financial statements of the other Party that are not generally available to the public through regulatory disclosure or other means (collectively, "**Protected Information**"). Protected Information may not be released or disclosed to any third party without written authorization from the other Party, except as follows: (a) to each Party's directors, officers, members, employees, agents, attorneys, and accountants who are involved in the ordinary course of business with the Project, all of which shall be instructed to comply with the confidentiality provisions hereof; (b) in response to lawful process or subpoena or other valid or enforceable order of a court of competent jurisdiction or as otherwise required by law; or (c) as reasonably necessary in connection with underwriting for the Project financing or regulatory requirements relating to the Project or as may otherwise be required in order to comply with HUD requests. If a disclosure of Protected Information is required in order for HACEP to comply with the Texas Public Information Act or the Freedom of Information Act, the Parties will work together to determine the scope of Protected Information to be disclosed, consistent with HACEP's obligations under such laws as well as any exceptions to disclosure permitted under such laws. The Parties acknowledge and agree that breach of the provisions of this Section may cause irreparable injury for which monetary damages are inadequate, difficult to compute, or both. Accordingly, the Parties agree that the provisions of this Section may be enforced by specific performance. The provisions of this Section 7.13 shall expressly survive any termination of this MOU.

Section 7.14 Exhibits Incorporated by Reference. The following Exhibits are hereby incorporated by reference and expressly made a part hereof:

(a) Exhibit A – Legal Description
(b) Exhibit B – August 29, 2016 LIHTC Commitment
(c) Exhibit C – Commissioner's Corner Predevelopment Budget
(d) Exhibit D – Davis Bacon Wage Rages
(e) Exhibit E – HACEP Section 3 Policy

[Signatures Begin on Next Page]

EXECUTED as of the Effective Date.

HOUSING AUTHORITY OF THE CITY OF EL PASO

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

_____
HACEP Legal Counsel

Date: 4/28/17

PAISANO HOUSING REDEVELOPMENT CORPORATION

By: _____
Name: _____
Title: _____

VERSA DEVELOPMENT, LLC

By: _____ 4/28/17
Name: UMAKISH VERMA
Title: PRESIDENT

EXHIBIT A

LEGAL DESCRIPTION

[INSERT]

EXHIBIT B

LIHTC COMMITMENT

[ATTACH]

EXHIBIT C

PREDEVELOPMENT BUDGET

[ATTACH]

Commissioners Corner

PreDevelopment Budget

	Est. PreDev Budget	Paid by HACEP To Date	Balance Due
Soft Costs			
Land	$ 75,000	$ 75,000	$ -
Architect	$ 1,050,000	$ 518,634	$ 531,366
Civil Engineer (see Arch)	$ -	$ -	$ -
MEP (see Arch)	$ -	$ -	$ -
Structural (see Arch)	$ -	$ -	$ -
Landscape Architect (see Arch)	$ -	$ -	$ -
ADA Review	$ 5,000	$ -	$ 5,000
Off-site Electrical Service	$ 185,000	$ -	$ 185,000
Environmental	$ 50,000	$ 31,200	$ 18,800
Geotechnical (see Arch)	$ -	$ -	$ -
Water/WW Impact Fees (see Building Permits)	$ -	$ -	$ -
Roadway Impact Fees (see Building Permits)	$ -	$ -	$ -
Building Permits	$ 231,250	$ -	$ 231,250
Parkland Dedication Fees	$ 125,800	$ -	$ 125,800
Tree Mitigation (see Building Permits)	$ -	$ -	$ -
City Consultant	$ 10,000	$ -	$ 10,000
Other Development Consultant	$ 100,000	$ 12,815	$ 87,185
Appraisal & Mkt Study	$ 60,000	$ 13,850	$ 46,150
Tax Credit Consultant	$ 100,000	$ 20,000	$ 80,000
Organizational	$ 10,000	$ -	$ 10,000
Legal	$ 300,000	$ 16,606	$ 283,394
Accountant	$ 50,000		$ 50,000
Syndicator Due Diligence Fees	$ 40,000		$ 40,000
Tenant Relocation Costs	$ 30,000	$ -	$ 30,000
Soft Cost Contingency (Incl Unforseen, Travel, Postage, Misc, Etc.)	$ 100,000	$ -	$ 100,000
Title Insurance & Recording	$ 25,000	$ -	$ 25,000
TDHCA and BRB (Issuer, etc) Fees for Revised Structure	$ 75,000	$ -	$ 75,000
Tax Credit Fees	$ 111,000	$ 74,505	$ 36,495
TOTAL	$ 3,020,605	$ 762,610	$ 2,257,995

EXHIBIT D

DAVIS BACON WAGE RATES

[ATTACH]

Housing Authority of the City of El Paso

June 27, 2017

Timothy K. Irvine
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
P.O. Box 13941
Austin, TX 78711

Re: Commissioners' Corner Certain Rule Acknowledgement

Dear Mr. Irvine:

Pursuant to your staff's request and as part of the complete amendment package for Commissioners' Corner herein submitted we have prepared this letter to acknowledge that we fully understand Subchapter G, 10.901 (18). Specifically, should we, HACEP, as awardee of a 2016 9% award for Commissioners Corner return our credits that we may be subject to point or other penalties to be applied to our future 2017 or 2018 9% applications.

We appreciate your support of our efforts to move the Commissioners Corner development forward.

Sincerely yours,

Gerald Cichon
Chief Executive Officer

cc: Barry Palmer, Coats Rose
Sarah Anderson, S. Anderson Consulting, Inc.
Janna Cormier, S. Anderson Consulting, Inc.
Manish Verma, Versa Development

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit ("HTC") Application and a change in the ownership structure of the Development Owner, Developer, and Guarantors prior to issuance of IRS Form(s) 8609 for Gonzalez Apartments (HTC #16354)

RECOMMENDED ACTION

WHEREAS, Gonzalez Apartments (the "Development") received an award of 9% Housing Tax Credits in 2016 under the at risk set aside for the new construction of 153 units of multifamily housing in El Paso, El Paso County;

WHEREAS, the Development Owner is now requesting material alterations to the Development's site plan and architectural design, a reduction in common area, and changes in development costs and financing in order to help address what the Owner has identified as significant changes in the equity market affecting this Development's costs, which was discussed as an overall trend affecting multiple 2016 developments at the Board's March 23, 2017 meeting;

WHEREAS, the Development Owner is also requesting approval for changes to the organizational structures of the Development Owner, Developer, and Guarantor that involve the addition of new entities and principals;

WHEREAS, Board approval is required for a significant modification of the site plan, a significant modification of the architectural design of the Development, and a reduction of 3% or more in the square footage of the units or common areas as directed in Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(A), §10.405(a)(4)(E), and 10 TAC §10.405(a)(4)(D), and the Owner has complied with the amendment requirements therein;

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the application, or affect the amount of the tax credits awarded; and

WHEREAS, the Development Owner acknowledges that the Development will still meet the construction requirements in 10 TAC Chapter 1, Subchapter B and the Development Owner provided a third party accessibility review for the Development

at the request of staff; however, it has not yet been reviewed nor has staff completed a review of the revised architectural plans submitted in conjunction with this amendment request;

NOW, therefore, it is hereby

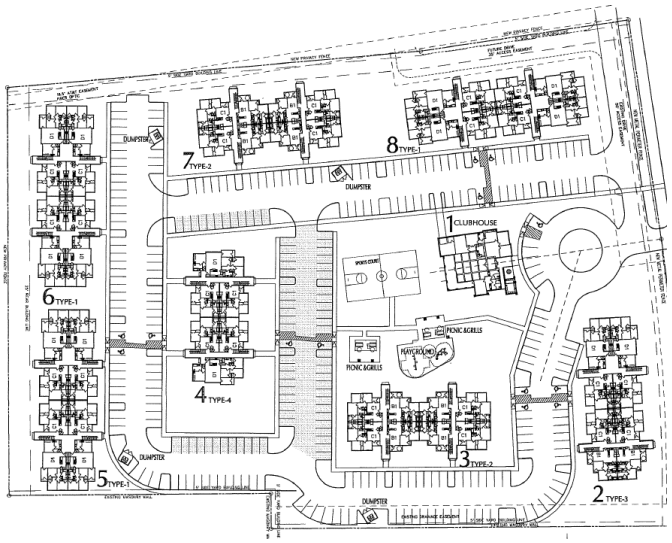
RESOLVED, that the requested application amendments and changes to the Development Owner, Developer and Guarantor for Gonzalez Apartments is approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the Board's determination contingent on any Executive Award Review and Advisory Committee ("EARAC") recommendation or additional conditions as a result of previous participation review.

BACKGROUND

Gonzalez Apartments was approved during the 2016 competitive 9% Housing Tax Credit cycle to construct 153 new construction, multifamily, HUD Rental Assistance Demonstration ("RAD") program units in El Paso. The Development is part of an overall plan for a one to one replacement and relocation of existing public housing units from three properties owned by the Housing Authority of the City of El Paso ("HACEP"). On June 12, 2017, Sarah Anderson, consulting for the partnership, EP SGC, LP (owned by the GP, EP Gonzalez GP, LLC, whose sole member is Paisano Housing Redevelopment Corporation, and Gerald Cichon, CEO) submitted an amendment request identifying changes in the site plan, architectural design, and common area square footage, as well as corresponding changes to development costs and financing. The other changes requested are described in detail below.

Changes to the Site Plan & Architectural Design

According to the amendment request submitted by the Applicant, the changes to the site plan and architectural details are a direct result of changes in the equity and debt markets, which have caused the Applicant to seek cost savings where possible in the Development's design to ensure controlled costs during Development construction. In order to keep building costs relatively similar to what was proposed at Application, the Applicant decreased the number of building types (from six building types to four building types), stories (from two and three story building types to all buildings with a maximum of three stories), and the total number of overall buildings (from 16 to seven total buildings). Minor elevation and exterior design changes were also made. According to the Applicant's request, these site plan and design changes allowed the Owner to save an estimated $500,000-$600,000 in cost increases since the time of Application due to reduced exterior stairs and associated structural requirements, fewer foundation costs, less exterior wall construction, and more efficient breezeway area and utility plans. The original building cost proposed at Application was $13,067,675 and at amendment the costs have decreased to $12,953,646 (an actual cost savings of $114,029). Building locations and paving and parking areas have also been amended slightly, as shown on the site plans below. The Applicant's amendment also shows revised common amenities on the site plan, including the addition of two children's playgrounds, a sport court, bicycle parking, and a covered community patio.

Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)	
Application	**Amendment**
Development Site: **9.00** acres Units: **153** Density: **17.0** units/acre Residential Buildings: **16** Non-Residential Buildings: **1** Common Area Square Footage: **4,250** Net Rentable SF: **176,550**	Development Site: **9.00** acres Units: **153** Density: **17.0** units/acre Residential Buildings: **7** Non-Residential Buildings: **1** Common Area Square Footage: **3,599** Net Rentable SF: **176,550**
	

Changes in Common Area Square Footage

In addition to other site and architectural changes, the Applicant's amendment also requests approval for material reductions to the common area square footage of the clubhouse (from 4,250 square feet to 3,599 square feet, a total reduction of 651 square feet or 15.32%). Based on the request, the changes were made as a result of finalizing the interior amenities for the Development; a fitness room was replaced with a common area laundry, a health screening room was removed, a service coordinator office was added, and a planned conference room was changed to a Resident Association Office.

Changes in Development Costs & Financing

Due to the financial impact of the above changes, revised financial exhibits were submitted, including an updated rent schedule, utility allowance schedule, annual operating expenses, 15 year pro forma, development cost schedule, sources & uses, as well as an updated LOI from their new equity partner, Alden Capital Partners, an updated letter of engagement from their new 221(d)(4) lender, PNC, and an amended Exhibit A to the Development's CHAP Agreement under the RAD program. Based on these new exhibits, the total development costs increased from $25,692,692 at Application to $29,673,943 at the time of amendment (an increase of $3,981,251 or 16%). The most significant increases are related to acquisition (an increase of $1,568,160 due to the partnership's decision to pay for the land upfront instead of through a 75 year ground lease), site work (an

increase of $637,244 or 28% due to increased grading, concrete, paving, and utilities costs) and soft costs (an increase of $1,498,148 or 191% due primarily to large increases in architectural design fees, attorney fees, building permits, hazard & liability insurance, and relocation expenses). Increases are also shown in other financing costs (an increase of $390,122 or 30% due to the inclusion of third party fees and consulting fees, along with an increase in payment bonds), and reserves (an increase of $334,773 or 57%). Only a 2% increase was made to developer fee. According to the Applicant, cost increases in architectural fees were due to the selection of the architectural firm in a competitive RFP format and fees were finalized subsequent to submitting the application. Increases in financing costs and reserves were required for HUD financing and working capital escrows had not been included in the original application for HUD financing, though these have now been required. As the Applicant's request also states, relocation costs increased as more information was made available from HUD through the RAD Financing Approval process.

In addition to cost changes, rents increased $94,800 from the time of Application due to the release of an amended CHAP agreement and expenses increased from the time of last underwriting (from $593,164 at the time of last analysis to $630,291, due primarily to increased reserve for replacement contributions and increased annual debt service). The sources and uses now reflects increased 221(d)(4) debt through PNC (from $9,750,000 to $11,435,600, an increase of $1,685,600), a decrease in equity pricing (from $1.00 to $0.859, resulting in a lower equity amount of $12,883,712 from $14,998,500), a new related party cash flow loan from HACEP in the amount of $4,600,000, and a decrease in deferred developer fee from $967,129 to $754,631 (a decrease of $212,498).

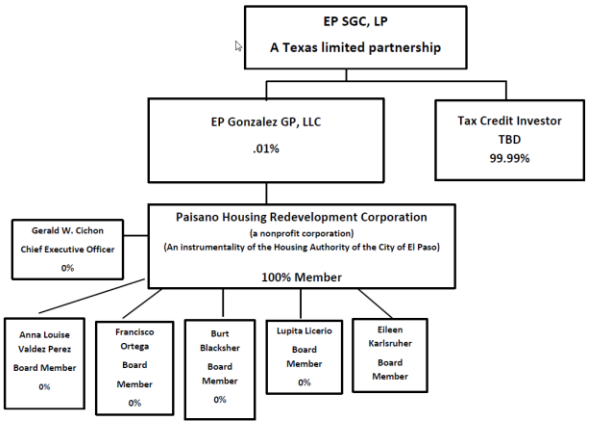
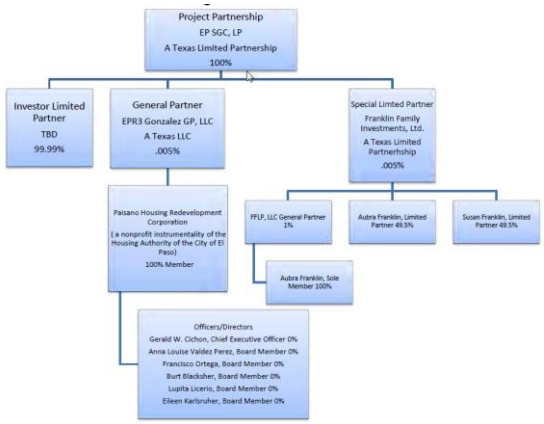
According to the owner's amendment request, such changes are being requested due to the significant changes in equity and debt markets. In particular, the equity pricing originally contemplated was $1.00 while current pricing is at $0.86 resulting in a $2,100,000 decrease in tax credit derived equity. The owner states that the good cause for the requested changes is that this Application proposes RAD conversion to replace and relocate public housing units to a higher opportunity area in El Paso, and further states that without approval of these changes the Development may not be able to be completed. Finally, the owner has indicated that the proposed amendments could not have been prevented, as HACEP relied on financial assumptions provided a year ago and did not foresee an impact on costs and equity pricing at that time, and the proposed amendments are needed to facilitate the Development.

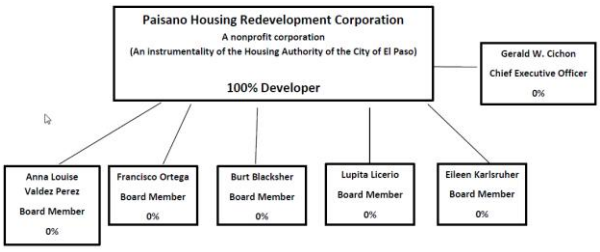
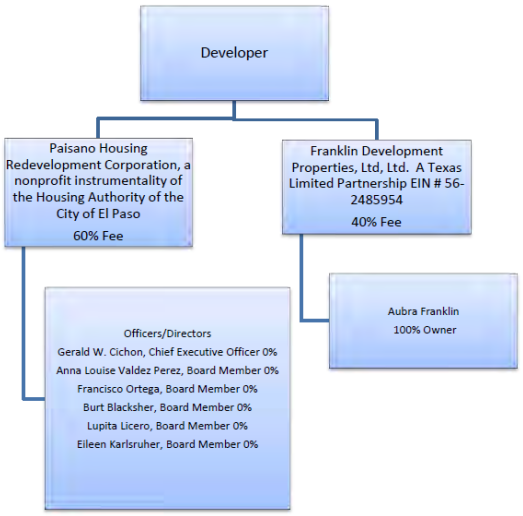
While the request submitted by the Applicant does demonstrate a loss of equity due to fluctuation in the equity markets all of the shortfall as well as the cost increases are being made up with additional contributions from HACEP, the controlling owner. It is also prudent to note that HACEP has submitted five prior amendment requests on its other developments requesting a re-design of the site and building plans, all of which have cited improvements in architectural or building efficiency while dramatically increasing costs. On Haymon Krupp (a 9% 2014 HTC development), an amendment request dated August 31, 2015, was requested and approved that reduced residential buildings from 16 to 12 while increasing site work costs by 44%, increasing building costs by 47%, and increasing total development costs by an overall $6.2M (51%). Developer fee was increased by 33% and financing costs were increased by 69%. On Tays (a 9% 2014 HTC development), an amendment request dated August 18, 2015, was requested and approved that reduced residential buildings from seven to four while increasing site work costs by 68%, increasing building costs by 41%, and increasing total development costs by an overall $7.2M (37%). Developer fee was increased by 6% and soft costs and financing costs were increased by 117%. On Thomas Westfall and Sherman Plaza (both 2015 9% HTC developments), amendments with significant architectural

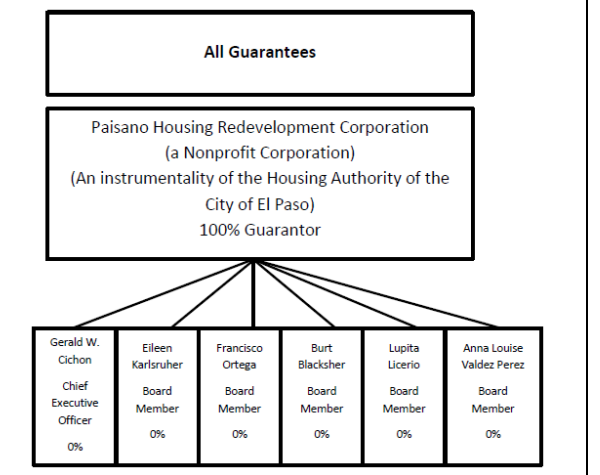
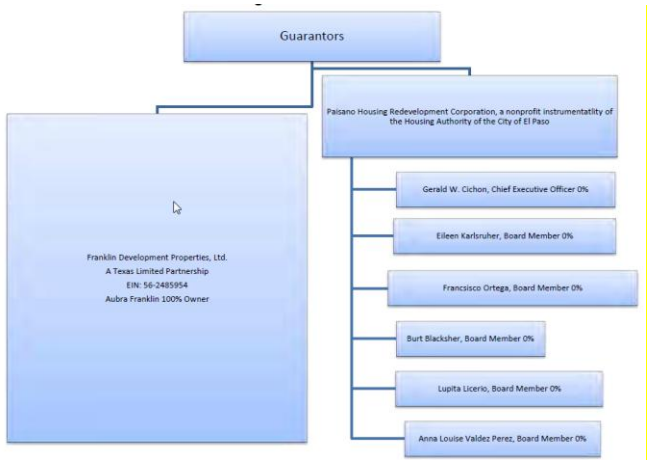
design changes were submitted in May of 2016 and were later retracted based on "cost concerns". Draft exhibits submitted with the amendments at the time showed similar cost increases. An amendment has also been submitted on Commissioner's Corner (a 9% 2016 HTC development) formerly known as Salazar Park, requesting a reduction in the number of residential buildings from 20 to five along with other significant modifications to the site plan and architectural design, including modifications to the number of units and bedroom mix of units; soft costs and financing costs increased on a per unit basis and overall development costs per unit more than doubled though the number of units under the 9% HTC award are being proposed to be reduced by half (from 185 to 93). Cost certifications are still pending for these deals (Haymon Krupp is the only cost certification that has been submitted to date) as well as for the 13-deal RAD I properties that were approved for 4% credits in 2014 and, as such, staff has yet to see whether additional changes on other developments will have significantly amended architectural, site plan, or design details and greatly increased costs. Originally, with the Haymon Krupp amendment request in 2015, taken before the Board on October 15, 2015, HACEP claimed that Development changes and cost changes were due to the Owner's reliance on a non-affiliated professional third party, though staff would caution, based on this and the prior amendments discussed, that these changes have continued to occur and may suggest an evolving trend with the Owner's applications.

Real Estate Analysis ("REA") has re-evaluated the transaction pursuant to Tex. Gov't Code 2306.6712(b) and has concluded that the Development remains feasible.

Finally, the amendment request addressed changes to the organizational structure of the Owner, Developer, and Guarantor, proposing to admit a new Special Limited Partner, Franklin Family Investments, Ltd., to the Ownership (with .005% interest) and Franklin Development Properties, Ltd. to the Developer (to receive 40% of the Developer Fee) and Guarantor structures.

Ownership Structure at Application	Revised Ownership Structure
	

Developer at Application	Revised Developer
	

Guarantor at Application	Revised Guarantor
	

Staff has reviewed the original application and scoring documentation against this amendment request and has concluded that none of the changes would have resulted in selection or threshold criteria changes that would have affected the application score.

Staff recommends approval of the requested material amendments to the Application and changes to the Development Owner, Developer and Guarantor for Gonzalez Apartments.

Real Estate Analysis Division
August 30, 2017

Addendum to Underwriting Report

TDHCA Application #: **16354** Program(s): **9% HTC**

Gonzalez Apartments

Address/Location: SWQ Montana Ave and Rich Beem Blvd

City: El Paso County: El Paso Zip: 79938

	APPLICATION HISTORY
Report Date	**PURPOSE**
08/30/17	**Amendment**
11/14/16	Commitment Condition Clearance
07/24/16	New Application - Initial Underwriting

CONDITIONS STATUS

1 Receipt and acceptance by 10% test:

- Copy of the CHAP Agreement and all amendments.

Status: Applicant included a copy of the amended CHAP for all 153 Subject units in their June 2017 Amendment request package. **Condition cleared**.

2 Receipt and acceptance by Cost Certification:

- Attorney opinion validating federally sourced funds can be considered bona fide debt with a reasonable expectation that it will be repaid in full and further stating that the funds should not be deducted from eligible basis.

Status: Pending

3 Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

Status: Pending

ANALYSIS

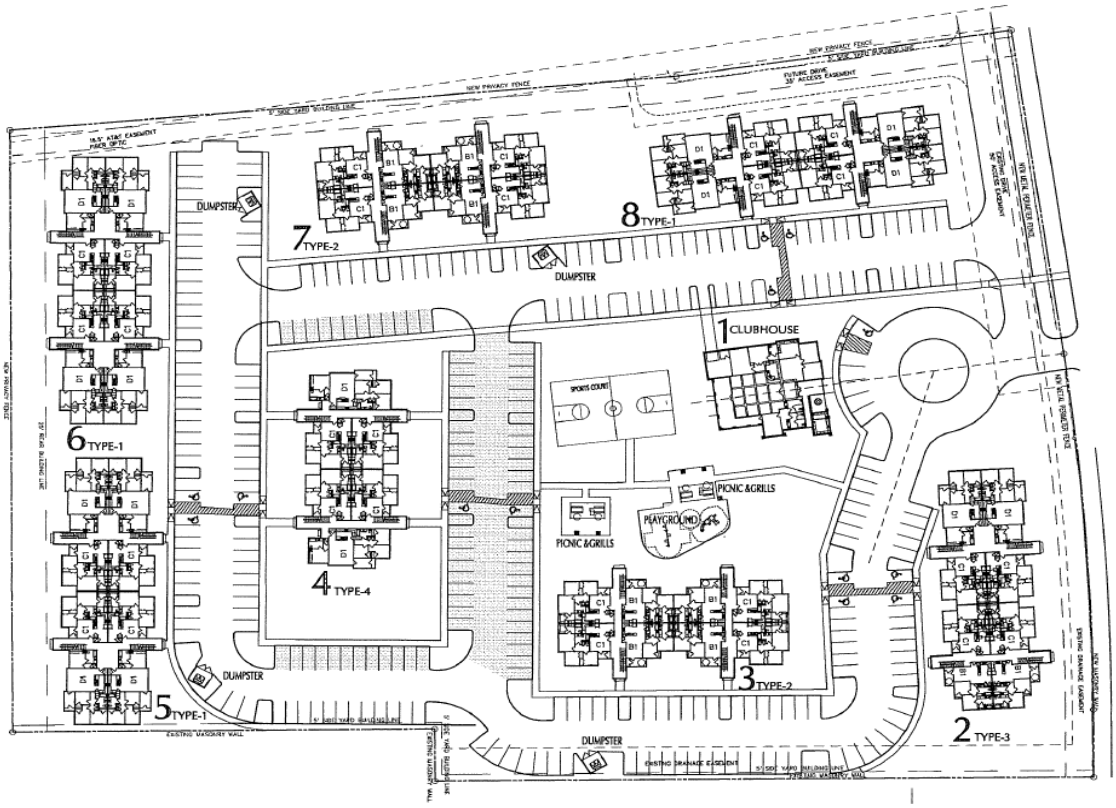
Applicant received a $1.5M annual tax credit award during the 2016 9% HTC competitive cycle. On June 12, 2017, Applicant submitted a request to modify the site plan, building configurations, development costs and financing structure.

The most notable changes to the site and building plans are:

- Decrease in number of residential buildings from 16 to 7
- Decrease in number of building types from 6 to 4
- Decrease in clubhouse square footage from 4,250 s.f. to 3,599 s.f.
- Change in building elevations to include all 3-story buildings (original plans included eight 2-story buildings).

ORIGINAL SITE PLAN

REVISED SITE PLAN



Comments:

The amended site plan improves overall parking efficiency for all buildings and increases the parking ratio to 2/unit (originally 1.4/unit). Additionally, the number of parking spaces have increased 100 spaces to 310 spaces, per the minimum requirements identified in the original feasibility study.

Operating Pro Forma

Applicant's revised pro forma is outside 5% of Underwriter's; therefore the Underwriter's pro forma continues to be used for analysis. Income has increased $95K as a result of slightly higher rents from the Amended CHAP. Applicant's expenses have increased $11K due to higher replacement reserve requirements from the lender. Conversely, the Underwriter's total expenses have decreased $9K as a result of changes made to the ground lease structure, effectively eliminating the $21K annual ground lease payment. Underwriter made no other adjustments to the pro forma.

DCR decreased slightly from 1.28 at original underwriting to 1.27.

Development Cost

Applicant's estimate for building cost decreased by less than1%, while sitework increased by $637K. Additionally, while total hard costs remain relatively the same, soft costs increased 175% (~$1.3M), and financing costs increased by 30% (~$390K). Total Development Cost increased 15% (~$4M) largely due to the significant increases in soft costs, financing, sitework, reserves, and the inclusion of $1.6M in land costs in order to facilitate the ground lease restructure.

A $207K consulting fee was added under financing cost. This has been combined with developer fee, resulting in the overstatement of total developer fee by $188K.

Sources of Funds

PNC continues to provide a FHA 221d4 loan, but has increased the loan amount by ~$1.7M ($11.4M total) with more favorable terms; lower interest rate of 4.00% (with a 0.25% MIP), amortized over the same 40 years, with a 40 year term. Applicant also indicates that HACEP will provide a 40 year cash flow loan in the amount of $4.6M in order to fill the resulting gap in financing.

HACEP Gap Loan is a Related Party loan. Underwriting assumes this loan will be bona fide debt (included in the must pay debt service calculation condition of this report) and amortized similar to the senior debt at 0% interest. In an effort to substantiate bona fide debt, the Underwritten analysis fully amortizes $2.6M of the Gap loan at a 1.15 DCR. Based on the underwritten pro forma, the remaining $2M is repayable from available cash flow over 30 years. If treated as deferred fee there is insufficient cash flow to retire the debt within the required 15 years.

Alden Capital Partners has replaced PNC as equity provider and the equity rate has decreased from $1.00 to $0.86, resulting in decreased equity proceeds of ~$2.1M ($12.8M total).

Conclusion

The current analysis continues to support the original $1.5M credit allocation.

No change in the approved credit allocation is being recommended at this time.

Underwriter:	*Diamond Unique Thompson*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Gonzalez Apartments, El Paso, 9% HTC #16354

LOCATION DATA	
CITY:	El Paso
COUNTY:	El Paso
PROGRAM REGION:	13

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	-	0.0%	0	30%	16	10.5%
1	-	0.0%	0	40%	-	0.0%
2	30	19.6%	30	50%	32	20.9%
3	76	49.7%	76	60%	105	68.6%
4	47	30.7%	47	MR	-	0.0%
TOTAL	**153**	**100.0%**	**153**	**TOTAL**	**153**	**100.0%**

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	3.37%
APP % Construction	9.00%
Average Unit Size	1,154 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		RENT ASSISTED UNIT		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	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		Mrkt Analyst
TC 30%	$354	RAD	$637	3	2	2	922	$637	$124	$513	$0	$0.56	$513	**$1,539**	**$1,539**	$513	$0.56	$0	$915	$0.99	$915
TC 50%	$590	RAD	$637	6	2	2	922	$637	$124	$513	$0	$0.56	$513	**$3,078**	**$3,078**	$513	$0.56	$0	$915	$0.99	$915
TC 60%	$708	RAD	$637	21	2	2	922	$637	$124	$513	$0	$0.56	$513	**$10,773**	**$10,773**	$513	$0.56	$0	$915	$0.99	$915
TC 30%	$408	RAD	$900	8	3	2	1,097	$900	$148	$752	$0	$0.69	$752	**$6,016**	**$6,016**	$752	$0.69	$0	$1,015	$0.93	$1,015
TC 50%	$681	RAD	$900	16	3	2	1,097	$900	$148	$752	$0	$0.69	$752	**$12,032**	**$12,032**	$752	$0.69	$0	$1,015	$0.93	$1,015
TC 60%	$817	RAD	$900	52	3	2	1,097	$900	$148	$752	$0	$0.69	$752	**$39,104**	**$39,104**	$752	$0.69	$0	$1,015	$0.93	$1,015
TC 30%	$456	RAD	$1,071	5	4	2	1,394	$1,071	$157	$914	$0	$0.66	$914	**$4,570**	**$4,570**	$914	$0.66	$0	$1,210	$0.87	$1,210
TC 50%	$760	RAD	$1,071	10	4	2	1,394	$1,071	$157	$914	$0	$0.66	$914	**$9,140**	**$9,140**	$914	$0.66	$0	$1,210	$0.87	$1,210
TC 60%	$912	RAD	$1,071	32	4	2	1,394	$1,071	$157	$914	$0	$0.66	$914	**$29,248**	**$29,248**	$914	$0.66	$0	$1,210	$0.87	$1,210
TOTALS/AVERAGES:				**153**			**176,550**				**$0**	**$0.65**	**$755**	**$115,500**	**$115,500**	**$755**	**$0.65**	**$0**	**$1,055**	**$0.91**	**$1,055**

ANNUAL POTENTIAL GROSS RENT:	**$1,386,000**	**$1,386,000**	

STABILIZED PRO FORMA

Gonzalez Apartments, El Paso, 9% HTC #16354

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		HACEP	El Paso Comps	% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.65	$755	$1,386,000	**$1,322,892**	**$1,322,892**	$1,386,000	$755	$0.65		0.0%	$0
NSF, Application, Reletting							$20.00	$36,720	0							
Total Secondary Income							$20.00			9,180	$36,720	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,422,720	$1,322,892	$1,332,072	$1,422,720				0.0%	$0
Vacancy & Collection Loss							5.0% PGI	(71,136)	(66,145)	(66,604)	(71,136)	5.0% PGI			0.0%	-
Rental Concessions								-	0	0	-				0.0%	-
EFFECTIVE GROSS INCOME								$1,351,584	$1,256,747	$1,265,468	$1,351,584				0.0%	$0
General & Administrative	$58,940	$385/Unit	61,200	41,123	$269	5.39%	$0.41	$476	$72,820	$72,820	$61,200	$61,200	$400	$0.35	4.53%	19.0%	11,620
Management	$67,004	5.8% EGI		53,033	$347	4.87%	$0.37	$430	$65,835	$62,837	$63,273	$67,579	$442	$0.38	5.00%	-2.6%	(1,744)
Payroll & Payroll Tax	$204,918	$1,339/Unit	168,300	159,828	$1,045	9.73%	$0.74	$859	$131,482	$131,482	$131,482	$131,482	$859	$0.74	9.73%	0.0%	-
Repairs & Maintenance	$80,132	$524/Unit		73,468	$480	9.42%	$0.72	$833	$127,384	$127,384	$91,800	$91,800	$600	$0.52	6.79%	38.8%	35,584
Electric/Gas	$27,929	$183/Unit	48,223	27,287	$178	4.08%	$0.31	$360	$55,150	$55,150	$48,223	$48,223	$315	$0.27	3.57%	14.4%	6,927
Water, Sewer, & Trash	$58,392	$382/Unit	73,555	81,038	$530	4.31%	$0.33	$380	$58,211	$58,211	$65,609	$65,609	$429	$0.37	4.85%	-11.3%	(7,398)
Property Insurance	$40,136	$0.23 /sf	35,955	37,117	$243	2.74%	$0.21	$242	$37,046	$37,046	$35,955	$35,955	$235	$0.20	2.66%	3.0%	1,091
Property Tax (@ 0%)	$93,837	$613/Unit		78,405	$512	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Reserve for Replacements	$40,146	$262/Unit		25,904	$169	3.96%	$0.30	$350	$53,550	$45,900	$45,900	$53,550	$350	$0.30	3.96%	0.0%	-
Supportive Services				20,345	$133	1.27%	$0.10	$112	$17,136	$17,136	$17,136	$17,136	$112	$0.10	1.27%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees					$0	0.45%	$0.03	$40	$6,120	$6,120	$6,120	$6,120	$40	$0.03	0.45%	0.0%	-
Security					$0	0.41%	$0.03	$36	$5,557	$5,557	$5,557	$5,557	$36	$0.03	0.41%	0.0%	-
Ground Lease Payment					$0	0.00%	$0.00	$0	$0	$20,909	-	$0	$0.00		0.00%	0.0%	-
TOTAL EXPENSES						**46.63%**	**$3.57**	**$4,120**	**$ 630,291**	**$619,643**	**$593,164**	**$ 584,211**	**$3,818**	**$3.31**	**43.22%**	**7.9%**	**$ 46,080**
NET OPERATING INCOME ("NOI")						**53.37%**	**$4.09**	**$4,714**	**$721,293**	**$637,104**	**$672,304**	**$767,373**	**$5,016**	**$4.35**	**56.78%**	**-6.0%**	**$ (46,080)**
CONTROLLABLE EXPENSES								$2,909/Unit				$2,603/Unit					

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Gonzalez Apartments, El Paso, 9% HTC #16354

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Applicant**	**TDHCA**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
PNC - FHA 221d4	0.25%	1.25	1.17	614,116	4.09%	40	42	$11,435,600	**$9,750,000**	**$9,750,000**	$11,435,600	40	40	4.00%	$602,114	1.27	38.8%
PNC Bridge Loan		1.25	1.17	-	0.00%	0	0	$0	**$0**	**$0**	$0	0	0	0.00%		1.27	0.0%
HACEP		1.25	1.17		0.00%	0	0	$0	**$0**	**$0**	$2,600,000	0	40	0.00%	$65,000	1.15	8.8%
CASH FLOW DEBT / GRANTS																	
HACEP		1.25	1.17		0.00%	0	0	$4,600,000			$2,000,000	0	0	0.00%		1.15	6.8%
City of El Paso		1.25	1.17		0.00%	0	0	$10	**$10**	**$10**	$10	0	0	0.00%		1.15	0.0%
				$614,116	**TOTAL DEBT / GRANT SOURCES**			**$16,035,610**			**$16,035,610**			**TOTAL DEBT SERVICE**	**$667,114**	1.15	54.4%
NET CASH FLOW		$153,257	$107,177										**TDHCA**	**NET OPERATING INCOME**	**$767,373**	**$100,259**	**NET CASH FLOW**

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE						
						Prior Underwriting						Annual Credits		
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Applicant**	**TDHCA**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**per Unit**	**Allocation Method**	
Alden Capital Partners	LIHTC Equity	43.7%	$1,500,000	0.86	$12,883,712	$14,998,500	$14,998,500	$12,883,712	$0.8589	$1,500,000	43.7%	$9,804	Applicant Request	
Paisano Housing Redevelopment Co	Deferred Developer Fees	2.6%	(22% Deferred)		$754,631	$967,129	$944,182	$566,692	(17% Deferred)		1.9%	**Total Developer Fee:**		**$3,279,102**
Additional (Excess) Funds Req'd		-0.6%			($187,939)	($22,947)	$0	$0			0.0%			
TOTAL EQUITY SOURCES		45.6%			$13,450,404			$13,450,404			45.6%	**15-Year Cash Flow:**		**$2,626,584**
TOTAL CAPITALIZATION					**$29,486,014**			**$29,486,014**				**15-Yr Cash Flow after Deferred Fee:**		**$2,059,893**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS							TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis					Prior Underwriting					Eligible Basis			
	Acquisition	**New Const. Rehab**	**Total Costs**			**Applicant**	**TDHCA**	**Total Costs**			**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition			$10,249 / Unit	$1,568,160		$0	$0	$1,568,160	$10,249 / Unit				0.0%	$0
Building Acquisition	$0		$ / Unit	$0		$0	$0	$0	$ / Unit			$0	0.0%	$0
Off-Sites			$ / Unit	$0		$153,000	$153,000	$0	$ / Unit				0.0%	$0
Site Work		$2,917,306	$19,067 / Unit	$2,917,306		$2,280,062	$2,280,062	$2,917,306	$19,067 / Unit		$2,917,306		0.0%	$0
Site Amenities		$641,600	$4,193 / Unit	$641,600		$777,264	$777,264	$641,600	$4,193 / Unit		$641,600		0.0%	$0
Building Cost		$12,953,646	$73.37 /sf	$84,664/Unit	$12,953,646	$13,067,675	$12,295,947	$11,953,726	$78,129/Unit	$67.71 /sf	$11,953,726		8.4%	$999,920
Contingency		$1,000,869	6.06%	6.82%	$1,125,869	$1,139,460	$1,085,439	$1,085,884	7.00%	6.45%	$1,000,869		3.7%	$39,985
Contractor Fees		$2,451,698	14.00%	13.90%	$2,451,698	$2,438,446	$2,322,840	$2,323,792	14.00%	14.00%	$2,311,890		5.5%	$127,906
Soft Costs	0	$1,567,080		$14,090 / Unit	$2,155,773	$782,625	$782,625	$2,155,773	$14,090 / Unit		$1,567,080	$0	0.0%	$0
Financing	0	$203,478		$9,640 / Unit	$1,474,849	$1,291,407	$1,291,407	$1,474,849	$9,640 / Unit		$203,478	$0	0.0%	$0
Developer Fee	$0	$3,260,351	15.00%	15.86%	$3,467,031	$3,202,452	$3,038,312	$3,102,145	15.00%	15.00%	$3,089,392	$0	11.8%	$364,886
Reserves				$6,000 / Unit	$918,011	$583,238	$559,576	$918,011	$6,000 / Unit				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BA	**$0**	**$24,996,028**		$193,947 / Unit	**$29,673,943**	**$25,715,629**	**$24,586,472**	**$28,141,246**	$183,930 / Unit		**$23,685,341**	**$0**	**5.4%**	**$1,532,697**
Acquisition Cost	$0				$0									
Contingency		$0			$0									
Contractor's Fee		$0												
Interim Interest		$0												
Developer Fee	$0	$0			($187,929)									
Reserves					$0									
ADJUSTED BASIS / COST	**$0**	**$24,996,028**		$192,719/unit	**$29,486,014**			**$28,141,246**	$183,930/unit		**$23,685,341**	**$0**	**4.8%**	**$1,344,768**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): **$29,486,014**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Gonzalez Apartments, El Paso, 9% HTC #16354

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$24,996,028	$0	$23,685,341
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$24,996,028	$0	$23,685,341
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$32,494,836	$0	$30,790,944
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$32,494,836	$0	$30,790,944
Applicable Percentage	3.37%	9.00%	3.37%	9.00%
ANNUAL CREDIT ON BASIS	$0	$2,924,535	$0	$2,771,185
CREDITS ON QUALIFIED BASIS	$2,924,535		$2,771,185	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8589	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$2,924,535	$25,119,247	----	----	----
Needed to Fill Gap	$1,565,978	$13,450,404	----	----	----
Applicant Request	$1,500,000	$12,883,712	**$1,500,000**	**$0**	**$0**

Development Cost/SF

	Application	TDHCA
Acquisition & Hard Costs	$112.47	$107.18
Hard Costs	$112.47	$107.18
Building Costs	$74.02	$67.71
Total Points Claimed:		12

BUILDING COST ESTIMATE

CATEGORY		FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost:	Garden (Up to 4-story)		176,550 SF	$66.32	11,708,285
Adjustments					
Exterior Wall Finish		2.80%		1.86	$327,832
Elderly		0.00%		0.00	0
9-Ft. Ceilings		3.35%		2.22	392,228
Roof Adjustment(s)				1.50	265,305
Subfloor				(0.15)	(27,071)
Floor Cover				2.56	451,968
Breezeways		$27.33	3,451	0.53	94,324
Balconies		$27.38	11,645	1.81	318,809
Plumbing Fixtures		$990	489	2.74	484,110
Rough-ins		$485	459	1.26	222,615
Built-In Appliances		$1,725	153	1.49	263,925
Exterior Stairs		$2,250	56	0.71	126,000
Heating/Cooling				2.14	377,817
Enclosed Corridors		$49.51	0	0.00	0
Carports		$11.94	0	0.00	0
Garages			0	0.00	0
Comm &/or Aux Bldgs		$84.64	3,599	1.73	304,625
Elevators			0	0.00	0
Other:				0.00	0
Fire Sprinklers		$2.47	183,600	2.57	453,492
SUBTOTAL				**89.29**	**15,764,264**
Current Cost Multiplier		0.99		(0.89)	(157,643)
Local Multiplier		0.90		(8.93)	(1,576,426)
TOTAL BUILDING COSTS				**79.47**	**$14,030,195**
Plans, specs, survey, bldg permits		3.30%		(2.62)	($462,996)
Contractor's OH & Profit		11.50%		(9.14)	(1,613,472)
NET BUILDING COSTS			$78,129/unit	$67.71/sf	$11,953,726

Long-Term Pro Forma

Gonzalez Apartments, El Paso, 9% HTC #16354

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	$1,351,584	$1,378,616	$1,406,188	$1,434,312	$1,462,998	$1,615,268	$1,783,386	$1,969,003	$2,400,203	$2,650,018	$2,925,834
TOTAL EXPENSES	3.00%	$584,211	$601,061	$618,404	$636,253	$654,623	$754,851	$870,621	$1,004,367	$1,337,487	$1,549,163	$1,795,904
NET OPERATING INCOME ("NOI")		**$767,373**	**$777,554**	**$787,784**	**$798,059**	**$808,375**	**$860,417**	**$912,765**	**$964,636**	**$1,062,717**	**$1,100,856**	**$1,129,930**
MUST -PAY DEBT SERVICE												
PNC - FHA 221d4		$602,114	$601,819	$601,511	$601,191	$600,857	$598,976	$596,679	$593,874	$586,268	$581,162	$574,928
TOTAL DEBT SERVICE		$667,114	$666,819	$666,511	$666,191	$665,857	$663,976	$661,679	$658,874	$651,268	$646,162	$639,928
ANNUAL CASH FLOW		**$100,259**	**$110,736**	**$121,273**	**$131,868**	**$142,517**	**$196,441**	**$251,086**	**$305,762**	**$411,449**	**$454,693**	**$490,002**
CUMULATIVE NET CASH FLOW		$100,259	$210,994	$332,268	$464,136	$606,653	$1,480,606	$2,626,584	$4,046,190	$7,691,572	$9,883,157	$12,265,710
DEBT COVERAGE RATIO		1.15	1.17	1.18	1.20	1.21	1.30	1.38	1.46	1.63	1.70	1.77
EXPENSE/INCOME RATIO		43.2%	43.6%	44.0%	44.4%	44.7%	46.7%	48.8%	51.0%	55.7%	58.5%	61.4%
Deferred Developer Fee Balance		$466,433	$355,697	$234,424	$102,556	$0	$0	$0	$0	$0	$0	$0

Asset Management Division

Amendment Request Form

Completed forms and supporting materials can be emailed to asset.management@tdhca.state.tx.us

TYPE OF AMENDMENT REQUESTED

Date Submitted: 6/9/2017 Amendment Requested: *Application Amendment,*

Has the change been implemented? *No* Award Stage: *Carryover (Prior to Construction/10% Test)*

NOTE: *Material Application or LURA Amendment requests must be received* ***45 days before the Board Meeting****.*

Contact your Asset Manager if you are unsure what type of Amendment to request: https://www.tdhca.state.tx.us/asset-management/contacts.htm

DEVELOPMENT INFORMATION

Dev. Name: Gonzalez Apartments File No. / CMTS No.: 16354 /

CONTACT INFORMATION

Request Submitted By: Sarah Anderson Phone #/Email: (512) 554-4721 /

SECTION 1: COVER LETTER

A cover letter ***MUST*** be submitted with your request. Review your cover letter to ensure it includes:

☒ The change(s) requested ☒ The reason the change is necessary ☒ The good cause for the change

☒ An explanation of whether the amendment was reasonably foreseeable or preventable at the time of Application

SECTION 2: REQUIRED DOCUMENTATION

Entering an Amendment conveys to the Department that representations in the Application have changed. You ***MUST*** provide information about any and all changes made from the time of Application (or as last approved by the Department) in your request, including any items that will be impacted by the requested change. Failure to represent or properly document all changes may result in delays, denials, or a request for re-submission. The following is attached:

☒ Revised Development Financing Exhibits – if sources, terms, conditions, or amounts of financing will be impacted or changed by your amendment request, revised Application exhibits and term sheets (or executed Loan documents and LPA, if the loan has closed) must be submitted

☐ Signed Statement of No Financial Impact – if no sources, terms, conditions, or amount of financing will be impacted or changed by your amendment request, the Owner must sign and submit a statement to this effect

☒ Revised Application Exhibits/Documents Reflecting or Supporting All Requested Changes – revised site plans, surveys, Building and Unit Configuration exhibit, etc.

☒ Material Amendment fee of $2,500 for first amendments, $3,000 for second amendments, $3,500 for third or more. (Applicable to Non-Material Amendments only if changes have been implemented prior to Amendment approval) – *N/A for Developments only funded by a Direct Loan program (HOME, NSP, HTF)*

SECTION 3A: MATERIAL APPLICATION AMENDMENT ITEMS

Check all items that have been modified from the original application (see ***Subchapter E, §10.405(a)(3)***):

☒ Site plan
☐ Scope of tenant services
☐ Exclusion of reqs in Subchapters B & C
☐ Number of units*
☐ Reduction of 3%+ in unit sq ft
☐ Other
☐ Bedroom mix
☒ Reduction of 3%+ common area
☒ Architectural design
☐ Residential density (5%+ change)

If "Number of units" is selected above and the total LI units or LI units at any rent or income level will be reduced, also:

☐ Written confirmation from the lender *and* syndicator that the development is infeasible without the adjustment in units

☐ Evidence supporting the need for the adjustment in units

NOTE: **The approved amendment may carry a penalty in accordance with* ***§10.405(a)(6)(b).***

SECTION 3B: MATERIAL LURA AMENDMENT ITEMS

Check all items that require a material LURA amendment (see Subchapter E, ***§10.405(b)(2)***):

☐ Reductions in the number of LI units
☐ Change in Target Population
☐ Changes to income or rent restrictions
☐ Removal of Non-profit
☐ Other
☐ Change in ROFR period or other ROFR provisions

The following additional items are attached for consideration or will be forthcoming:

☐ Draft Notice of Public Hearing*
☐ Evidence of public hearing*

NOTE: **Draft Notices of Public Hearing must be provided with the Amendment materials 45 days prior to the Board meeting. *The Public Hearing must be held at least 15 business days prior to the Board meeting and evidence in the form of attendance sheets and a summary of comments made must be submitted to TDHCA within 3 days of the hearing.*

SECTION 4A: NON-MATERIAL APPLICATION AMENDMENT SUMMARY

Identify all non-material changes that have been or will be made (Contact your Asset Manager if you are unsure of whether your request is non-material):

Short Summary Regarding Application Changes

☒ Amendment is requesting a change in Developer(s) or Guarantor(s) and Previous Participation forms are attached.

SECTION 4B: NON-MATERIAL LURA AMENDMENT SUMMARY

Identify non-material amendments requested to the LURA:

Short Summary Regarding LURA Changes

SECTION 4C: NOTIFICATION ITEM SUMMARY

Identify any notification items from the time of application:

Short Summary Regarding LURA Changes

June 12, 2017

Laura DeBellas
TDHCA
Multifamily Finance
221 E. 11th Street
Austin, TX 78701

RE: Amendment Gonzalez Apartments—TDHCA #16354

Dear Ms. DeBellas:

Please consider this a formal request for an amendment to the Gonzalez Apartments located in El Paso, Texas. Below is an overview of the proposed changes:

Architectural Changes:

#1: Changes to the building types from 6 building types to 4 building types:
This amendment decreases the number of building types, stories, and total the total number of buildings

Building type	No. of Stories	No. of Buildings
1	2	1
2	2	1
3	3	6
4	2	5
5	3	2
6	2	1

Building type	No. of Stories	No. of Buildings
1	3	3
2	2 | 3	2
3	3	1
4	2 | 3	1

#2: Changes to the Buildings Elevations
The elevations to the buildings have been slightly amended due to changes in building type and stories. Previous design included 6 building types (with a total of 16 buildings). New design layout includes 4 building types (with a total of 7 buildings). No significant exterior material changes have been incorporated, but there were minor elevation changes due to building changes.

#3: Changes to the Clubhouse Floor Plan
This amendment is a result of finalizing interior amenities for the development.

- Fitness Room was replaced with a Laundry Room
- Health Screening Room was removed. Scoring for this item was replaced with an outdoor amenity.
- Service Coordinator Office was added
- Conference Room was changed to Resident Association Office

#4: Changes to the Clubhouse Square Footage
The square footage has been decreased from 4,250 SF to 3,599 SF.

#5: Changes to Common Amenities on the Site Plan
The following amenities were added to the site plan:

- Two Children's Playground

- Sport Court
- Bicycle Parking
- Covered community patio

For your review, we have attached a copy of the most recent architectural plans that show the above changes.

 # 6: Change to Total Development Cost Schedule

Total Development Costs have increased approximately $4.8MM. This increase is attributable to:

1) While construction costs remained similar to costs submitted at application, it is important to note that the site plan revisions were critical in keeping costs controlled. We estimate that keeping the original site plan would have cost an additional $500-$600k in costs. These reduction in costs came from primarily these areas:
    a. Fewer exterior stairs and associated structural requirements.
    b. More efficient foundations (with fewer buildings but similar structural capacity)
    c. Less exterior wall construction (which is more expensive than interior wall)
    d. More efficient breezeway areas (less area required to gain exterior access to units)
    e. More efficient utility plans (with fewer service requirements)

    With this much more "efficient" site plan, the project was able to not only maintain the overall look and feel of the project, but also to keep costs under control.
2) Purchase of Land. Increase of approximately $ 1.6MM. Land originally considered as a Ground Lease. This is actually not a net cost to the project overall, as the original application showed that a ground lease payment of $20,909 was required to be paid from cash flows in order to service land debt for a period of 75 years. This equated to total costs attributed towards land of $1,568,175, which is the same amount as the purchase price of the land. During subsequent planning with HACEP, it was determined that the required gap would just be increased by the price of the land ($1,568,160) instead of an actual land lease payment over 75 years. The partnership still plans to ground lease the land in accordance with the requirements to receive a property tax exemption, but the ground lease payment itself will be negligible.
3) A/E fees for approximately 476K. The architectural firm was selected in a competitive RFP format and were deemed to be the best qualified A/E team. The A/E fees were finalized subsequent to application. Contract is all inclusive of architectural, MEP, civil, landscaping and construction administration services.
4) Working Capital Reserve of 450K require for HUD financing.
5) Increase in Financing Costs of approximately 400K. Original estimate was 1.3MM. Now estimate is closer to 1.7MM. The costs of financing are fixed on a HUD loan. Every HUD loan has fixed financing fees of 2.80% of the loan amount. In addition, the HUD required "working Capital" escrows (4% of the loan amount) was never included in the original application. It appears the original application did not include these HUD financing requirements..
6) Increase in Relocation expense of 150K. Relocation originally estimated at $150K. Now at $300K. Relocation has increased as the information has become more available through the HUD (RAD) Financing Approval process.

 # 7: Changes to Operating Pro-Forma

1) CHAP was amended and RAD Rents were approved December 5, 2016. Total rental income increased approximately $94,800.

2) Debt Service slightly increased due to increase in loan amount.

For your review we have attached revised Rent Schedule, Annual Operating Expense, 15 year Development Cost Schedule and Sources and Uses, and appropriate LOIs.

#8: Changes to Owner/Developer/Guarantor Structure

Because of the volume of developments that HACEP has in the pipeline, both HACEP and the development investors believe it would be in the best interest of all parties to add an Owner/Developer/Guarantor to the organizational structure.

New organization charts (Owner/Developer/Guarantor) and previous participation information is included in the attachment. None of the individuals or entities being added participated in the 2016 HTC round, so there are no $3M cap issues.

Reason for Change:
The above amendments are due to changes in the equity and debt market as pricing has changed from when the application was initially submitted a year ago. Since then, both the equity and debt markets have undergone significant changes with a reduction in equity and an increase in debt pricing by almost 15%. The changes will allow the development to be feasible.

Good Cause for Change:
The Gonzalez Apartments is a RAD conversion development where the Housing Authority of the City of El Paso will replace and relocate obsolete public housing units to a higher opportunity area within the City of El Paso. This will contribute to their long term success in providing quality and affordable housing to their residents. Without approval of these changes, the development may not be able to be completed.

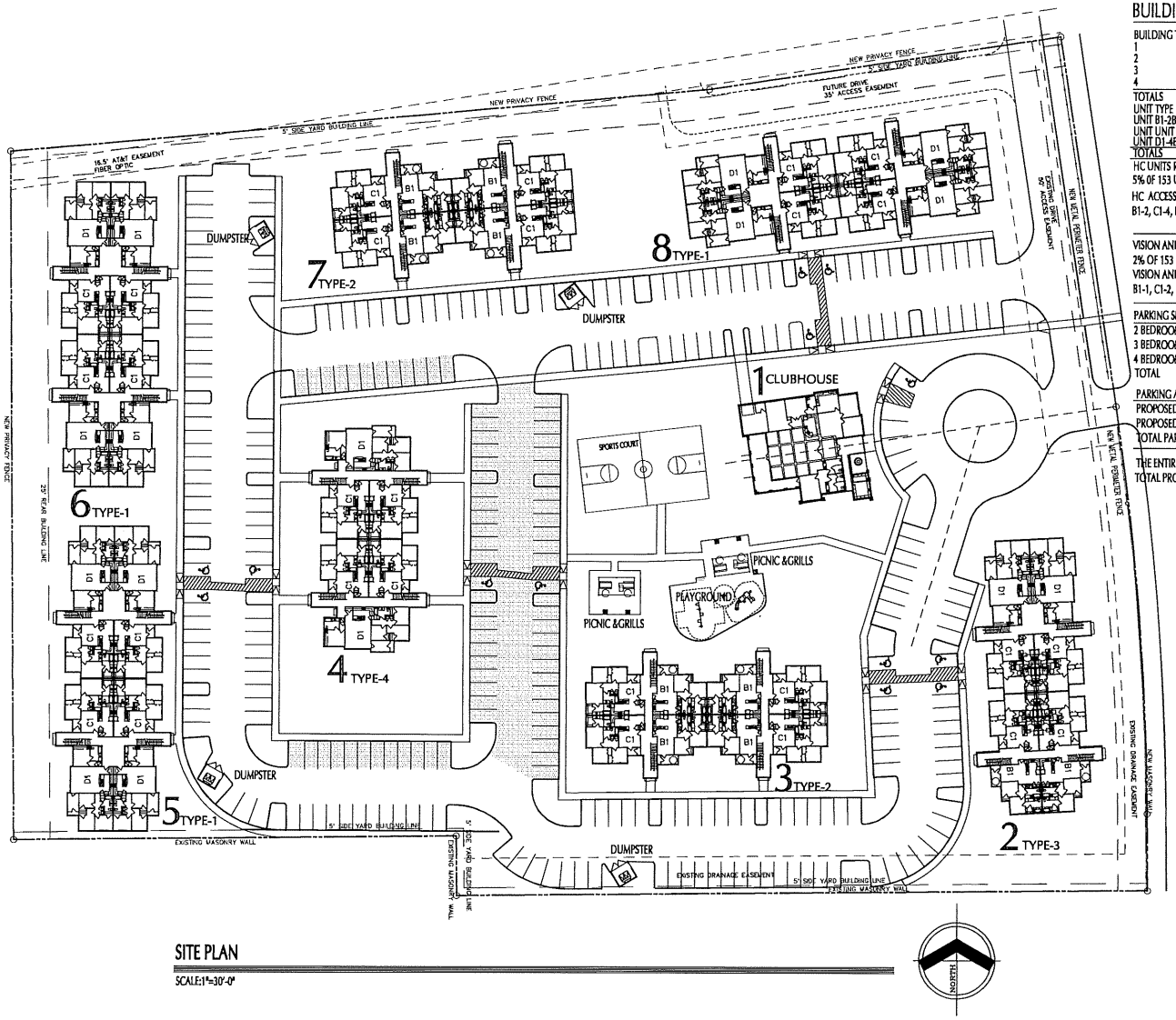
Not Reasonably Foreseeable
The changes made could not have been preventable as the Housing Authority relied on the financial assumptions provided a year ago and they did not foresee an impact on costs then. These changes do not impact any sources, terms or conditions in connection to the financing.

This amendment is being submitted 45 days prior to the July 27th meeting and we are requesting that it be brought up for approval at the July meeting.

Enclosed is a check in the amount of $2,500 representing the change request fee. Thank you for your consideration of our request and please do not hesitate to contact me should you need further information.

Thank you,

Sarah Anderson
S. Anderson Consulting
512-554-4721
sarah@sarahandersonconsulting.com



SITE PLAN

SCALE:1"=30'-0"

BUILDING TABULATIONS:

BUILDING TYPE	NO.STORIES	NO.BLDGS.	UNIT TYPE /BLDG.	TOTAL UNITS	RENTABLE AREA	TOTAL RENTABLE AREAS
1	3	3	12 C1, 12 D1	36 C1, 36 D1	36@1,097 S.F., 36@1,394 S.F.	89,676 S.F.
2	2/3	2	12 B1, 8 C1	24 B1, 16 C1	24@922 S.F., 16@1,097 S.F.	39,680 S.F.
3	3	1	6 B1, 12 C1, 6 D1	6 B1, 12 C1, 6 D1	6@922 S.F., 12@1,097 S.F., 6@1,394 S.F.	27060 S.F.
4	2/3	1	12 C1, 5 D1	12 C1, 5 D1	12@1,097 S.F., 5@1,394 S.F.	20,134 S.F.
TOTALS		16 BLDGS		153 UNITS		176,550 S.F.

UNIT TYPE	AREA	No.OF UNITS	UNIT TYPE
UNIT B1-2BR/2BA	922 S.F.	30 UNITS	27,660 S.F.
UNIT UNIT C1-3BR/2BA	1,097 S.F.	76 UNITS	83,372 S.F.
UNIT D1-4BR/2BA	1,394 S.F.	47 UNITS	65,518 S.F.
TOTALS		153 UNITS	176,550 S.F.

HC UNITS REQUIRED:
5% OF 153 UNITS = 8 UNITS
HC ACCESSIBLE UNITS PROVIDED:
B1-2, C1-4, D1-2

ACCESSORY BUILDINGS:
COMMUNITY CENTER:
AC AREA = 3,599 S.F.
PORCHES MAIL AND MAINT.=1,526 S.F.
TOTAL = 5,125 S.F.

VISION AND HEARING IMPAIRED UNITS REQUIRED:
2% OF 153 UNITS = 4 UNITS
VISION AND HEARING IMPAIRED UNIT PROVIDED:
B1-1, C1-2, D1-1

PARKING SPACES REQUIRED:

2 BEDROOM UNITS	2/UNIT=60 SPACES
3 BEDROOM UNITS	2/UNIT=~~153~~ SPACES
4 BEDROOM UNITS	2/UNIT=94 SPACES
TOTAL	

PARKING ALLOWED BY INFILL OVERLAY
PROPOSED HC PARKING = 13 SPACES
PROPOSED STANDARD PARKING = 288 SPACES
TOTAL PARKING PROVIDED: 301 SPACES

THE ENTIRE SITE IS LOCATED IN FLOOD ZONE X
TOTAL PROPOSED PARKING PROVIDED: WITH OUT SHADED AREA=219

Housing Authority of the City of ElPaso

GONZALEZ APARTMENTS
SITE PLAN
SCALE: 1"=30'-0"

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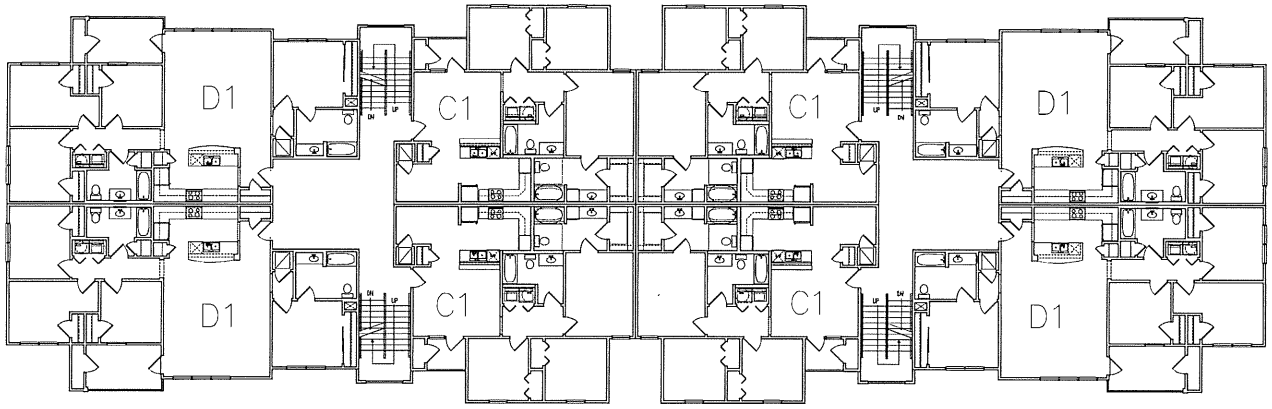
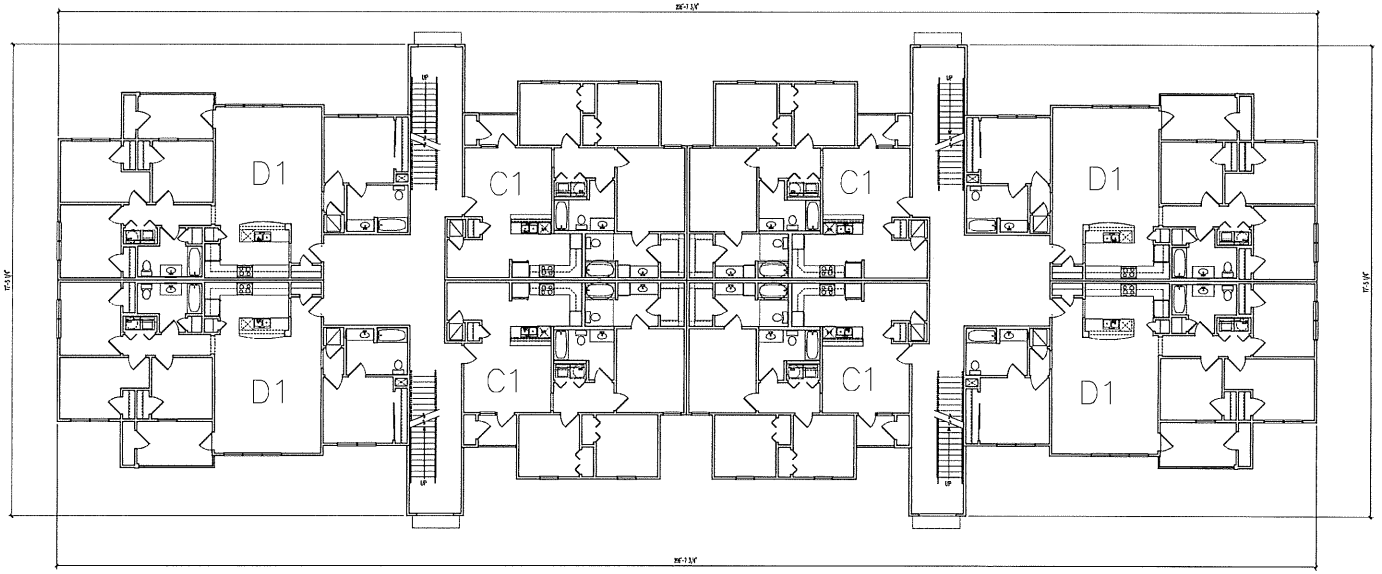
Architecture SpacePlanning Interiors



02 SECOND FLOOR-BUILDING TYPE I
SCALE: 1/8"=1'-0"



01 FIRST FLOOR-BUILDING TYPE I
SCALE: 1/8"=1'-0"

of the City of ElPaso

GONZALEZ APARTMENTS
BUILDING PLANS
SCALE: 1/8"=1'-0"

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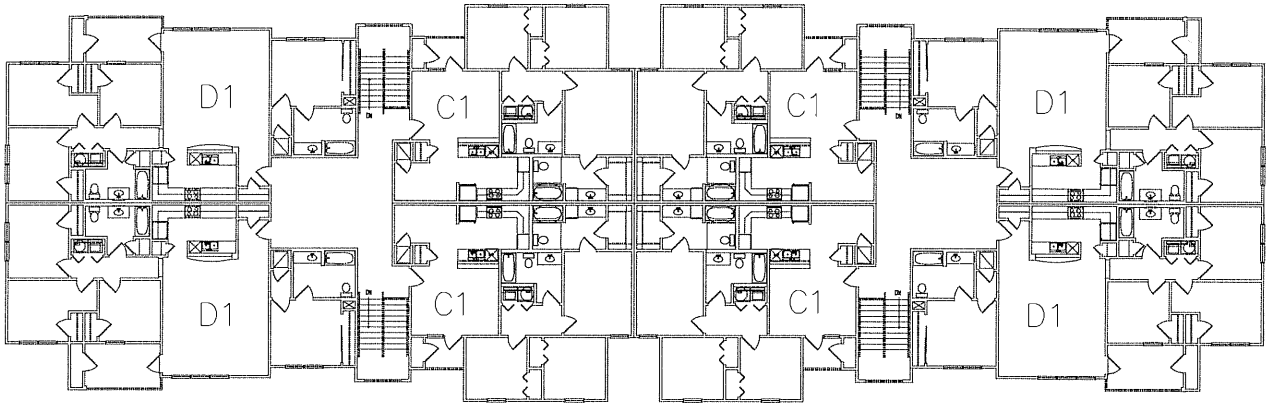
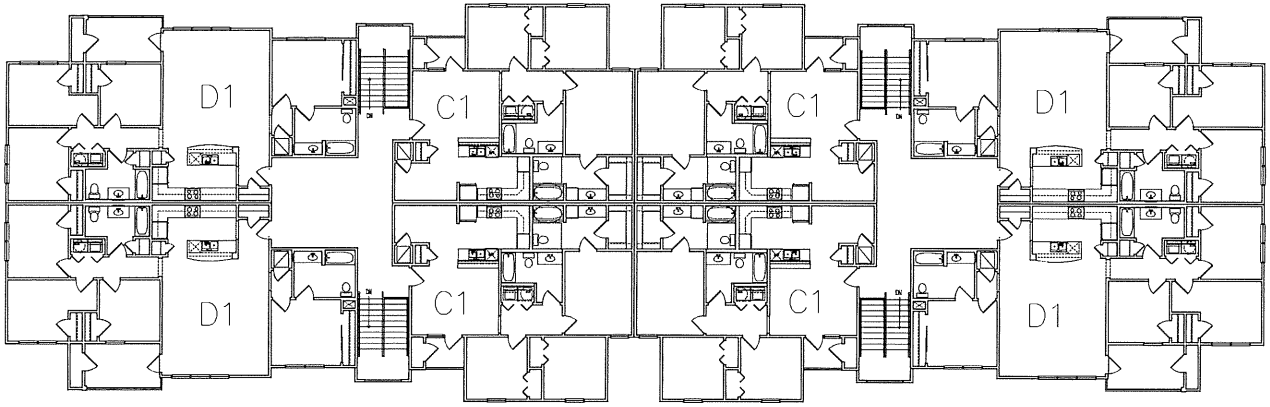


02 ROOF PLAN-BUILDING TYPE I

SCALE: 1/8"=1'-0"



01 THIRD FLOOR-BUILDING TYPE I

SCALE: 1/8"=1'-0"

of the City of ElPaso

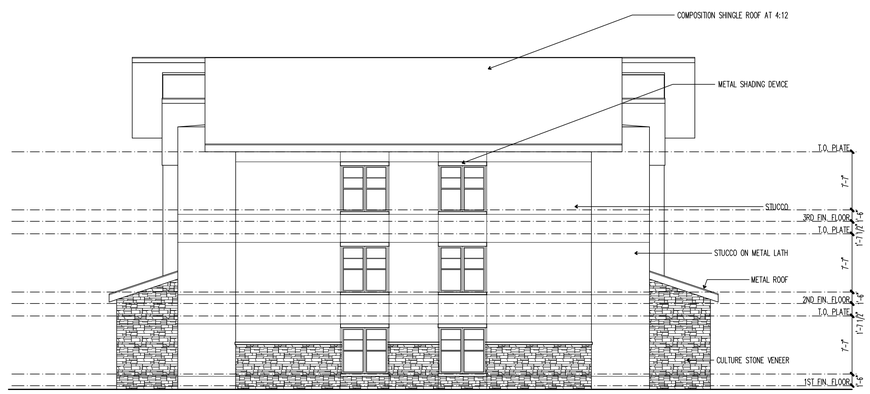
GONZALEZ APARTMENTS
BUILDING PLANS
SCALE: 1/8"=1'-0"

RPGA DESIGN GROUP, INC.
Architecture Space Planning Interiors

LEFT SIDE ELEVATION-BUILDING TYPE 1

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%



RIGHT SIDE ELEVATION-BUILDING TYPE 1

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%

FRONT ELEVATION-BUILDING TYPE 1

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%

REAR ELEVATION-BUILDING TYPE 1

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%

DRAWN BY:
CHECKED BY:
DATE:
ISSUED FOR PERMIT: XX.XX.XXXX
ISSUED FOR PRICING: XX.XX.XXXX
ISSUED FOR CONSTRUCTION: 04.13.2017
REVISIONS:

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Architecture SpacePlanning Interiors
101 S. Jennings Ave., Suite 100 Fort Worth, Texas 76104 817.332.9477 Fax 817.332.9487 Metro 972.445.6425

Gonzalez Apartments

HOUSING AUTHORITY OF THE CITY OF EL PASO

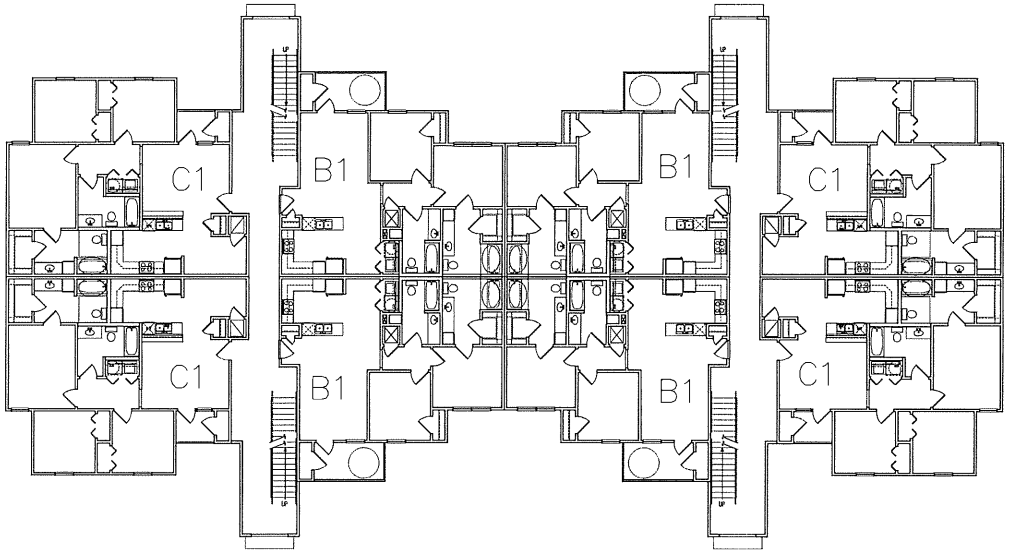
EL PASO, TEXAS

04.13.2017

SEALS VALID ONLY IF SIGNED AND DATED

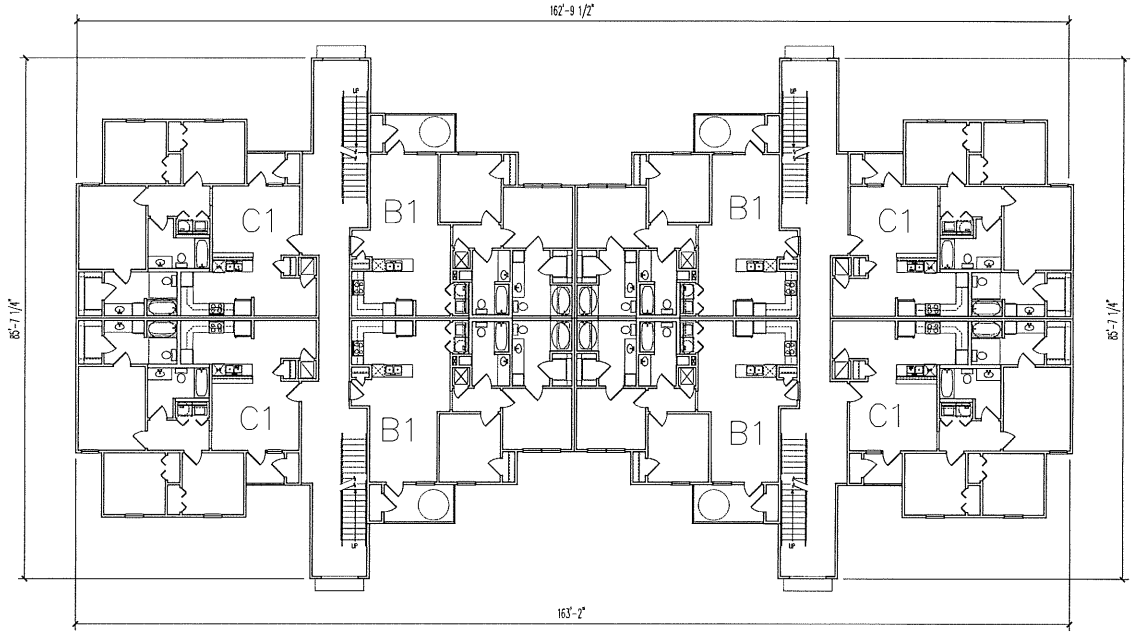
PROJECT NO.
151214-MF-1

SHEET NO.
A2.04



02 SECOND FLOOR-BUILDING TYPE 2

SCALE: 1/8"=1'-0"



01 FIRST FLOOR-BUILDING TYPE 2

SCALE: 1/8"=1'-0"

of the City of ElPaso

GONZALEZ APARTMENTS
BUILDING PLANS

SCALE: 1/8"=1'-0"

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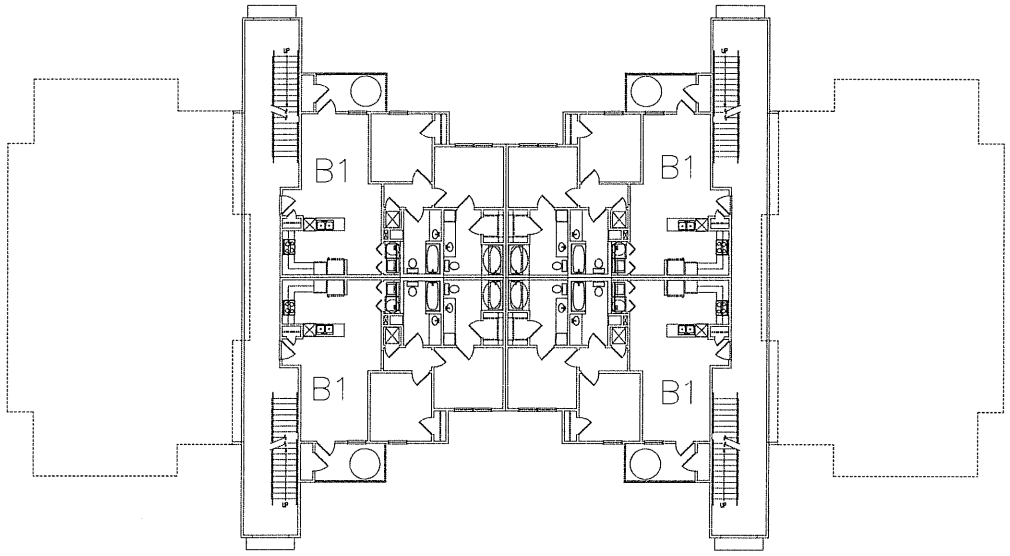
Architecture Space Planning Interiors



02 ROOF PLAN-BUILDING TYPE 2

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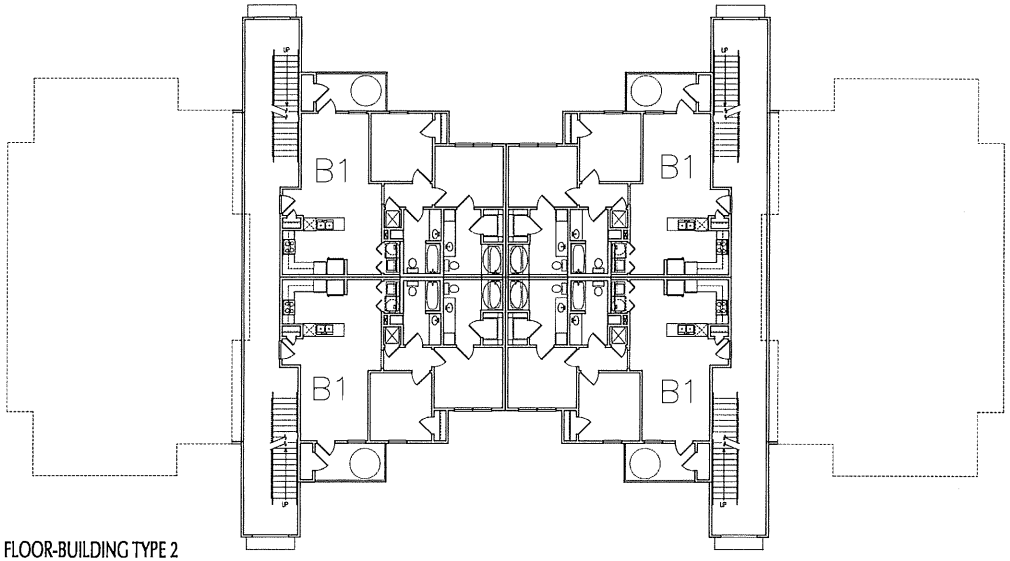

01 THIRD FLOOR-BUILDING TYPE 2

SCALE: 1/8"=1'-0"

of the City of ElPaso

GONZALEZ APARTMENTS
BUILDING PLANS

SCALE: 1/8"=1'-0"

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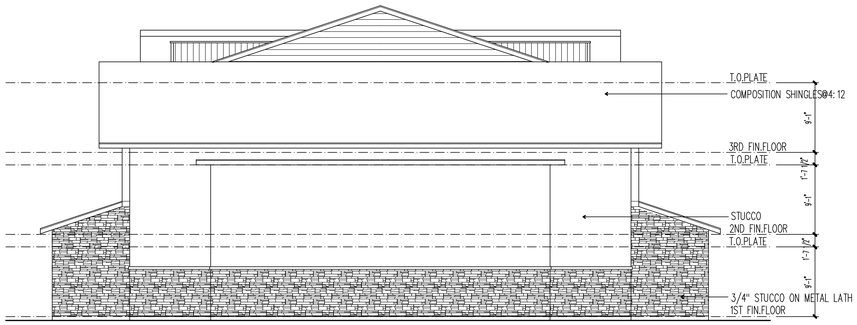
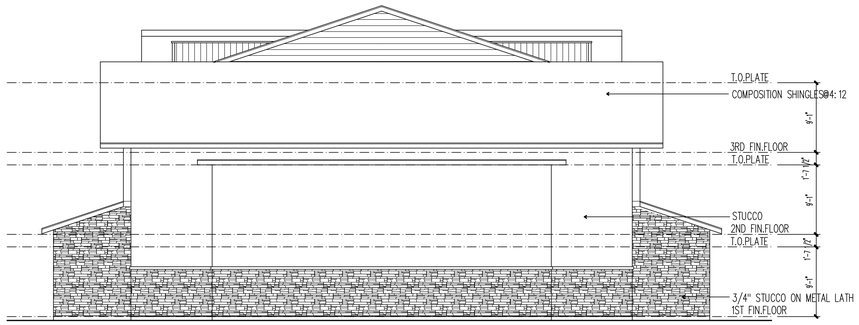
Architecture SpacePlanning Interiors



LEFT SIDE ELEVATION-BUILDING TYPE 2

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%



RIGHT SIDE ELEVATION-BUILDING TYPE-2

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%

REAR ELEVATION-BUILDING TYPE 2

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%

FRONT ELEVATION-BUILDING TYPE 2

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%

BUILDING TYPE 1 - ELEVATIONS

DRAWN BY: M.C.P / S.P.
CHECKED BY: R.P.G.
DATE: 05.16.2016
ISSUED FOR PERMIT: XX.XX.XXXX
ISSUED FOR PRICING: XX.XX.XXXX
ISSUED FOR CONSTRUCTION: 04.13.2017
REVISIONS:

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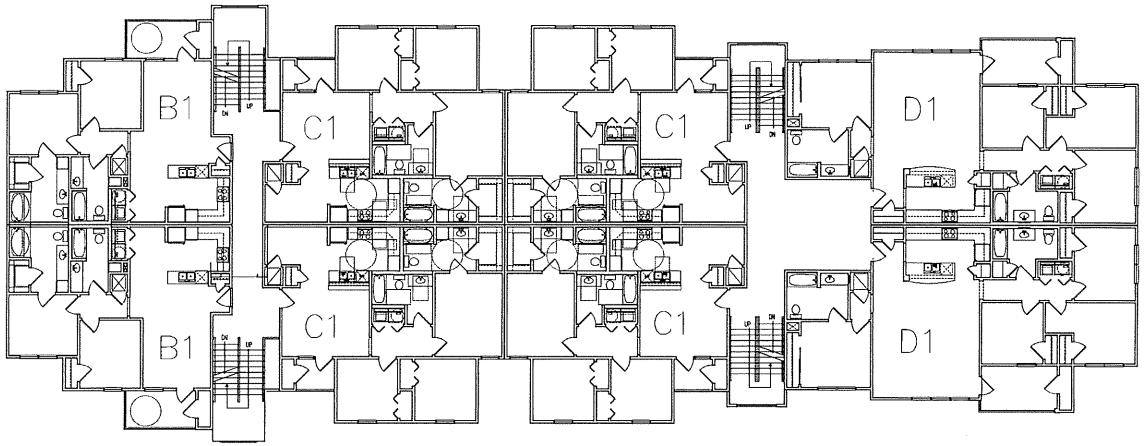
Gonzalez Apartments
HOUSING AUTHORITY OF THE CITY OF EL PASO
EL PASO, TEXAS

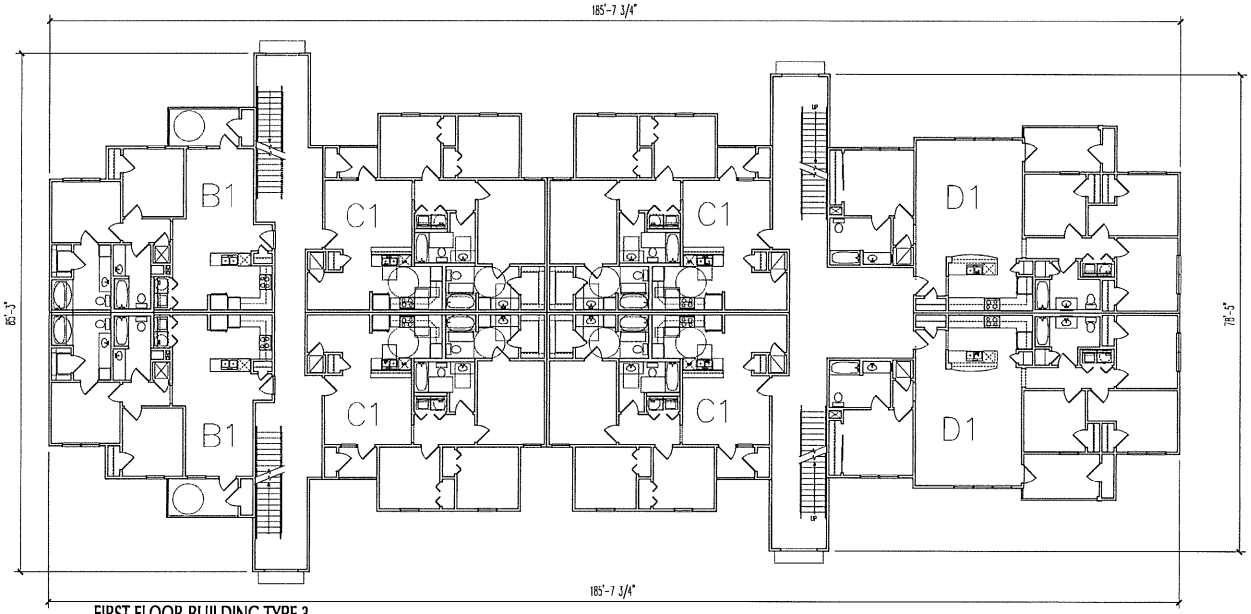
04.13.2017
SEALS VALID ONLY IF SIGNED AND DATED

PROJECT NO.
151214-MF-1

SHEET NO.
A2.08



02 SECOND FLOOR-BUILDING TYPE 3
SCALE: 1/8"=1'-0"

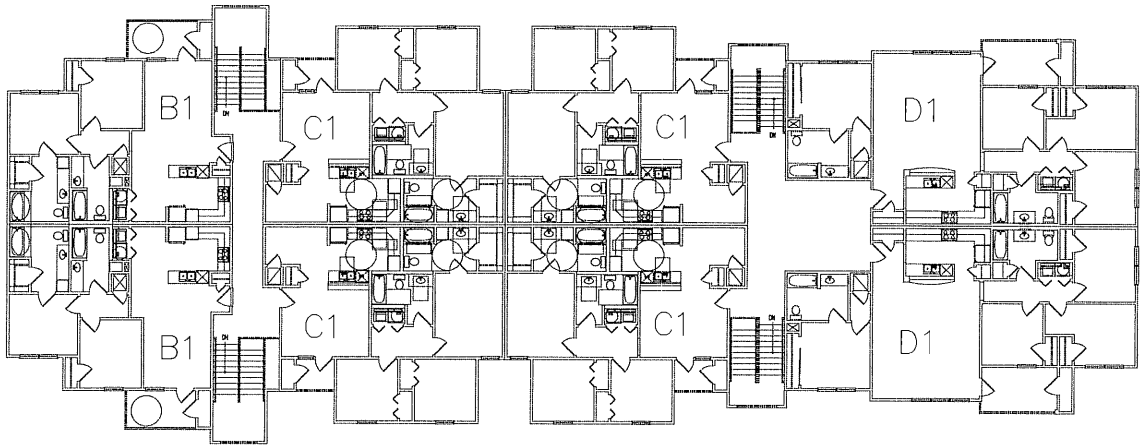


01 FIRST FLOOR-BUILDING TYPE 3
SCALE: 1/8"=1'-0"

of the City of ElPaso

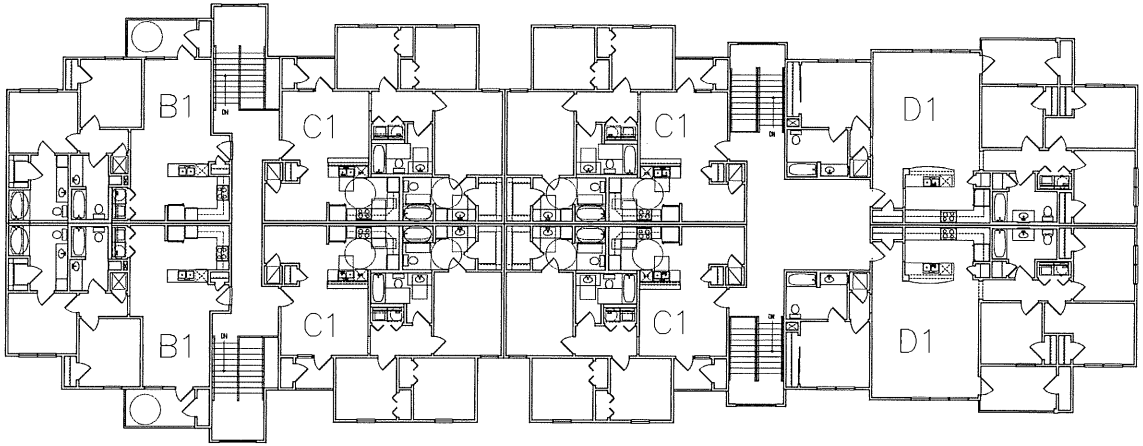
GONZALEZ APARTMENTS
BUILDING PLANS
SCALE: 1/8"=1'-0"

RPGA DESIGN GROUP, INC.
Architecture Space Planning Interiors



02 ROOF PLAN-BUILDING TYPE 3

SCALE: 1/8"=1'-0"



01 THIRD FLOOR-BUILDING TYPE 3

SCALE: 1/8"=1'-0"

of the City of ElPaso

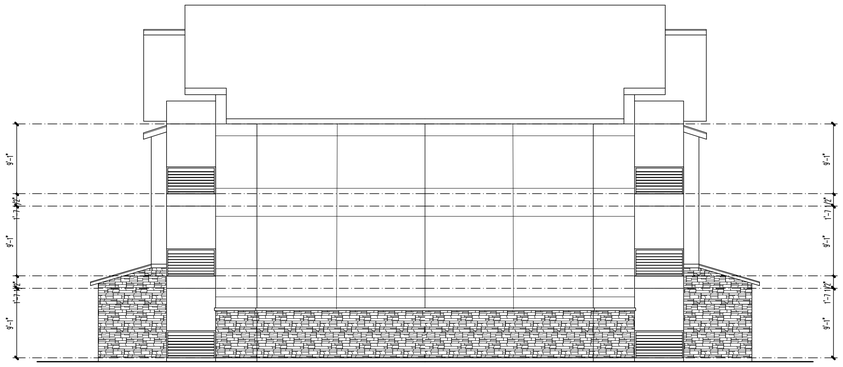
GONZALEZ APARTMENTS
BUILDING PLANS
SCALE: 1/8"=1'-0"

RPGA DESIGN GROUP, INC.
Architecture SpacePlanning Interiors

LEFT SIDE ELEVATION-BUILDING TYPE 3

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%



RIGHT SIDE ELEVATION-BUILDING TYPE 3

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%

REAR ELEVATION-BUILDING TYPE 3

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%

FRONT ELEVATION-BUILDING TYPE 3

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%

DRAWN BY: M.C.P / S.P.
CHECKED BY: R.P.G.
DATE: 05.16.2016
ISSUED FOR PERMIT: XX.XX.XXXX
ISSUED FOR PRICING: XX.XX.XXXX
ISSUED FOR CONSTRUCTION: 04.13.2017
REVISIONS:

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R P G A
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Architecture SpacePlanning Interiors
101 S. Jennings Ave., Suite 100 Fort Worth, Texas 76104 817.332.8477 Fax 817.332.8497 Metro 972.445.6425

Gonzalez Apartments

HOUSING AUTHORITY OF THE CITY OF EL PASO

EL PASO, TEXAS

BUILDING TYPE 1 - ELEVATIONS

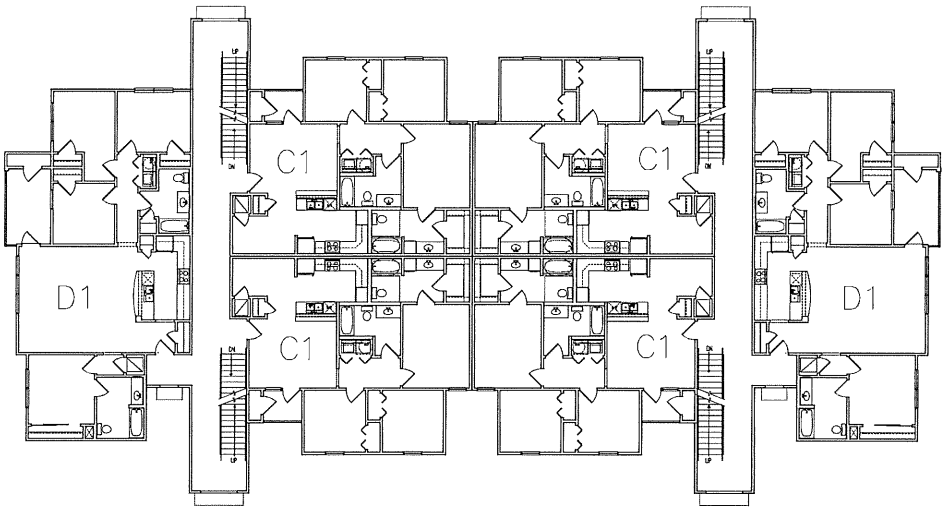
REGISTERED ARCHITECT ROBERT P. GARCIA STATE OF TEXAS

04.13.2017

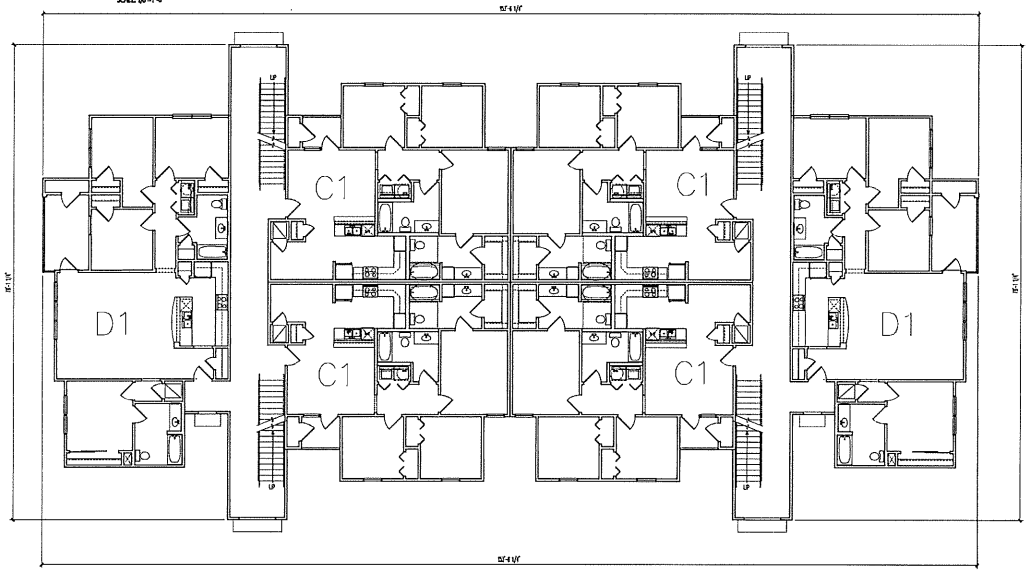
SEALS VALID ONLY IF SIGNED AND DATED

PROJECT NO.
151214-MF-1

SHEET NO.
A-2.12



02 SECOND FLOOR-BUILDING TYPE 4
SCALE: 1/8"=1'-0"

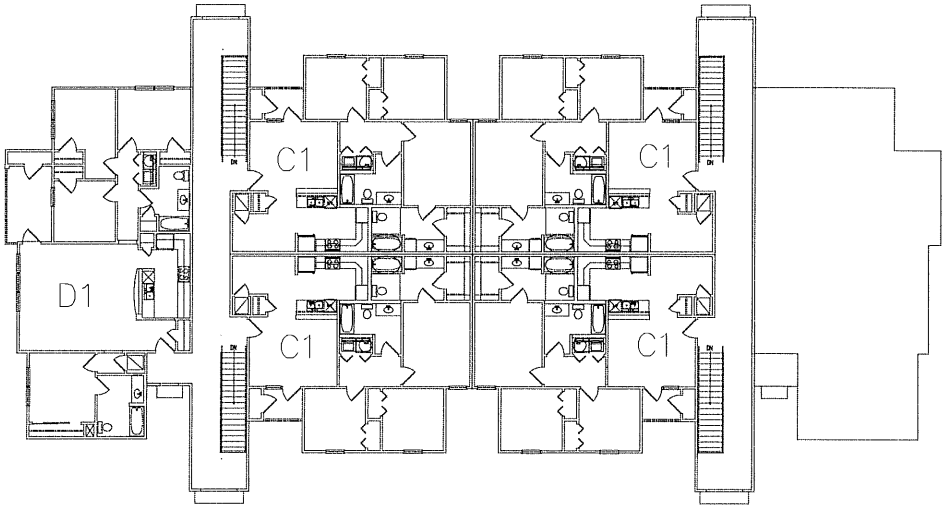


01 FIRST FLOOR-BUILDING TYPE 4
SCALE: 1/8"=1'-0"

of the City of ElPaso

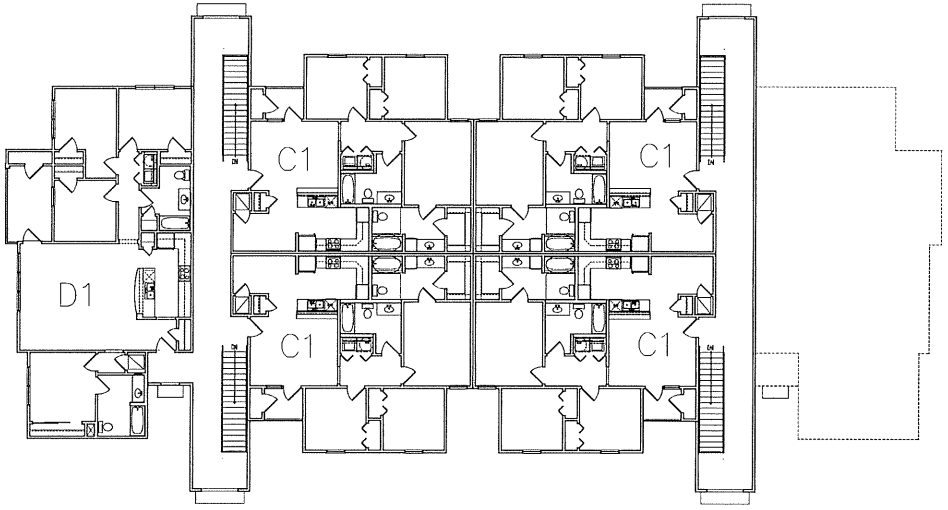
GONZALEZ APARTMENTS
BUILDING PLANS
SCALE: 1/8"=1'-0"

RPGA DESIGN GROUP, INC.
Architecture Space Planning Interiors



02 ROOF PLAN-BUILDING TYPE 4

SCALE: 1/8"=1'-0"



01 THIRD FLOOR-BUILDING TYPE 4

SCALE: 1/8"=1'-0"

of the City of ElPaso

GONZALEZ APARTMENTS
BUILDING PLANS
SCALE: 1/8"=1'-0"

RPGA DESIGN GROUP, INC.
Architecture Space Planning Interiors

LEFT SIDE ELEVATION-BUILDING TYPE 4

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%

RIGHT SIDE ELEVATION-BUILDING TYPE 4

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%

REAR ELEVATION-BUILDING TYPE 4

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%

FRONT ELEVATION-BUILDING TYPE 4

SCALE: 1/8"=1'-0"

STUCCO: 65%
STUCCO: 35%

DRAWN BY: M.C.P / S.P.
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Gonzalez Apartments

HOUSING AUTHORITY OF THE CITY OF EL PASO

EL PASO, TEXAS

REGISTERED ARCHITECT STATE OF TEXAS

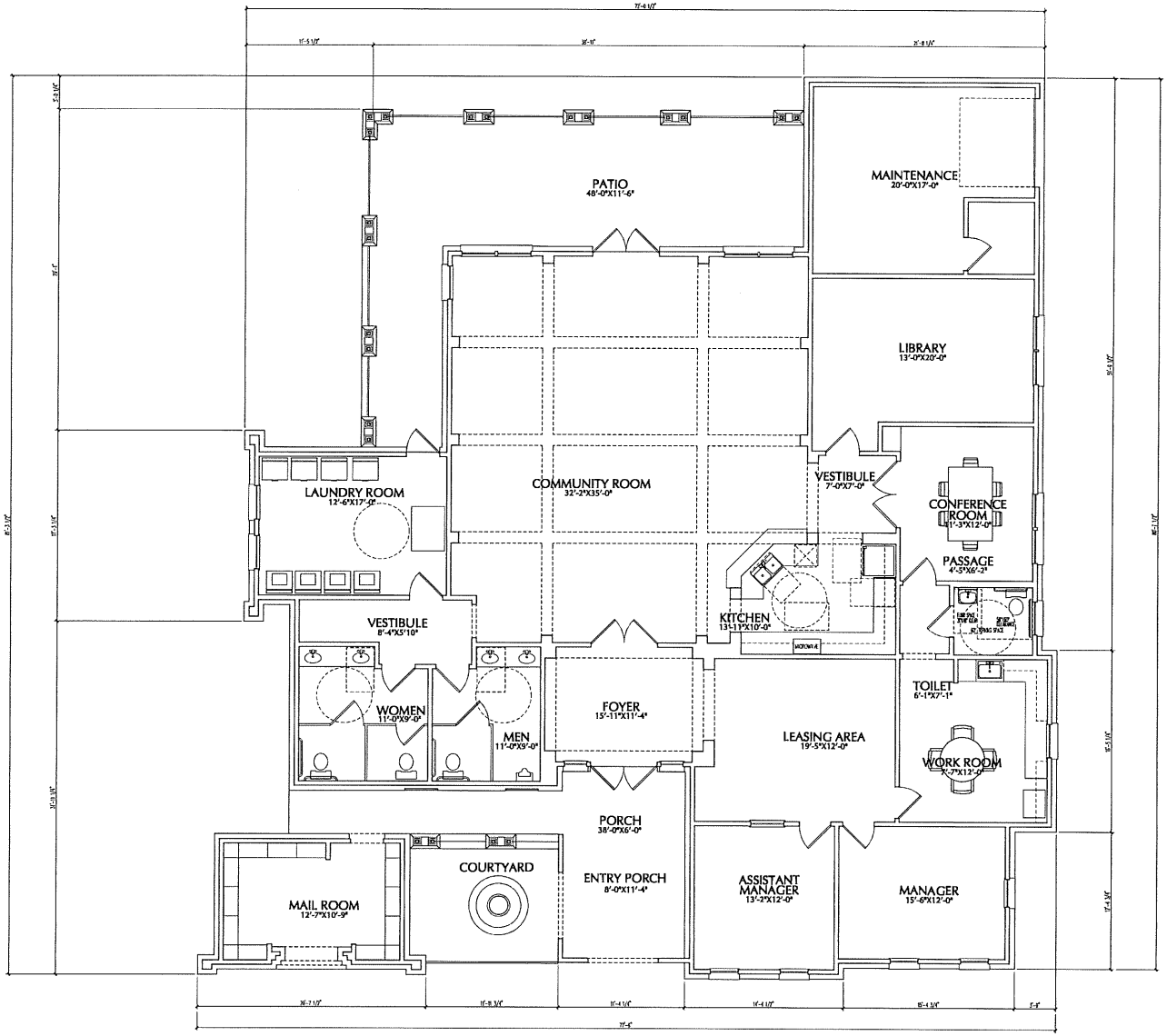
04.13.2017

SEALS VALID ONLY IF SIGNED AND DATED

PROJECT NO.
151214-MF-1

SHEET NO.
A2.16

BUILDING TYPE 1 - ELEVATIONS



AREA CALCULATIONS:

TOTAL A/C AREA:	3,599 S.F.
PORCHESMAIL ROOM:	1,142 S.F.
MAINTENANCE ROOM	384 S.F.
TOTAL SF:	5,125 S.F.

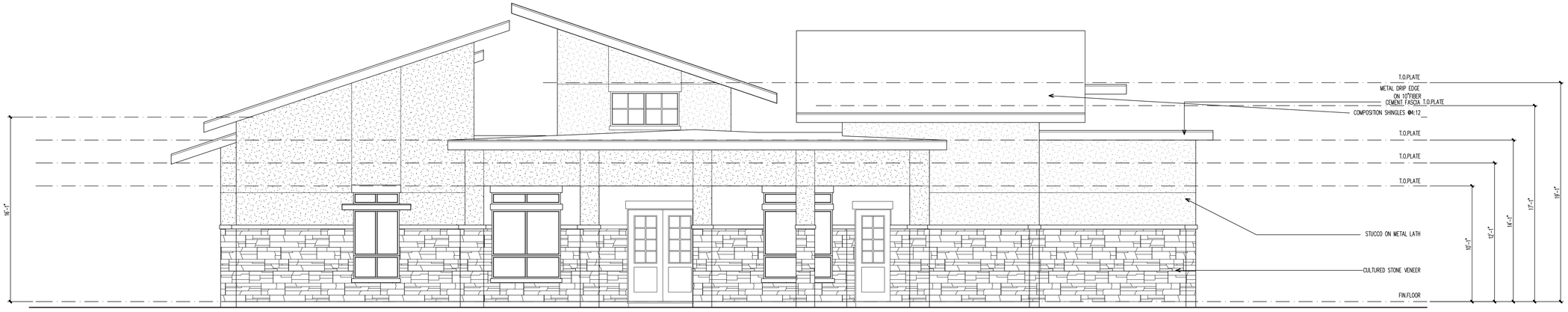
CLUB HOUSE - FLOOR PLAN

SCALE: 1/4"=1'-0"

Housing Authority of the City of ElPaso

GONZALEZ APARTMENTS
CLUBHOUSE FLOOR PLAN
SCALE: 1/4"=1'-0"

RPGA DESIGN GROUP, INC.
Architecture Space Planning Interiors



CLUB HOUSE - REAR ELEVATION

SCALE: 1/4"=1'-0"

STUCCO: 60%
CULTURED STONE : 40%

CLUB HOUSE - FRONT ELEVATION

SCALE: 1/4"=1'-0"

STUCCO: 60%
CULTURED STONE : 40%

DRAWN BY: F.S.G.
CHECKED BY: D.P.H.
DATE: 10.12.2016
ISSUED FOR PERMIT:
XX.XX.2017
ISSUE FOR PRICING:
XX.XX.2017
ISSUE FOR CONSTRUCTION:
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UNIT PLAN A1 - PERMIT SET ONLY ** SUBJECT TO CHANGES FOR FINAL SET**

Gonzalez Apartments

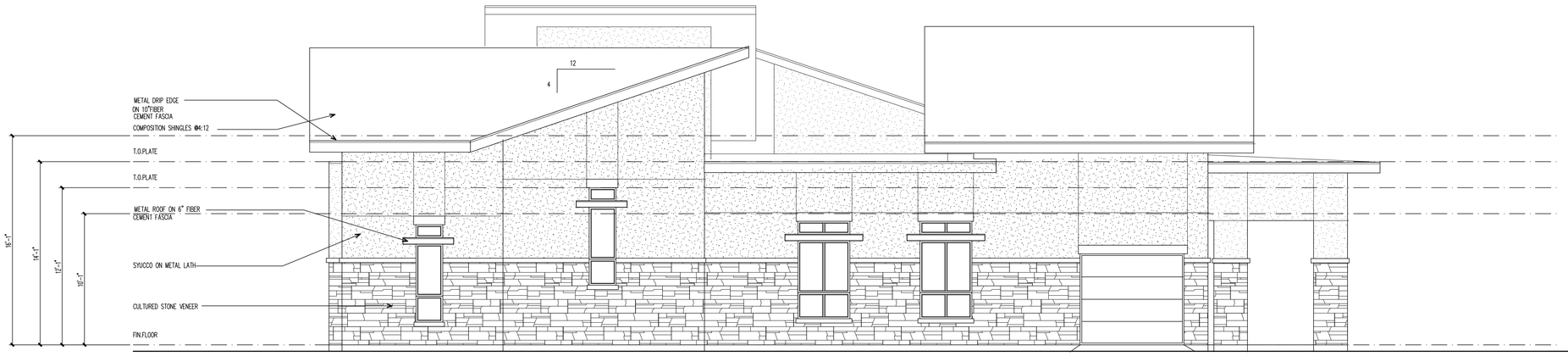
THE HOUSING AUTHORITY OF THE CITY OF EL PASO

EL PASO, TEXAS

04.13.2017
SEALS VALID ONLY IF SIGNED AND DATED

PROJECT NO.
151214-MF-3

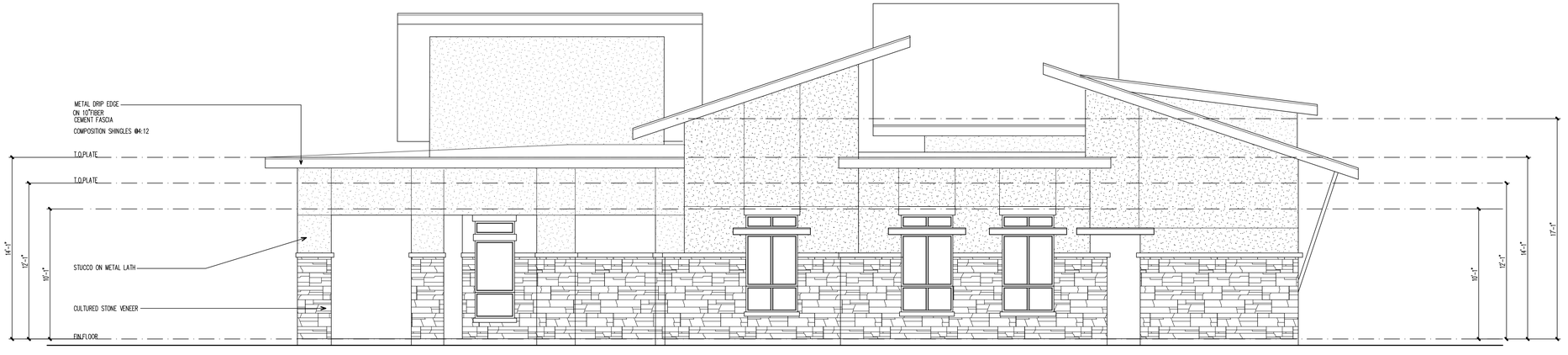
SHEET NO.
A-4.05



CLUB HOUSE - RIGHT SIDE ELEVATION

SCALE: 1/4"=1'-0"

STUCCO: 60%
CULTURED STONE : 40%



CLUBHOUSE-LEFT SIDE ELEVATION

SCALE: 1/4"=1'-0"

STUCCO: 60%
CULTURED STONE : 40%

UNIT PLAN A1 - PERMIT SET ONLY ** SUBJECT TO CHANGES FOR FINAL SET**

DRAWN BY: F.S.G.
CHECKED BY: D.P.H.
DATE: 10.12.2016
ISSUED FOR PERMIT: XX.XX.2017
ISSUE FOR PRICING: XX.XX.2017
ISSUE FOR CONSTRUCTION: 04.13.2017
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101 S. Jennings Ave., Suite 100 Fort Worth, Texas 76104 817.332.9477 Fax 817.332.9497 Metro 972.445.6425

Gonzalez Apartments

THE HOUSING AUTHORITY OF THE CITY OF EL PASO

EL PASO, TEXAS

REGISTERED ARCHITECT STATE OF TEXAS

04.13.2017

SEALS VALID ONLY IF SIGNED AND DATED

PROJECT NO.
151214-MF-3

SHEET NO.
A-4.06

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	x	> 4 Units Per Building	Townhome
Development will have:	x	Fire Sprinklers		Elevators		# of Elevators	Wt. Capacity

	Free	Paid		Free	Paid	
Number of Parking Spaces(consistent with Architectural Drawings):			Shed or Flat Roof Carport Spaces			Detached Garage Spaces
			Attached Garage Spaces	310		Uncovered Spaces
			Structured Parking Garage Spaces			

Floor Composition/Wall Height:	100	% Carpet/Vinyl/Resilient Flooring	9 ft Ceiling Height
		% Ceramic Tile	Upper Floor(s) Ceiling Height (Townhome Only)
		% Other *Describe:*	

			Building Label	I	II	III	IV						**Total # of Residential Buildings**
			Number of Stories	3	3	3	3						
Unit Type			**Number of Buildings**	3	2	1	1						7
Unit Label	**# of Bed-rooms**	**# of Baths**	**Sq. Ft. Per Unit**	**Number of Units Per Building**									**Total # of Units** / **Total Sq Ft for Unit Type**
B1	2	2	922	0	12	6	0						30 / 27,660
C1	3	2	1,097	12	8	12	12						76 / 83,372
D1	4	2	1,394	12	0	6	5						47 / 65,518
													- / -
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			Totals	72	40	24	17	-	-	-	-	-	- / 153 / 176,550

Net Rentable Square Footage from Rent Schedule 176,550

Supportive Housing Applicants Only

Enter the total development common area from the architect's plans:

Ensure that this number matches your architectural drawings.

The additional square footage allowed for Supportive Housing per 11.9(e)(2) is: -

The lesser of these two numbers will be used for points under 11.9(e)(2): 176,550

Rent Schedule

Self Score Total: 0

ivate Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

Unit types must be entered from smallest to largest based on “# of Bedrooms” and “Unit Size”, then within the same “# of Bedrooms” and “Unit Size” from lowest to highest “Rent Collected/Unit”.

Rent Designations (select from Drop down menu)													
HTC Units	MF Direct Loan Units (HOME Rent/Inc)	State HTF Units	MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			**(B)**	**(A) x (B)**			**(E)**	**(A) x (E)**
TC 30%				RAD	3	2	2.0	922	2,766	613	124	513	1,539
TC 50%				RAD	6	2	2.0	922	5,532	613	124	513	3,078
TC 60%				RAD	21	2	2.0	922	19,362	613	124	513	10,773
TC 30%				RAD	8	3	2.0	1097	8,776	900	148	752	6,016
TC 50%				RAD	16	3	2.0	1097	17,552	900	148	752	12,032
TC 60%				RAD	52	3	2.0	1097	57,044	900	148	752	39,104
TC 30%				RAD	5	4	2.0	1394	6,970	1,071	157	914	4,570
TC 50%				RAD	10	4	2.0	1394	13,940	1,071	157	914	9,140
TC 60%				RAD	32	4	2.0	1394	44,608	1,071	157	914	29,248
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			TOTAL		153				176,550				115,500

Non Rental Income	$20.00	per unit/month for:	***NSF, Application, Reletting***	3,060
Non Rental Income	0.00	per unit/month for:		
Non Rental Income	0.00	per unit/month for:		
+ TOTAL NONRENTAL INCOME	**$20.00**	per unit/month		3,060
= POTENTIAL GROSS MONTHLY INCOME				118,560
- Provision for Vacancy & Collection Loss			% of Potential Gross Income: 5.00%	(5,928)
- Rental Concessions ***(enter as a negative number)***			**Enter as a negative value**	
= EFFECTIVE GROSS MONTHLY INCOME				112,632
x 12 = EFFECTIVE GROSS ANNUAL INCOME				1,351,584

Rent Schedule (Continued)

		% of LI	% of Total	
HOUSING TAX CREDITS	TC30%	10%	10%	16
	TC40%			0
	TC50%	21%	21%	32
	TC60%	69%	69%	105
	HTC LI Total			153
	EO			0
	MR			0
	MR Total			0
	Total Units			153
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
DIRECT LOAN	30%			0
	LH/50%			0
	HH/60%			0
	HH/80%			0
	Direct Loan LI Total			0
	EO			0
	MR			0
	MR Total			0
	Direct Loan Total			0
OTHER	Total OT Units			153

BEDROOMS	0			0
	1			0
	2			30
	3			76
	4			47
	5			0

ACQUISITION + HARD		DO NOT USE THIS CALCULATION TO SCORE POINTS UNDER 11.9(e)2). At the end of the Development Cost Schedule, you will have the ability to adjust your eligible costs to qualify. Points will be entered there.
Cost Per Sq Ft	$ 113.08	
HARD		
Cost Per Sq Ft	$ 113.08	
BUILDING		
Cost Per Sq Ft	$ 73.37	

Utility Allowances [§10.614]

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. Where the Applicant uses any method that requires Department review, such review must have been requested prior to submission of the Application. 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 that 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 are required, such as the cost of flood insurance for tenants' 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								
Cooking								
Other Electric								
Air Conditioning								
Water Heater								
Water	Landlord							
Sewer	Landlord							
Trash	Landlord							
Flat Fee	Tenant				$ 124	$ 148	$ 157	Per Amended CHAP - RAD Contract
Other								
Total Paid by Tenant			$ -	$ -	$ 124	$ 148	$ 157	

Other (Describe)

ANNUAL OPERATING EXPENSES

General & Administrative Expenses				
Accounting		$	18,215	
Advertising		$	2,934	
Legal fees		$	2,380	
Leased equipment		$		
Postage & office supplies		$	500	
Telephone		$	1,698	
Other	*Fuel, membership Fees, Contracts, IT*	$	10,373	
Other	*Third party Compliance Oversight*	$	36,720	
Total General & Administrative Expenses:				$ 72,820
Management Fee:	Percent of Effective Gross Income:		4.87%	$ 65,835
Payroll, Payroll Tax & Employee Benefits				
Management		$	68,361	
Maintenance		$	36,825	
Other	*Employee Benefits*	$	26,296	
Other	*describe*			
Total Payroll, Payroll Tax & Employee Benefits:				$ 131,482
Repairs & Maintenance				
Elevator		$		
Exterminating		$	1,800	
Grounds		$	26,656	
Make-ready		$	8,389	
Repairs		$	55,308	
Pool		$		
Other	*Maintenance Contracts - Janitorial*	$	22,819	
Other	*Service Contracts*	$	12,412	
Total Repairs & Maintenance:				$ 127,384
Utilities (Enter Only Property Paid Expense)				
Electric	*HACEP Portfolio Expenses*	$	27,117	
Natural gas	*HACEP Portfolio Expenses*	$	28,033	
Trash	*HACEP Portfolio Expenses*	$	9,613	
Water/Sewer	*HACEP Portfolio Expenses*	$	48,598	
Other	*describe*	$		
Other	*describe*	$		
Total Utilities:				$ 113,361
Annual Property Insurance:	Rate per net rentable square foot:	$	0.21	$ 37,046
Property Taxes:				
Published Capitalization Rate:	Source: NA - Tax Exempt			
Annual Property Taxes		$		
Payments in Lieu of Taxes		$		
Total Property Taxes:				$ -
Reserve for Replacements:	Annual reserves per unit:	$	$ 350	$ 53,550
Other Expenses				
Cable TV		$		
Supportive Services (Staffing/Contracted Services)		$	17,136	
TDHCA Compliance fees		$	6,120	
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)		$		
Security		$	5,557	
Other	*describe*	$		
Other	*describe*	$		
Total Other Expenses:				$ 28,813
TOTAL ANNUAL EXPENSES	Expense per unit:	$	4120	$ 630,291
	Expense to Income Ratio:		**46.63%**	
NET OPERATING INCOME (before debt service)				$ 721,293
Annual Debt Service				
FHA Mortgage		$	614,116	
		$		
		$		
		$		
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.17	$ 614,116

NET CASH FLOW	$ 107,177

15 Year Rental Housing Operating Pro Forma (All Programs)

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 market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. 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	$1,386,000	$1,413,720	$1,441,994	$1,470,834	$1,500,251	$1,656,398	$1,828,798
Secondary Income	$ 36,720	$ 37,454	$ 38,203	$ 38,968	$ 39,747	$ 43,884	$ 48,451
POTENTIAL GROSS ANNUAL INCOME	$1,422,720	$1,451,174	$1,480,198	$1,509,802	$1,539,998	$1,700,282	$1,877,249
Provision for Vacancy & Collection Loss	($71,136)	($72,559)	($74,010)	($75,490)	($77,000)	($85,014)	($93,862)
Rental Concessions	$0						
EFFECTIVE GROSS ANNUAL INCOME	$1,351,584	$1,378,616	$1,406,188	$1,434,312	$1,462,998	$1,615,268	$1,783,386
EXPENSES							
General & Administrative Expenses	$72,820	$75,005	$77,255	$79,572	$81,960	$95,014	$110,147
Management Fee	$ 65,835	$ 67,152	$ 68,495	$ 69,865	$ 71,262	$ 78,679	$ 86,868
Payroll, Payroll Tax & Employee Benefits	$ 131,482	$ 135,426	$ 139,489	$ 143,674	$ 147,984	$ 171,554	$ 198,878
Repairs & Maintenance	$ 127,384	$ 131,206	$ 135,142	$ 139,196	$ 143,372	$ 166,207	$ 192,680
Electric & Gas Utilities	$ 55,150	$ 56,805	$ 58,509	$ 60,264	$ 62,072	$ 71,958	$ 83,419
Water, Sewer & Trash Utilities	$ 58,211	$ 59,957	$ 61,756	$ 63,609	$ 65,517	$ 75,952	$ 88,049
Annual Property Insurance Premiums	$ 37,046	$ 38,157	$ 39,302	$ 40,481	$ 41,696	$ 48,337	$ 56,035
Property Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reserve for Replacements	$ 53,550	$ 55,157	$ 56,811	$ 58,516	$ 60,271	$ 69,871	$ 80,999
Other Expenses	$ 28,813	$ 29,677	$ 30,568	$ 31,485	$ 32,429	$ 37,594	$ 43,582
TOTAL ANNUAL EXPENSES	$630,291	$648,541	$667,326	$686,661	$706,562	$815,166	$940,658
NET OPERATING INCOME	$721,293	$730,074	$738,862	$747,651	$756,436	$800,102	$842,728
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$614,116	$614,116	$614,116	$614,116	$614,116	$614,116	$614,116
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$107,177	$115,958	$124,746	$133,535	$142,320	$185,986	$228,612
CUMULATIVE NET CASH FLOW	$107,177	$223,135	$347,881	$481,416	$623,736	$1,444,501	$2,480,996
Debt Coverage Ratio	1.17	1.19	1.20	1.22	1.23	1.30	1.37
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (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

Development Cost Schedule

Self Score Total:

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All Applications must complete development cost column and the Tax Payer Identification column. Only HTC applications must complete the Eligible Basis columns and the Reques calculation below:

	TOTAL DEVELOPMENT SUMMARY			
	Total Cost	Eligible Basis (If Applicable)		Scratch Paper/Notes
		Acquisition	New/Rehab.	
ACQUISITION				
Site acquisition cost	1,568,160			
Existing building acquisition cost				
Closing costs & acq. legal fees				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Acquisition Cost	$1,568,160	$0	$0	
OFF-SITES[2]				
Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities				
Sewer lateral(s)				
Off-site paving				
Off-site electrical				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Off-Sites Cost	$0	$0	$0	
SITE WORK[3]				
Demolition				
Asbestos Abatement (Demolition Only)				
Detention				
Rough grading	775,077		775,077	
Fine grading				
On-site concrete	791,171		791,171	
On-site electrical				
On-site paving	440,820		440,820	
On-site utilities	910,238		910,238	
Decorative masonry				
Bumper stops, striping & signs				
PLEASE SPECIFY - see footnote 1				
Subtotal Site Work Cost	$2,917,306	$0	$2,917,306	
SITE AMENITIES				
Landscaping	295,580		295,580	
Pool and decking				
Athletic court(s), playground(s)	150,000		150,000	
Fencing	196,020		196,020	
Other (specify) - see footnote 1				
Subtotal Site Amenities Cost	$641,600	$0	$641,600	

BUILDING COSTS*:						
Concrete		1,205,030		1,205,030		
Masonry		359,025		359,025		
Metals		348,530		348,530		
Woods and Plastics		2,657,605		2,657,605		
Thermal and Moisture Protection		191,474		191,474		
Roof Covering		920,250		920,250		
Doors and Windows		528,369		528,369		
Finishes		2,659,909		2,659,909		
Specialties		146,487		146,487		
Equipment		662,060		662,060		
Furnishings						
Special Construction		266,000		266,000		
Conveying Systems (Elevators)						
Mechanical (HVAC; Plumbing)		1,653,318		1,653,318		
Electrical		910,849		910,849		
Individually itemize costs below:						
Detached Community Facilities/Building		444,740		444,740		
Carports and/or Garages						
Lead-Based Paint Abatement						
Asbestos Abatement (Rehabilitation Only)						
Structured Parking						
Commercial Space Costs						
Other (specify) - see footnote 1						
Subtotal Building Costs Before 11.9(e)(2)		$12,953,646	$0	$12,953,646		
Voluntary Eligible Building Costs (After 11.9(e)(2)) **Enter amount to be used to achieve desired score.**			73.37097706	$12,953,646		*Enter score at end of f
TOTAL BUILDING COSTS & SITE WORK **(including site amenities)**		$16,512,552	$0	$16,512,552		
Contingency	6.06%	$1,000,869		1,000,869		
TOTAL HARD COSTS		$17,513,421	$0	$17,513,421		
OTHER CONSTRUCTION COSTS	**%THC**				%EHC	
General requirements (<6%)	6.0%	1,050,715		1,050,715	6.00%	
Field supervision (within GR limit)						
Contractor overhead (<2%)	2.00%	350,268		350,268	2.00%	
G & A Field (within overhead limit)						
Contractor profit (<6%)	6.00%	1,050,715		1,050,715	6.00%	
TOTAL CONTRACTOR FEES		$2,451,698	$0	$2,451,698		
TOTAL CONSTRUCTION CONTRACT		$19,965,119	$0	$19,965,119		
Voluntary Eligible "Hard Costs" (After 11.9(e)(2)) **Enter amount to be used to achieve desired score.**			$113.08psf	$19,965,119		*Enter score at end of f

SOFT COSTS[3]				
Architectural - Design fees	850,000		850,000	
Architectural - Supervision fees				
Engineering fees				
Real estate attorney/other legal fees	185,000		20,000	
Accounting fees	27,160			
Impact Fees				
Building permits & related costs	436,632		436,632	
Appraisal	9,053		9,053	
Market analysis	3,621		3,621	
Environmental assessment	10,990		10,990	
Soils report	9,053		9,053	
Survey	18,107		18,107	
Marketing				
Hazard & liability insurance	272,997		182,464	
Real property taxes				
Personal property taxes				
Cost Cert - Audit	27,160		27,160	
Relocation Expenses	306,000			
Contingency	125,000			
Subtotal Soft Cost	$2,280,773	$0	$1,567,080	
FINANCING:				
CONSTRUCTION LOAN(S)[3]				
Interest	524,223		183,478	
Loan origination fees				
Title & recording fees	162,006			
Closing costs & legal fees				
Inspection fees				
Credit Report				
Discount Points				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
PERMANENT LOAN(S)				
Loan origination fees	177,252			
Title & recording fees	104,678			
Closing costs & legal	65,000			
Bond premium				
Credit report				
Discount points				
Credit enhancement fees				
Prepaid MIP	28,589			
Inspection Fees	57,178			
Other (specify) - see footnote 1				
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[3]					
Tax credit fees	60,750				
Tax and/or bond counsel	65,000				
Payment bonds	200,173				
Performance bonds					
Credit enhancement fees					
Mortgage insurance premiums					
Cost of underwriting & issuance					
Syndication organizational cost	10,000				
Tax opinion					
Third Party Fees	20,000		20,000		
Consulting	206,680				
Subtotal Financing Cost	$1,681,529	$0	$203,478		
DEVELOPER FEES[3]					
Housing consultant fees[4]	0		0		
General & administrative	0		0		
Profit or fee	3,260,351		3,260,351		
Subtotal Developer Fees 15.00%	$3,260,351	$0	$3,260,351	15.00%	
RESERVES					
Rent-up	457,424				
Operating	460,587				
Replacement					
Escrows					
Subtotal Reserves	$918,011	$0	$0		
TOTAL HOUSING DEVELOPMENT COSTS[5]	$29,673,943	$0	$24,996,028		
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		$0	$24,996,028		
**High Cost Area Adjustment (100% or 130%)			130%		
Total Adjusted Basis		$0	$32,494,836		
Applicable Fraction			100%		
Total Qualified Basis	$32,494,836	$0	$32,494,836		
Applicable Percentage[6]			9.00%		
Credits Supported by Eligible Basis	$2,924,535	$0	$2,924,535		
(May be greater than actual request)					

*11.9(c)(2) Cost Per Square Foot: DO NOT ROUND! **Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.**

Requested Score for 11.9(e)(2)	

Name of contact for Cost Estimate:

Phone Number for Contact:

Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

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	
Debt										
TDHCA	Multifamily Direct Loan (Repayable)	$0	0.00%		$ -	0.00%	30	0		
TDHCA	Multifamily Direct Loan (Soft Repayment)	$0	0.00%		$ -	0.00%	0	0		
TDHCA	Mortgage Revenue Bond	$0	0.00%		$ -	0.00%	0	0		
PNC - HUD 221 (d)(4)	Conventional/FHA	$11,435,600	4.09%	1	$ 11,435,600	4.09%	40	42		1st
Third Party Equity										
Alden Capital Partners	HTC $ 1,500,000	$ 9,278,979			$ 12,883,712				0.859	
Grant										
Deferred Developer Fee										
Paisano Housing Redevelopment	Deferred Fee	$ 754,631			$ 754,631			40		
Other										
	Direct Loan Match									
HACEP	Gap Loan	$ 4,600,000			$ 4,600,000	3.00%		40		
	Total Sources of Funds	$ 26,069,210			$ 29,673,943					
	Total Uses of Funds				$ 29,673,943					

INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments):

General Partner shall arrange non-recourse construction and permanent loan financing provided by HUD lender under the 221d4 program in the estimated amount of $11,435,600, with an interest rate of 4.09%, term of 40 years and additional .25% MIP. LIHTC Equity shall be arranged through Alden Torch Capital Partners in the amount of $12,883,712. Syndication Rate of .859. Construction and Permanent financing will be provided by HACEP in the principal amount of $4,600,000 with an interest rate of 3%, a term of at least 40 years with interest and principal paid through available cash flow. Remaining source of funding will be provided through deferred development fees of $ 754,631.

Describe the replacement reserves:

Lender is requiring $350/per unit beginning threshold.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.:

The project will benefit from rental assistance of 100% of the units through the RAD conversion of Public Housing Units. Initial CHAP was awarded December 5, 2016.

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Signature, Authorized Representative, Construction or Permanent Lender | **Printed Name** | **Date**

Telephone:

Email address:

ALDEN
CAPITAL
PARTNERS

Alden Capital Partners, LLC
15260 Ventura Boulevard, Suite 600
Los Angeles, California 91403
Phone (818) 380-6100

CONFIDENTIAL

LETTER OF INTENT AGREEMENT

April 24 2017

Franklin Development Properties, Ltd.
Aubra Franklin
21260 Gathering Oak, Suite 101
San Antonio, TX 78260

RE: Gonzales Apartments, a 153-unit affordable multifamily housing development to be located at the intersection of Montana Avenue and Rich Beem Boulevard in El Paso, El Paso County, Texas and developed, constructed, owned and operated by EP SGC, LP, a Texas limited partnership (the "Partnership").

Dear Aubra:

Thank you for providing Alden Capital Partners, LLC ("ACP") the opportunity to partner with Franklin Development and present this Letter of Intent Agreement (the "LOI Agreement") regarding Gonzales Apartments, (the "Project"). The following sets forth our proposal of the basic business terms to be included in the Partnership Agreement by and between ACP, or its designees, as the Investor Limited Partner (the "Limited Partner" or "LP") and EP Gonzales GP, LLC, a Texas limited liability company (the "General Partner" or "GP").

A. BASIC INFORMATION

The Project will be located at the intersection Montana Avenue and Rich Beem Boulevard in El Paso, El Paso County, Texas. The Project shall contain 153 rent-restricted units. All units will be occupied in compliance with the low-income housing tax credit (LIHTC) requirements of Section 42 of the Internal Revenue Code and restricted to between 30%-60% AMI. All 153 units (100%) of the units will receive Project Based Rental Assistance ("PBRA") under the HUD RAD Program.

1. The main parties involved with the Project are as follows:
   (i) Partnership. EP SGC, LP, a Texas limited partnership
   (ii) General Partner (or "GP"). EP Gonzales GP, LLC, a Texas limited liability company, which is an affiliate of Paisano Housing Redevelopment Corporation ("Paisano") and which shall elect to be treated as a taxable entity
   (iii) Limited Partner (or "LP"). Alden Capital Partners, LLC, or its assignee

(iv) Developers. Franklin Development ("Franklin") Paisano

(v) Guarantors. The Guarantors and guaranty obligations are summarized in Section I below.

2. Partnership Interest to be acquired

This proposal is based upon the acquisition of a 99.99% interest in the Partnership by ACP leaving a 0.01% interest to the GP. The Partnership shall be eligible to depreciate on a 27.5-year, 15-year, and 5-year schedule the building, site improvements, and FF&E, respectively. The Partnership shall elect to claim bonus depreciation.

3. Tax Credits

Year of Tax Credit Allocation	2016
Amount of Federal Tax Credits	$15,000,000
Percentage of Limited Partnership Interest	99.99%
Tax Credits to be Acquired by the LP	$14,998,500

B. TOTAL DEVELOPMENT COSTS AND SOURCES OF FUNDS

			Construction	At Completion	At Stabilization + 8609s
USES:	Development Costs		$ 31,655,684	$ 31,655,684	$ 31,655,684
	Constr/Bridge #2		8,189,757	10,338,052	-
	224d		-	-	11,435,600
	HACEP Loan		4,300,000	4,300,000	4,300,000
	GAP Loan		850,000	850,000	850,000
	Gap #2		-	-	2,186,372
	Federal Limited Partner Equity		9,022,392	11,601,032	12,883,712
	Retention	10%	2,121,843	-	-
	Deferred Operating Reserves		460,587	460,587	-
	Deferred Construction Costs		1,654,446	373,600	-
	Operating Account		(3,207,201)	(4,002,991)	-
	Developer Fee Note		3,509,876	3,008,465	-
			$ 28,409,841	$ 30,558,136	$ 31,655,684

The GP is responsible for development and delivery of the Project, and all costs related thereto, through Rental Achievement, which is defined in the Partnership Agreement as the achievement of (a) a DSCR of 1.15x at a minimum of 90% occupancy for each of three (3) consecutive months, and (b) 100% initial Qualified Occupancy of the Project ("Rental Achievement"). In the determination of Rental Achievement the following assumptions shall be made: (i) the greater of the Project's actual vacancy rate or 5% shall be used, (ii) rental income in excess of maximum Section 42 rents for each unit based on the current AMI limitation shall be included provided it is associated with a Sec. 8 contract with a term equal to or greater than the 15 year compliance period, and (iii) annual operating expenses (excluding annual deposits for Replacement Reserves) shall be the greater of actual or $3,950 per unit. Any additional funds or funding required to achieve Rental Achievement in excess of the estimated Total Development Cost of $31,655,684 shall be considered Excess Development Costs ("EDCs") which shall be the sole and exclusive responsibility of the GP to fund; provided, however, the GP shall be allowed to defer Development Fee (to the extent not yet paid) to cover EDCs. In the event EDCs are not eligible for additional tax credits, they will not be treated as capital contributions or otherwise be reimbursable to the GP. The LP will determine any hard or soft construction cost savings of the Partnership/Project upon Rental Achievement, whereby any savings shall first be used to reduce any deferred development fee, and then allocated to pay down soft loans.

C. EQUITY INVESTMENT

1. Amount of Equity Investment

LP will pay the Partnership $0.859 per $1.00 of Federal IRC Section 42 low income housing tax credits ("LIHTC") for total tax credit equity of $12,883,712. Such amount assumes the LP acquires the aggregate 10-year LIHTC stream totaling $15,000,000. Disbursements will be made pursuant to a monthly draw procedure, as further outlined in the Partnership Agreement. The total equity to be paid by LP, as stated above, will be increased or decreased based on the total amount of tax credits actually received by the Partnership, as stated on the IRS Form(s) 8609, at the rate of $0.859 per $1.00 of LIHTC; provided, however, that the total equity taking into account any additional tax credits shall not exceed 105% of the total equity of $12,883,712 as set forth herein.

Notwithstanding the foregoing, the pricing of $0.859 per dollar of LIHTC will only be binding on ACP for a period of the earlier of the closing date of the Partnership pursuant to this agreement, or 120 days from the date of this letter. Thereafter, ACP may modify its price of $0.859 per LIHTC to reflect market conditions in the exercise of its reasonable discretion, in which event the GP may terminate this letter if the revised pricing is not deemed satisfactory.

Additionally, the pricing indicated herein assumes a Partnership closing by September 2017, whereby the GP is obligated to deliver tax credits to the Partnership on the following schedule:

$16,340	for 2018
$1,191,176	for 2019
$1,500,000	for the years 2020 through 2027
$1,483,660	for 2028
$308,824	for 2029

In the event the Partnership closing occurs earlier or later than September 2017 the tax credit delivery schedule shall be adjusted to maintain the yield to the LP.

2. Timing of the Equity Investment

The LP will invest in the Partnership as follows:

a. $1,932,557 (15.00%) will be funded upon the latest to occur of: (a) the LP's admission into the Partnership, (b) closing and initial funding of the Construction loan, (c) closing and initial funding of the soft loans, (d) receipt of evidence of the availability of LIHTCs for the benefit of the Partnership, (e) issuance of a building permit or will issue letter from the city, and (f) issuance of a tax opinion acceptable to the LP. The proceeds of this capital contribution shall be used to pay ACP reimbursable third-party development costs, land acquisition costs, a portion of the developer fee and Project construction costs. Upon closing of the Partnership Agreement, disbursements will be made pursuant to a monthly draw procedure outlined in the Partnership.

b. $1,932,557 (15.00%) will be funded on the latest to occur of: (a) 25% lien free completion of construction, (b) November 30, 2017, and (c) satisfaction of all conditions precedent to the payments set forth in paragraph 2.a of this section. The proceeds of this capital contribution shall be used to pay Project construction costs.

c. $2,578,639 (20.01%) will be funded on the latest to occur of: (a) 50% lien free completion of construction, (b) May 31, 2018, and (c) satisfaction of all conditions precedent to the payments set forth in paragraph 2.a-b of this section. The proceeds of this capital contribution shall be used to pay Project construction costs.

d. $2,578,639 (20.01%) will be funded on the latest to occur of: (a) 75% lien free completion of construction, (b) August 31, 2018, and (c) satisfaction of all conditions precedent to the payments set forth in paragraph 2.a-c of this section. The proceeds of this capital contribution shall be used to pay Project construction costs.

e. $2,578,640 (20.01%) will be funded upon the latest to occur of: (a) lien-free completion of construction of all the improvements sufficient for all residential rental units to be "placed in service" pursuant to IRC Section 42, (b) the issuance of all required permanent certificates of occupancy permitting immediate occupancy of all residential rental units, (c) engineer's and architect's completion certificates, (d) receipt of an as-built ALTA survey, (e) a date down on the title policy, (f) site inspection by a member of ACP's Construction Services Department verifying final completion in accordance with plans and specifications, which will occur within 30 business days or be waived, (f) November 30, 2018, and (g) satisfaction of all conditions precedent to the payments set forth in paragraphs 2.a-d of this section. The proceeds of this capital contribution shall be used to first pay Project construction costs and second to pay a portion of the developer fee.

f. $1,032,680 (8.02%) will be funded upon the latest to occur of: (a) final endorsement of the HUD Loan, (b) achievement of Rental Achievement, (c) receipt of the final cost certification by the Accountant, (d) receipt of recorded Regulatory Agreement, (e) November 30, 2019, and (f) satisfaction of all conditions precedent to the payments set forth in paragraphs 2.a-e of this section. The proceeds of this capital contribution shall be used first to fund the Rental Achievement Reserve if necessary, second to fund the Operating Reserve and third to pay a portion of the developer fee.

g. $250,000 (1.94%) will be funded upon the latest of (a) the issuance of an IRS Form 8609 for each building in the Project, (b) February 29, 2020, and (c) satisfaction of all conditions precedent to the payments set forth in paragraphs 2.a-f of this section. The proceeds of this capital contribution shall be used to pay developer fee.

3. Timing Adjustment to Equity Investment

Downward Timing Adjuster: In the event that the tax credits in 2019 or 2020 (determined separately for each year) are less than projected in Section C.1 above, the LP's capital shall be reduced by an amount equal to, or if all the LP's capital has been funded the GP shall make a payment to the LP equal to, the product of (a) $0.65 and (b) the dollar amount by which the actual tax credits delivered in 2019 or 2020 (determined separately for each year) are less than the projected tax credits for 2019 or 2020 (determined separately for each year).

Upward Timing Adjuster: In the event that the tax credits in any of the years 2019 or 2020 (determined separately for each year) are greater than as set forth in Section C.1 above, the LP's capital shall be increased by an amount equal to, or if all the LP's capital has been funded the LP shall make an additional contribution equal to, the product of (a) $0.45 and (b) the dollar amount by which the actual tax credits delivered in any of 2019 or 2020 (determined separately for each year) are greater than the tax credits for 2019 or 2020 as set forth in Section C.1. above (determined

separately for each year). However, any increase in the LP's capital pursuant to this clause shall be capped at $200,000 and shall be subject to the 105% limitation set forth in Section C.1.

4. Tax Reform Adjuster

The amount and timing of the Limited Partner's capital contributions have been calculated to produce an after-tax yield of 6.06% (the "Base Yield"), assuming a federal tax rate of 20%. In the event that on or before January 2, 2021, legislation that changes the current highest federal corporate rate of 35% is not enacted or legislation is enacted that lowers the current highest federal corporate rate of 35% then within 30 days of such enactment (or January 2, 2021 if no such legislation is enacted), the Investor will adjust (the "Tax Reform Adjuster") the amount of its capital contributions in accordance with the chart below. The Tax Reform Adjuster shall be paid at the earlier of (i) 30 days after the enactment of tax reform or (ii) January 2, 2021. The Tax Reform Adjuster shall be calculated separately from any other adjusters (e.g., timing and/or cost certification adjusters). In no event shall the amount of the Tax Reform Adjuster in and of itself exceed $1,900,000. The Tax Reform Adjuster if positive shall be used first to pay any remaining DFN and then used to repay the HACEP Gap Loan. In the event that the tax rate used in calculating the Tax Reform Adjuster is less than 20%, the Tax Reform Adjuster will be negative and shall be applied against the last Capital Contribution (in the event the last Capital Contribution has already been paid or is insufficient to cover a negative Tax Reform Adjuster, the GP shall make a capital contribution or increase the HACEP Gap Loan to cover such deficit). The table below illustrates sample calculations of a change in tax rate only.

Tax Rate*	Increase in Capital Contribution
15%	($200,000)
16%	($160,000)
17%	($120,000)
18%	($80,000)
19%	($40,000)
20%	$0
21%	$100,000
22%	$200,000
23%	$300,000
24%	$400,000
25%	**$520,000**
26%	$655,000
27%	$790,000
28%	$925,000
29%	$1,060,000
30%	**$1,200,000**
31%	$1,340,000
32%	$1,480,000
33%	$1,620,000
34%	$1,760,000
35%	**$1,900,000**

* The tax rate used for purposes of the adjuster payment calculation will be based on the average tax rate over a 10 year period.

D. DEVELOPMENT FEE

The total development fee payable to Franklin Development and Paisano (the "Developers") is $4,011,287 and is payable as noted below. In the event of a gap between the total permanent sources and uses, a portion of the development fee shall be deferred and dedicated as a permanent source of funds in the form of a Deferred Fee Note (the "DFN"). In the event that the GP elects to fund EDCs by deferring a portion of its Development Fee, such portion of the Development Fee will be dedicated as a permanent source in the form of a DFN, thereby increasing any DFN accordingly. The actual amount of DFN, if any, will be determined upon Rental Achievement, will not bear interest and shall be repayable from available cash as set forth below. In the event that any portion of the DFN remains after the 13th anniversary from Completion, or date required by the IRS, the GP will make a special contribution to the Partnership to pay such amount necessary to cover any unpaid principal due on the DFN.

The development fee shall be paid as follows:

1. $501,411 upon payment of the first capital contribution.
2. $501,411 upon payment of the fifth capital contribution.
3. $2,758,465 upon payment of the sixth capital contribution.
4. $250,000 upon payment of the seventh capital contribution.

E. GENERAL CONTRACTOR

The Contractor shall be Franklin Construction and subject to the approval of ACP. The construction contract shall be a guaranteed maximum price contract that provides for either a 100% payment and performance bond or a letter of credit equal to 10% of the construction contract and include provisions for 10% retainage. The Development Budget shall contain a minimum hard cost contingency of 5%.

F. CASH FLOW DISTRIBUTIONS

Distributions noted below relate to all net Cash Flow distributions. Net Cash Flow will be distributed annually beginning after Rental Achievement in the following order of priority:

1. To the LP, to make any tax credit shortfall or adjuster payment not previously paid.
2. To advances made by LP (excluding capital contributions by LP) or any of its affiliates.
3. To payment of the Asset Management Fee.
4. To replenish any draws from the Operating Reserve.
5. Until any DFN is repaid, 100% to pay any DFN.
6. While any Operating Deficits Loans exist (if any) to the payment of the Operating Deficit Loan with no interest accrual.
7. To 100% payment of the HACEP Loan, HACEP Gap Loan and HACEP DF Loan prorata;

8. 90% to the GP as an Incentive Management Fee (to a maximum of 10% of gross revenues per annum) and 10% to the LP.
9. Thereafter to the partners in accordance with their percentage interests.

G. SALE OR REFINANCE

Upon sale of the Project and repayment of underlying financing or a refinancing of the permanent loan, proceeds will be allocated in accordance with the following order of priority:

1. Expenses of the sale and/or refinance and satisfaction of underlying financing plus any other third-party obligations and debts.
2. Payment of an amount equal to any tax credit shortfall.
3. Payment of any accrued fees, advances made by ACP and unpaid Asset Management Fees due ACP.
4. Payment of outstanding balance of any Operating Deficit Loans.
5. To payment of any outstanding principal and interest on the soft loans made by HACEP or the GP.
6. 90% to the GP and 10% to the LP.

H. DEBT STRUCTURE

1. The GP shall arrange non-recourse construction and permanent loan financing provided by HUD lender acceptable to ACP under the 221d4 program in the estimated principal amount of $11,435,600 with an estimated interest rate of 4.00% with a term of 40 years (the "HUD Loan") and an additional 0.25% mortgage insurance premium ("MIP"). In the event that the HUD Loan does not contain a conversion feature allowing the loan to be resized in order to achieve the required DSCR for Rental Achievement and the Project is unable to achieve the DSCR required for Rental Achievement, the Partnership shall contain language requiring the GP to fund a reserve (the "Rental Achievement Reserve") in order to achieve Rental Achievement. The amount of the Rental Achievement Reserve shall equal the difference between the amount of the HUD Loan and the amount of the HUD Loan the Project could support at a 1.15x DSCR (using the Rental Achievement calculation in the Partnership).

2. Construction and permanent financing provided by HACEP in the principal amount of $4,300,000, with an interest rate of 3%, a term of at least 40 years (the "HACEP Loan") with interest and principal and paid through available cash flow as set forth in Section F.7 above. HACEP shall not be permitted to call a default on the HACEP Loan during the compliance period. In the event the GP has been removed from or withdraws from the Partnership payments as set forth in Section F.7 above shall be reduced to 75% of available cash flow. The HACEP Loan shall be secured by a subordinate second mortgage on the Project.

3. Construction and permanent financing provided by HACEP in the principal amount of $850,000, with an interest rate of 3%, a term of at least 40 years (the "HACEP Gap Loan") with interest and principal paid through available cash flow up to as set forth in Section F.7 above. HACEP shall not be permitted to call a default on the HACEP Loan during the compliance period. In the event the GP

has been removed from or withdraws from the Partnership payments as set forth in Section F above shall be reduced to 75% of available cash flow. The HACEP Gap Loan shall be secured by a subordinate third mortgage on the Project.

4. Permanent financing provided by HACEP in the principal amount of $2,186,372, with an interest rate of 3%, and a term of at least 40 years (the "HACEP DF Loan") with interest and principal paid out of available cash flow pursuant to paragraph F.7 above. HACEP shall fully fund the HACEP DF Loan no later than the date of the sixth capital contribution, or may be funded with developer fee proceeds paid by the sixth capital contribution. HACEP shall not be permitted to call a default on the HACEP DF Loan during the compliance period. In the event the GP has been removed from or withdraws from the Partnership payments as set forth in Section F.7 above shall be reduced to 75% of available cash flow. The HACEP DF Loan shall be secured by a subordinate fourth mortgage on the Project.

The HACEP Loan, HACEP Gap Loan, and HACEP DF Loan are collectively referred to as the "soft loans".

I. GUARANTEES

The General Partner, Developers, Paisano and Franklin Development (collectively the "Guarantors") shall joint and severally guarantee the following, provided however Franklin Development guarantees shall terminate upon Rental Achievement and receipt of IRS Forms 8609 for each building:

1. Against recapture of the LIHTC for a 15 year compliance period following the filing of the IRS Forms 8609.
2. The payment in full of all costs and expenses of the development and construction of the Project necessary to achieve Rental Achievement, including any EDCs.
3. Against a shortfall in actual LIHTC below the amount of the projected LIHTC on a $1 for $1 basis for the 15 year compliance period following the filing of the IRS Forms 8609.
4. Completion of construction by June 30, 2019.
5. To advance to the Partnership sufficient funds for a period of 60 months following the date Rental Achievement is attained (the "Operating Deficit Guaranty Period"), to fund Operating Deficits up to a maximum of $600,000. Any such advance will be in the form of an "operating loan" that will not bear interest and will be paid from Cash Flow and/or Sale or Refinancing proceeds. Prior to funding any Operating Deficit Loans, the GP shall be allowed to use funds in the Operating Reserve (initially funded at $460,587) in excess of $250,000 provided however funds drawn from the Operating Reserve shall not count against the Operating Deficit Guaranty. In the event that at the end of the Operating Deficit Guaranty Period (i) the Project has not achieved a DSCR for the prior 12 month period (in aggregate) of at least 1.15x or (ii) the balance of the Operating Reserve is less than $460,587 then the Operating Deficit Guaranty Period shall be extended for an additional 12 months (the "Extension Period"). At the end of any Extension Period(s) if (i) the Project has not achieved a DSCR of at least 1.15x for the prior 12 month period (in aggregate) or (ii) the balance of the Operating Reserve is less than $460,587, then an additional Extension Period shall added to the Operating Deficit Guarantee Period until (i) the Project has achieved a DSCR of at least 1.15x for the prior 12 month period (in aggregate) and (ii) the balance of the Operating Reserve is at least $460,587.

6. The obligation of the Borrower to achieve Rental Achievement by May 31, 2020 and achieve full funding of the Permanent Loan.
7. The obligations of the GP under the Partnership Agreement.
8. Fraud, material misrepresentation and willful misconduct of the GP, the Developer, any affiliated management company and/or affiliated General Contractor.
9. At the option of the LP, to repurchase the LP's interests upon certain events described in the Partnership including but not limited to: (i) failure to place the Project in service on or before the earlier of June 30, 2019, or the date required by the Agency, (ii) construction completion will not occur by dates determined during underwriting but no later than the maturity of the construction loan, (iii) a material default occurs under any of the Partnership or Project documents that either risks the anticipated Projected Federal Tax Credits to the LP/Investor or results in the commencement of an action to foreclose or permanently enjoin construction of the Project, (iv) the Project shall have become ineligible for 20% or more of the projected amount of LIHTCs, (v) failure to achieve Rental Achievement by May 31, 2020, (vi) the failure to receive IRS Form 8609 for each building in the Project by August 1, 2020, and (vii) a casualty shall have occurred and the insurance proceeds shall be insufficient to restore the Project or the Project shall not be restored within 24 months following such casualty.

In addition the GP and Developer shall pledge their interests in the Partnership and Development Fee as additional collateral to support the guarantee obligations noted above.

J. FEES AND RESERVES

1. Asset Management Fee. The Partnership will pay, subject to the availability of cash flow, an annual Asset Management Fee ("AMF") to ACP, or its designated affiliate or agent, in the amount of $7,500, payable on April 1st of each year, commencing in the year Completion is attained. The AMF will be adjusted annually by 3%. In the event there is insufficient cash flow to pay the AMF, the AMF shall accrue with interest until there is sufficient cash available to pay any accrued interest and AMF.
2. Legal Fees and Third-Party Costs. The Partnership will pay $65,000 to reimburse ACP for its legal fees and other third-party costs associated with underwriting of the Project. These fees will include expenses associated with drafting the Partnership Agreement, reviewing and negotiating all documents and ordering of a market study.
3. Construction Monitoring Fees. At Closing, the Partnership shall pay ACP a fixed fee in the amount of $15,000 to monitor construction draws and progress of construction during the construction period.
4. Management Fee. The management agent will be entitled to a Property Management Fee not exceeding 5% of gross revenues per month. If the management agent is affiliated with the GP, the Developer, or any Guarantor, the management agent will be required to defer and accrue, without interest, its management fee in the event that the Project is not generating sufficient revenue to pay all of the Project's expenses and debt service.
5. Replacement Reserve. The annual Replacement Reserve is the greater of $300 per unit or what is required by the lender, paid on a monthly pro rata basis commencing at Completion and shall be included as an expense by the LP for purposes of determining whether or not Rental Achievement has been achieved. The Replacement Reserve contribution shall be increased by 3% per annum throughout the Compliance Period.

6. Operating Reserve. GP shall establish an initial operating deficit reserve in an amount of at least $460,587 which shall be funded from the LP's sixth Capital Contribution. The Operating Reserve shall be maintained from Cash Flow throughout the Compliance Period and not subject to release (other than to fund Operating Deficits in accordance with the Partnership Agreement) prior to the end of the Compliance Period. Withdrawals from and release of the Operating Reserve shall not require the consent of any lender to the Project and the funds in the Operating Reserve shall be distributed pursuant to Paragraph G above upon expiration of the Compliance Period.

7. HUD Working Capital Reserve. GP shall establish a HUD Working Capital Reserve in an amount of $457,424 (the "Working Capital Reserve") which shall be funded from the LP's first Capital Contribution. The GP may use funds in the Working Capital Reserve in accordance with the HUD Loan. Any funds remaining in the Working Capital Reserve upon Rental Achievement shall be deposited into the Operating Reserve.

K. MISCELLANEOUS

1. Previous or Pending Equity Offers. ACP will promptly receive copies of any equity proposals that have been executed by the Partnership or GP to be able to review them for termination provisions. Should any signed proposals or agreements exist, the GP and its owners will fully indemnify ACP and the Partnership from any lawsuits or damages that may result from the termination of such agreements.

2. Exclusivity. In recognition of the time and expense to be spent by ACP in evaluating this transaction prior to closing, all partners of the Partnership and their respective principals and the Developer and its principals or consultants will deal exclusively with ACP with respect to the transaction specified in this LOI Agreement unless this LOI Agreement is terminated by mutual consent.

3. Acceptance. This LOI Agreement must be executed by the parties and received by both parties before the end of business on April 28, 2017, or this proposal is of no effect.

4. Capitalized Terms. All capitalized terms used herein but not defined will have the meanings assigned in the Partnership Agreement.

5. Purchase Option Right of First Refusal. The right of first refusal shall mirror the terms of the El Paso Sherman I, LP Right of First Refusal ("ROFR").

6. Replacement General Partner Incentive Management Fee. In the event that the GP has been removed from or withdraws from the Partnership, an Incentive Management Fee shall be paid to the replacement GP in an amount equal to 25% of the available cash flow after the payment of items 1 through 6 in Section F above, resulting in 75% of the cash flow being available for the payment of the HACEP Loan and HACEP Gap Loan.

7. GP Default. If the GP is in default under the Partnership Agreement at such time as payments are to be made under the Subordinate Loans, the Partnership shall hold back 50% of such amounts due until such time as the GP is no longer in default under the Partnership Agreement. Such held back payments shall immediately be released at such time that the GP is no longer in default under the Partnership Agreement.

L. CONTINGENCIES

This LOI Agreement is based on the preliminary information that you provided to ACP. ACP's obligation under this LOI Agreement is contingent upon the following:

1. final review and approval of the transaction and related documents by ACP's Investment Committee and ACP's Investor(s).
2. a satisfactory site visit by one of ACP's representatives.
3. the accuracy and verifiability of the assumptions, data provided, audited financial statements and other documentation.
4. copy of the commitments, terms and conditions for all mortgage loans, soft loans, or grants.
5. satisfactory review by ACP and its counsel of the partnership agreement, due diligence documents, financing documents and opinions.
6. review and approval of construction plans and specifications, Phase I Environmental Report, market study, and appraisal for the Project.

M. SYNDICATION

ACP shall have the right to substitute a fund sponsored by ACP or its assignees, which may include one or more investors other than ACP, as the Investor in the Partnership. In connection therewith, the GP, Developer, and all Guarantors shall cooperate fully with ACP and consent unconditionally to effectuate any such syndication, including, without limitation, the execution and delivery of an assignment agreement in connection with the substitution of such fund.

By executing this letter, and in consideration of ACP's entering into this LOI Agreement, you agree, on your own behalf and on behalf of your affiliates, officers, directors, and employees, and on behalf of any other partners or joint ventures who are or will be involved in the development of the Project, not to disclose any of the terms or provisions contained in this LOI Agreement to any other person or entity. In addition, you agree that ACP may undertake credit, background and similar checks on you, your principals and your major affiliated companies.

If the above is acceptable, please cause this LOI Agreement to be executed and returned to ACP. Once received, ACP will begin its due diligence review and begin to prepare drafts of a Partnership Agreement and other related documents for distribution.

Thank you for the opportunity to issue this proposal for the Gonzales project in El Paso. We look forward to working with you on this development and, should you have any questions, please call Omar Chaudhry at (972) 803-34160.

Sincerely,

Dana Mayo
Senior Vice President
Alden Capital Partners, LLC

AGREED and ACCEPTED: Franklin Development Properties, Ltd., on behalf of:
EP SGC, LP, a Texas limited partnership

By: _____ 4/24/17
Date

Name: Ryan Wilson

Title: Representative

Cc: Omar Chaudhry (ACP)
Bryce Tobias (ACP)
Jeff Weiss (ACP)
Carl Wise (ACP)

PNC REAL ESTATE

MULTIFAMILY

March 10, 2017

Mr. Ryan Wilson
Franklin Development Properties, Ltd.
ryan@franklindev.net

RE: **Gonzalez Apartments**
El Paso, Texas
153 UNITS
PROPOSED NEW CONSTRUCTION
FHA 221(d)(4) INSURED FINANCING

Dear Mr. Wilson:

This letter is an Engagement Letter between PNC Bank, National Association, doing business as PNC Real Estate, ("PNC") and the to-be-named Borrower Entity ("Borrower") whereby PNC is being retained by Borrower on an exclusive basis to originate and underwrite a loan under Section 221(d)(4) of the National Housing Act for the new construction of Gonzalez Apartments (the "Project").

LOAN SUMMARY

The FHA 221(d)(4) loan is a combined construction and permanent loan for the proposed development. HUD will determine the length of the construction term based on the final construction contract. The construction portion of the loan will be interest only, based on the same final interest rate of the permanent portion. In place of a typical conversion at stabilization, there will be a HUD Final Endorsement process based on construction completion that will signal the start the permanent loan term.

Estimated Loan Amount:	$11,435,000 (per borrower. Maximum loan amount of $11,883,800 as of March 10, 2017, subject to interest rate changes and final underwriting as approved by HUD).
Estimated Interest Rate:	4.00% plus 0.25% MIP (as of March 10, 2017)
Term:	40 years
Amortization:	40 years

SERVICES PROVIDED

PNC will apply to the Department of Housing and Urban Development for a Firm Commitment to insure the mortgage on this Project under Section 221(d)(4) of the National Housing Act. PNC services will include:

- Preparation of Concept Meeting Package materials, coordination, and attendance at the HUD Concept Meeting, either in person or via conference call;
- Preparation of the FHA MAP loan processing exhibits and required underwriting conclusions which must be submitted to HUD for final review and approval;
- Follow-up as necessary with the HUD Field Office, and Regional and Central Office HUD staff if necessary, during Firm Commitment review to resolve any issues that may arise;
- Placement of permanent financing for the Project through the sale of GNMA mortgage-backed securities, and if required, credit enhancement of tax exempt bonds, under terms approved by the Borrower;
- Participation in Project loan closing as the lender;
- Construction and permanent loan servicing, including review of construction draws, change orders, and cost certification prior to submission to HUD for final endorsement of the permanent loan.

TIMELINE

Based on the attached timeline, PNC will work on a best efforts basis with the Borrower and HUD to achieve closing by August 31, 2017. To the extent that milestones noted in the attachment are not achieved, the closing timeline will need to be adjusted accordingly.

PNC FINANCING, PLACEMENT, AND SERVICING FEES

For the services identified herein, PNC will charge the following fees which the Borrower is responsible for (the "Lender Fees"):

Financing & Placement Fee:	1.25% of the loan amount, to be paid at Initial Endorsement

Lender Legal – Initial Endorsement:	$55,000 estimate, to be paid at Initial Endorsement This fee is based on a timely closing and known characteristics of the transaction at this time. Should the closing become protracted or a need arises for early or extraordinary involvement by PNC's counsel, the fee could be higher. **Borrower is responsible for all legal fees incurred on behalf of PNC.**
Lender Legal – Final Endorsement:	$10,000 estimate, to be paid at Final Endorsement Any changes from Initial Endorsement – including but not limited to changes in the Borrower's organization structure or the addition of new subordinate debt – will result in a higher fee. **Borrower is responsible for all legal fees incurred on behalf of PNC.**
Processing Fee:	$7,500, which is non-refundable and considered earned with an executed copy of this Engagement Letter.

Third Party Report Costs

In addition to the Lender Fees the Borrower will be responsible for payment of fees for all third-party reports required by the 221(d)(4) program. These reports include, but not are not limited to, an appraisal, market study, architectural and cost review, property condition report, seismic analysis, environmental site assessment, and noise study. The estimated total fee for these reports is below. The final amount of the fees may be greater than the below based on final bids from each report provider. Additional fees may need to be collected. Any unused portion from the amount provided will be credit to closing costs at closing.

Third Party Report Deposit:	$40,000 to be paid upon return of an executed copy of this engagement letter.

Please be aware that the third party reports cannot be ordered until PNC has received the Third Party Report Deposit and the Processing Fee.

Lender Fes may be paid at (Financing Fee and Legal Fee) or reimbursed (Processing Fee and Third Party Report Deposit) by loan proceeds at Initial Endorsement.

Good Faith Deposit

Upon receipt of a Firm Commitment from HUD and prior to loan closing, PNC will place a GNMA Security or whole loan on behalf of the Borrower. A Good Faith Deposit in the amount shown below will be required by the investor purchasing GNMA Security or whole loans. The Good Faith Deposit is required to assure timely delivery after a funding commitment has been locked-in. All terms and conditions required by these investors will be discussed, and Borrower will have the opportunity to choose the method and financing terms that are most suitable, given market conditions. The permanent interest rate and financing terms will not be "locked-in" without express authorization of Borrower. If market conditions preclude the Borrower's authorization for sale, the Good Faith Deposit will be refunded; however, if the Borrower authorizes the sale, and the Loan is not delivered in accordance with the funding commitment, the Good Faith Deposit is absolutely non-refundable. A discount (fee) will be required if the loan interest rate is fixed at a rate which is below the current market interest rate**.** The Good Faith Deposit is not required for credit enhancement of tax-exempt bond transactions.

Good Faith Deposit:	0.50% of the loan amount, to be paid upon execution of the Rate Lock Agreement. The Good Faith Deposit will be returned approximately 45 days after Initial Endorsement.

If this Project will be financed through the issuance of tax-exempt bonds, credit enhancement will be provided through PNC's issuance and sale of GNMA Securities, at the tax exempt bond interest rate. PNC will be available for telephone conference calls and local meetings with bond underwriters, bond counsel, issuers and rating agencies. However, it is Borrower's responsibility to obtain the tax-exempt bond financing and any other financing, including low income housing tax credits and to ensure that the work of the members on the bond and tax credit financing team is coordinated. PNC will service the permanent loan, including administration of HUD required escrows, such as tax and insurance impounds and reserves for replacement.

HUD FEES

HUD will charge the following fees to process the commitment and complete the transaction ("HUD Fees"):

Application Fee:	0.30% of the loan amount requested in the Application, due at time of submission of the Application to HUD.
Inspection Fee:	0.50% of Total Improvements Paid at Initial Endorsement

Mortgage Insurance Premium (MIP), Construction Period:	0.25% of the final loan amount per year of the construction period, paid at Initial Endorsement
Mortgage Insurance Premium (MIP), Permanent Period:	0.25% per year on remaining loan amount for the life of the loan

Save for the Permanent Period MIP all HUD Fees may be paid closing (MIP and Inspection Fee) or reimbursed by loan proceeds at Initial Endorsement (Application Fee).

Maximum Loan Amount

The maximum amount of the mortgage will be determined by HUD based on the 221(d)(4) guidelines. HUD underwriting restricts the maximum mortgage to an amount which represents the lesser of the following criteria:

Criterion 1, Application Amount:	The amount requested by the Borrower in the Application
Criterion 2, Replacement Cost:	90% of Replacement Cost
Criterion 3, Statutory Limitations:	The total amount permitted under applicable statutory limitations per family unit for the type of construction applicable to the Project (as adjusted by any high cost factor applicable to the market area where the Project is located), plus 100% of land value and 90% of development costs not attributable to dwelling use.
Criterion 4, Debt Service Coverage:	An amount that can be debt serviced by 90% (1.11x) of the net operating income as estimated by HUD.

Please note that this engagement letter is not a loan commitment. In the event that HUD issues a commitment to insure a mortgage loan on the terms outlined in the proposed application to HUD, then that commitment shall serve as a loan commitment to you. In the event that HUD does issue its commitment to insure the mortgage loan and the loan subsequently closes, the Borrower's signature below shall constitute authorization for PNC to post signage at the construction site advertising its participation as lender in the construction of the Project, and to publicly use, at its discretion, the name of the Project, photographs of the Project and basic

transaction information (for example, the number of units in the Project, the loan amount, etc.) relating to the loan in advertising or press releases.

HUD Reserves

Working Capital Reserve – will be required in an amount equal to 4% of the loan amount. This reserve is in place through the construction period and is typically used to pay for marketing, furnishings, pre-leasing costs and is allowed to be used for contingency. HUD will potentially allow this reserve to be offset with the operating reserve required by the equity investor.

Operating Deficit Escrow – may be required by HUD in order to meet debt service coverage after the construction period through stabilization. We currently intend to seek a waiver of 50% of the Operating Deficit Escrow which is generally required for 221(d)(4) transactions. Based on the deal's Section 8 contract that will be in effect at closing for 100% of the residents, we can seek to have this requirement waived. Final determination will be made by HUD during their review of our Firm Commitment.

Reserves for Replacement – will be required, in an amount to be determined by HUD's final underwriting (currently estimated at $350 per unit per year).

Property Taxes & Insurance – To the extent necessary, there will be impounds for both property taxes and insurance due at closing (we are currently assuming a full property tax exemption).

Subordinate Debt

HUD will require that all subordinate debt sources have a term that this equal to or greater than the 221(d)(4) loan term (40 years). HUD will require a residual receipts note for subordinate sources, but if payments are made from cash flow HUD will not otherwise restrict the terms of the subordinate debt (accelerated payments, early pay-off, etc).

Important Information about Procedures for Obtaining a New Loan from PNC Bank, N.A.

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who establishes a formal relationship with such institution.

What this means for you: When you apply for a loan with PNC, we will ask you your name, address, date of birth (for individuals) and other pertinent information that will allow us to identify you. We may also ask to see your driver's license (for individuals), organizational documents (for business entities) or other identifying information.

By accepting this engagement letter, you agree that PNC, its successors and assigns is Borrower's exclusive agent for obtaining FHA insured financing for this Project. By accepting this engagement letter, you further acknowledge that PNC may assign any subsequent FHA-insured loan to Midland Loan Services, Inc., another wholly-owned subsidiary of PNC Bank, National Association, for purposes of loan servicing. Please make no changes or revisions to this agreement. Any changes or revisions which you wish to have us consider should be discussed directly with me or with Sarah Garland, Senior Vice President of PNC Real Estate. As appropriate, a new engagement letter will be prepared and sent to you.

Good Faith

In the event this transaction is not consummated for any reason, the Borrower will be responsible for all costs incurred in connection with the underwriting and closing of the loan regardless of whether the closing of the transaction contemplated by this engagement letter occurs, including, but not limited to, all third-party reports, processing and underwriting costs, and legal fees actually incurred. In the event a Firm Commitment is obtained and transaction is not consummated at the choice of the Borrower, PNC's Financing Fee is deemed earned and due, unless the reason for not closing is unusual unacceptable conditions if the Firm Commitment.

Please return an original signed copy of this engagement letter to authorize us to proceed. The Processing Fee and Third Party Report Deposit shall be remitted in accordance with the terms set for above.

Notice for Denial: If your application for a Commercial Loan is denied you have the right to a written statement of the specific reasons for denial. To obtain the statement, please Email your request to RegB@pnc.com or write to the Agency Finance Production Support Administrator, Attn: April Bookbinder, MS: XX-AR02-01-1, 26901 Agoura Road, Suite 200, Calabasas Hills, CA 91301, within 60 days from the date you are notified of our decision. All requests should reference the Project name(s) and address. We will send you a written statement of reason(s) for denial within 30 days of receiving your request for the statement.

NOTICE: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is: Bureau of Consumer Financial Protection, 1700 G Street N.W., Washington, DC 20006.

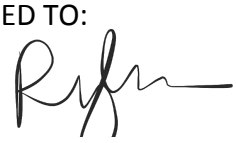
We look forward to working with you to provide financing for your Project. Upon execution, the terms of this engagement letter shall remain in effect until June 30, 2017 at which point it shall automatically terminate unless extended in writing by PNC and Borrower.

Sincerely,

PNC Bank, National Association

Mark S. Ragsdale
Senior Vice President

ACCEPTED AND AGREED TO:



Borrower Name: _____

BY: Ryan wilson

ITS: Representative

DATE: March 13, 2017

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410

Gerald Cichon
Executive Director
Housing Authority of the City of El Paso
5300 E Paisano Drive
El Paso, TX 79905

Dear Mr. Cichon:

Attached please find an amended CHAP Exhibit A for 153 units at the following RAD projects: 36 units at HILARY J. SANDOVAL (TX003000015), 101 units at KING; MACHUCA; HART APTS (TX003000013) and 16 units at JOHN D. CRAMER MEMORIAL (TX003000016), whose initial CHAP was awarded December 5, 2016. As this project is already being processed for conversion, all of the established CHAP milestone due dates will remain in effect, with any extension requests subject to the same approvals as established in the original CHAP.

With the issuance of this amended CHAP Exhibit A, you are required to update all relevant information on the RAD Resource Desk, including, but not limited to, the Transaction Log and Rent Schedule, so that the transaction accurately reflects these rents, number of units and configuration presented herein. In addition, please take appropriate action if this amendment requires a Significant Amendment to your Public Housing Agency Five Year or Annual Plan.

If you have any questions regarding this Amendment, please contact your Transaction Manager.

Sincerely,

Thomas R. Davis
Director
Office of Recapitalization

EXHIBIT A

IDENTIFICATION OF UNITS ("CONTRACT UNITS") BY SIZE AND APPLICABLE CONTRACT RENTS

The Contract Rents below for the subject project were determined in accordance with PIH Notice 2012-32, REV-1 based on Fiscal Year 2012 Federal Appropriations and assumptions regarding applicable rent caps. The final RAD contracts rents, which will be reflected in the RAD HAP contract, will be based on Fiscal Year 2012 Federal Appropriations, as well as applicable program rent caps and Operating Cost Adjustment Factors (OCAFs), and, as such, may change.

Existing PIC Development Number: TX003000015, TX003000013 and TX003000011
Updated PIC Development Number* (for tracking purposes only): TX003000015F
New Project Name* (for tracking purposes only): GONZALEZ

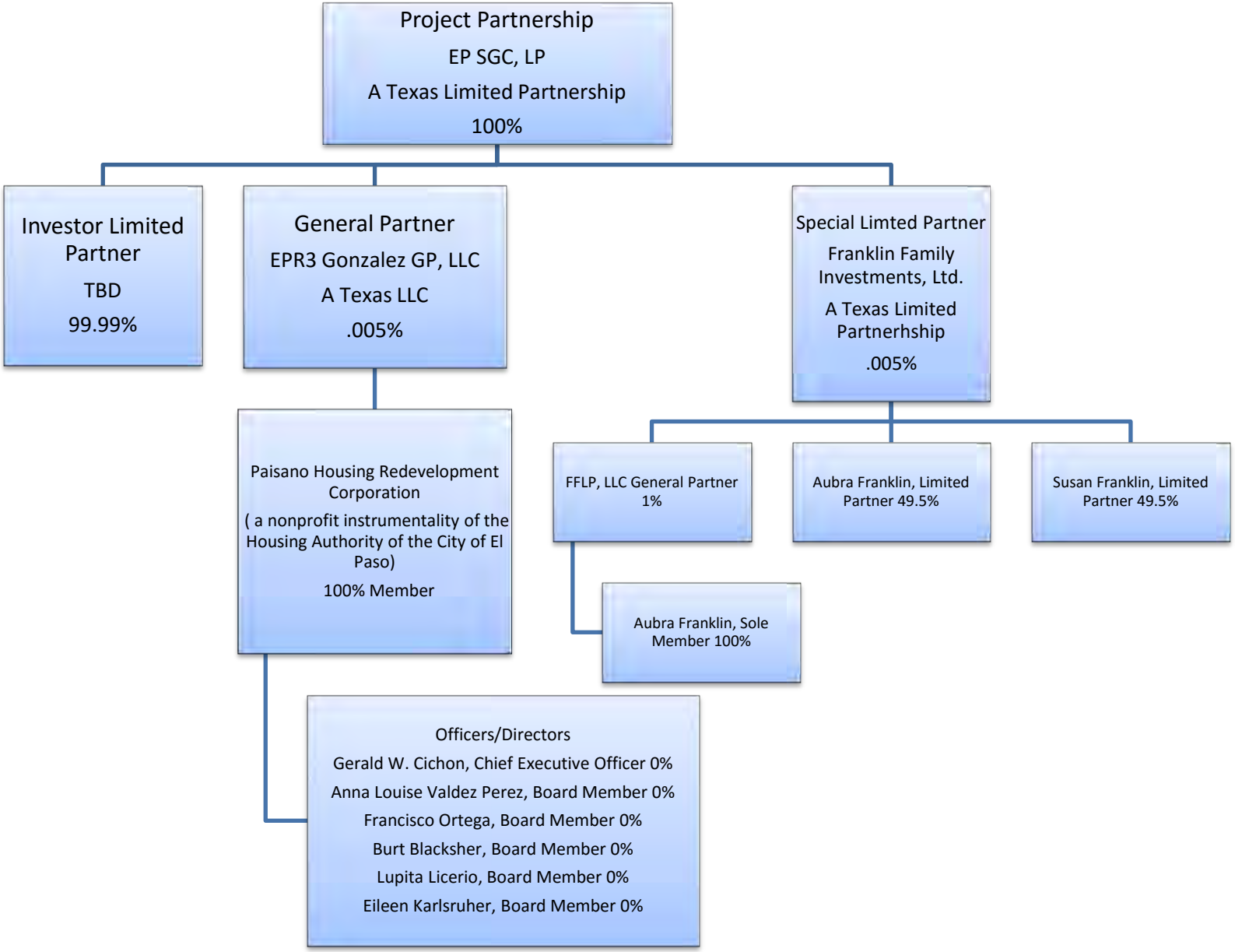
Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent
30	2	$513	$124	$637
76	3	$752	$148	$900
47	4	$914	$157	$1,071

Please note that this rent schedule includes the 2014, 2015, 2016 and 2017 OCAF adjustment that the PHA is eligible for, and will be confirmed during the Financing Plan review.

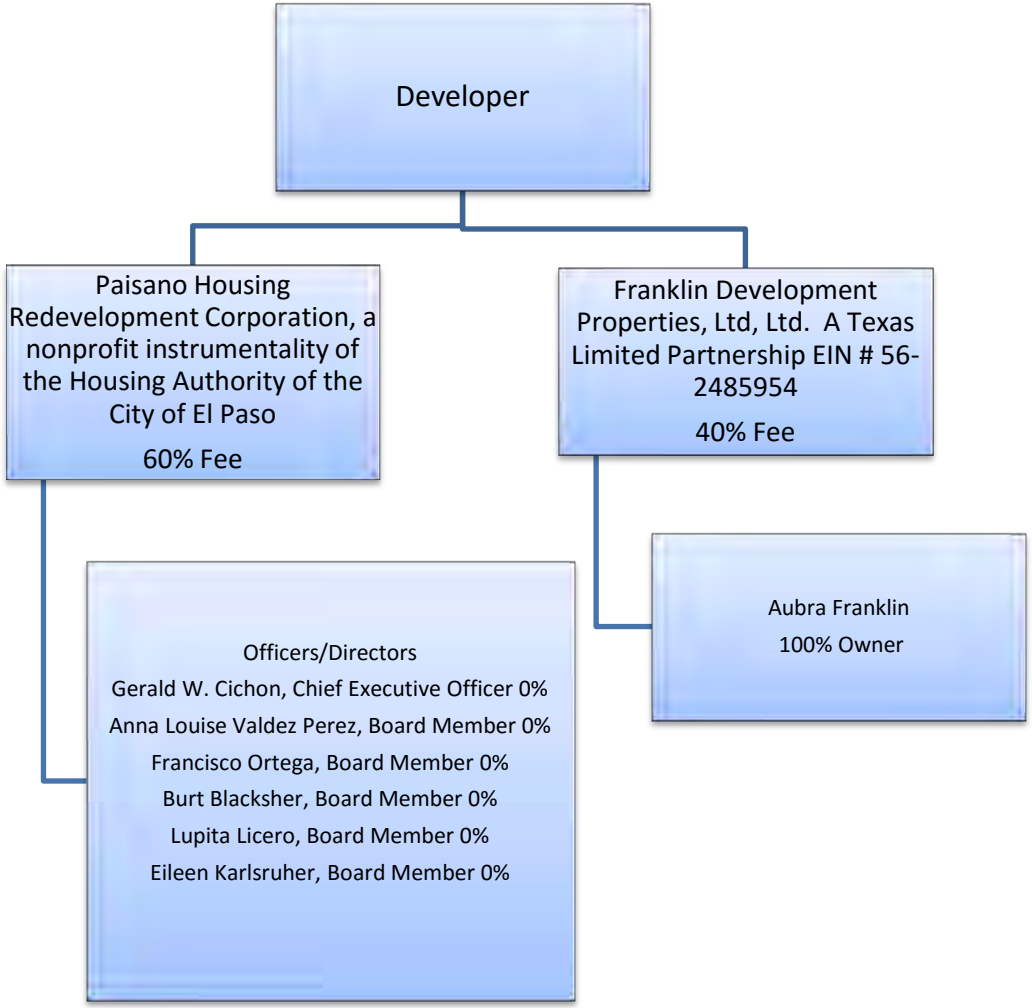
*The revised PIC and Project name are only applicable as references for the RAD conversion. No formal changes to PIC have been made.

Gonzalez Apartments
El Paso, Texas
Organizational Structure

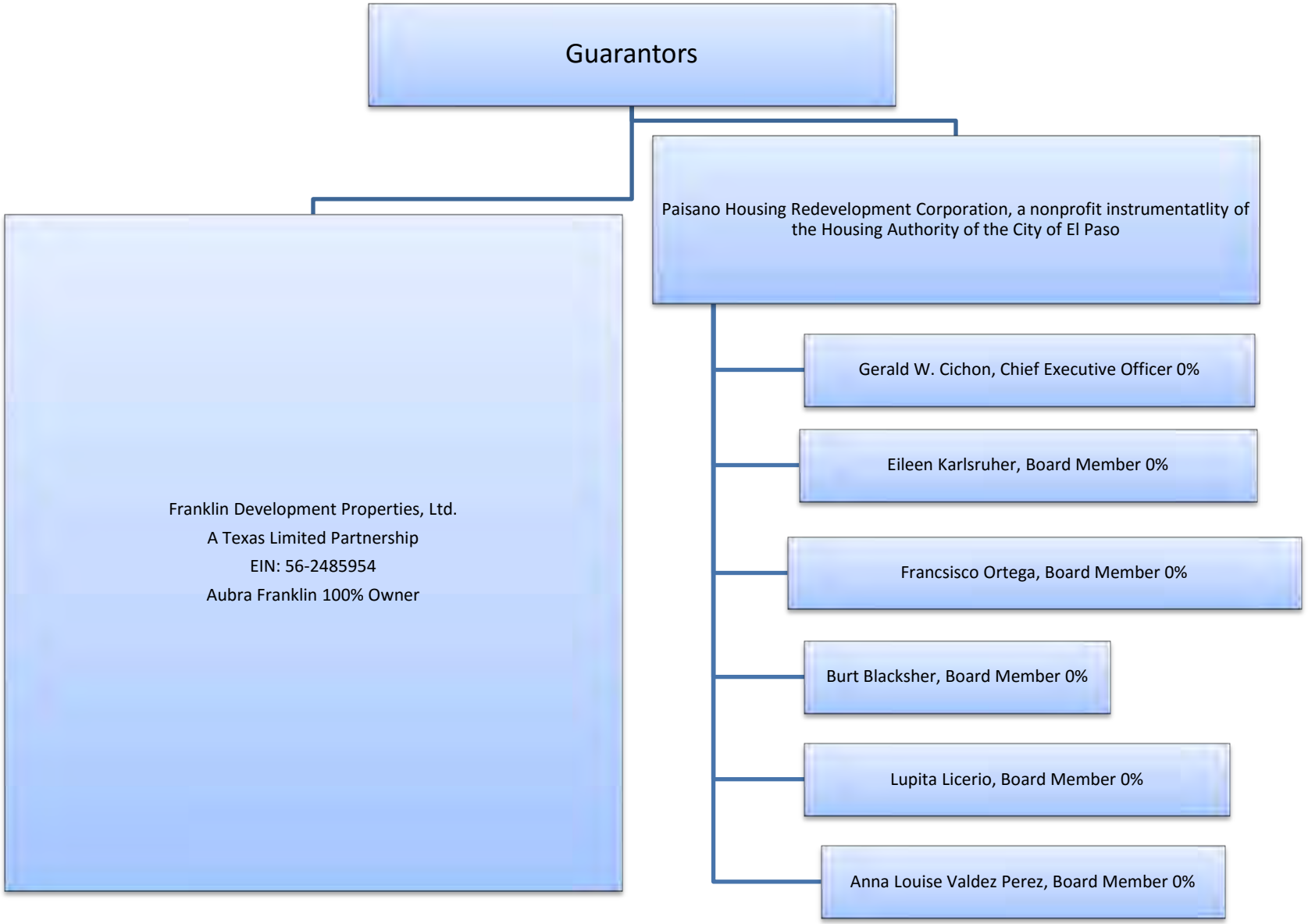
Gonzalez Apartments
El Paso, Texas
Organizational Structure



Gonzalez Apartments
El Paso, Texas
Organizational Structure
Developer



Gonzalez Apartments
El Paso, Texas
Organizational Structure



Previous Participation Form

Form must be completed separately for each entity (i.e. person, organization, etc.) that has or will have a controlling interest or oversight in the contract, award, agreement, or ownership transfer being considered. This form should also be completed for each board member, individual with signature authority, executive director, or elected official that represents the person/entity (as applicable).

Person/Role: Franklin Development Properties, Ltd.

Email Address: edgar@franklinmgt.net

City & State of Home Addr: San Antonio, Texas

Applicant Legal Name:

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, RHD), and BOND) that you have controlled at any time.

[X] By selecting this box I certify that I have no prior experience with any TDHCA administered affordable rental program.

TDHCA ID#	Property Name	Property City	Program	Control began (mm/yy)	Control End (mm/yy)
8190	Sutton Oaks	San Antonio	HTC	Apr-09	
8401	Artisan at Creekside	San Antonio	HTC	Jan-08	
60417	Artisan at Salado Falls	San Antonio	HTC	Nov-06	
12004	The Park at Sutton Oaks	San Antonio	HTC	Feb-11	
10014	Artisan at Port Isabel	Port Isabel	HTC	Aug-11	
15134	Artisan at Judson Road	San Antonio	HTC	Mar-15	
600409	Artisan at Mission Creek	San Antonio	HTC	May-06	
4448	Artisan at Willow Springs	San Antonio	HTC	Sep-04	
3463	Artisan at Rush Creek	Arlington	HTC	Jan-04	
2471	Rancho Sierra	San Antonio	HTC	Jan-04	
3176	Artisan at Salado Creek	San Antonio	HTC	Aug-03	
4992	Artisan on the Bluff	San Antonio	HTC	Nov-04	
3434	Artisan Ridge	Dallas	HTC	Nov-03	

2. Identify all Community Affairs and Single Family department programs that you have participated in within the last three(3) years by placing an "x" next to the program name.

[X] By selecting this box I certify that I have no prior experience with any TDHCA Single Family or Community Affairs Programs.

Community Affairs:	CEAP		DOE		HHSP		WAP		
	CSBG		ESG		LIHEAP				
HOME:	CFDC		HBA		PWD		TBRA		
	DR		HRA		SFD				
HTF/OCI:	AYBR		Bootstrap		CFDC		Self-Help		
Other:							NSP		

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Person/Role: Aubra Franklin

Email Address: edgar@franklinmgt.net

City & State of Home Addr: San Antonio, Texas

Applicant Legal Name:

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, RHD), and BOND) that you have controlled at any time.

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3176	Artisan at Salado Creek	San Antonio	HTC	Aug-03	
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3434	Artisan Ridge	Dallas	HTC	Nov-03	

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Person/Role: Franklin Family Investments, Ltd., FFLP, LLC

Email Address: Edgar@franklinmgt.net

City & State of Home Addr: San Antonio, Texas

Applicant Legal Name:

1. **List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, RHD), and BOND) that you have controlled at any time.**

☐ By selecting this box I certify that I have no prior experience with any TDHCA administered affordable rental program.

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Other:							**NSP**		

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Person/Role: Susan Franklin

Email Address: edgar@franklinmgt.net

City & State of Home Addr: San Antonio, Texas

Applicant Legal Name:

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, RHD), and BOND) that you have controlled at any time.

[X] By selecting this box I certify that I have no prior experience with any TDHCA administered affordable rental program.

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HOME:	CFDC		HBA		PWD		TBRA				
	DR		HRA		SFD						
HTF/OCI:	AYBR		Bootstrap		CFDC		Self-Help				
Other:							NSP				

Credit Limit Certification (Only 9% HTC developments awarded in the last 5 yrs)

This form must be completed for each person that will be a new member of the development owner after the ownership change and for any new developer, guarantor or related party.

Name of subject property: Gonzalez Apartments

Name and role of Person or Entity completing this form: *Franklin Development Properties, Ltd.*

Which is:

- [ ] a new member of the Development Owner after ownership change or transfer
- [ ] a new related party with respect to a new member of the Development Owner
- [X] a new Developer
- [ ] an Affiliate to the Development Owner
- [ ] a new Guarantor

The Rules of the Texas Department of Housing and Community Affairs ("the Department") stipulates that, for the specified year, the Department shall not allocate more than the amount of tax credits stated in the applicable QAP to any Applicant (which includes Affiliates), Developer, or entity that provides, or is anticipated to provide, for a fee, a guarantee to secure equity or financing for development or mortgage of the subject property. The undersigned represents to the Department that the following is a list of all developments that would be affected by the rules just stated with respect to the subject property.

Development Name:	Region:	City:	% Ownership:	% of Dev. Fee:
SEA Rad Oaks	7	Austin	0.00%	10.00%

I hereby certify that the foregoing is a complete list of Developments in Texas that are governed by the Qualified Allocation Plan and Rules of the same year as the subject property, the Developments named being all those in which I seek or currently possess an ownership, developer, guarantor or related party interest. I certify that the transfer under consideration does not violate the limitation stated in the applicable QAP.

I acknowledge that if the Department determines that a Development Owner, Developer, Related Party or Guarantor has interests that violate the credit limitation of any year, the Department may refuse to issue an approval for an ownership change or transfer and notify the Internal Revenue Service of any noncompliance with the terms of an allocation.

Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

EP SGC LP
Proposed Development Owner Entity Name

By: _____
Signature of Authorized Representative

Aubra Franklin
Printed Name

President
Title

8/1/17
Date

Credit Limit Certification (Only 9% HTC developments awarded in the last 5 yrs)

This form must be completed for each person that will be a new member of the development owner after the ownership change and for any new developer, guarantor or related party.

Name of subject property: Gonzalez Apartments

Name and role of Person or Entity completing this form: *Franklin Family Investments, Ltd*

Which is:

- [X] a new member of the Development Owner after ownership change or transfer
- [ ] a new related party with respect to a new member of the Development Owner
- [ ] a new Developer
- [ ] an Affiliate to the Development Owner
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None				

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Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

EP SGC LP
Proposed Development Owner Entity Name

By:
Signature of Authorized Representative

Aubra Franklin
Printed Name

Managing Member
Title

8/1/17
Date

Credit Limit Certification (Only 9% HTC developments awarded in the last 5 yrs)

This form must be completed for each person that will be a new member of the development owner after the ownership change and for any new developer, guarantor or related party.

Name of subject property: Gonzalez Apartments

Name and role of Person or Entity completing this form: *Susan C. Franklin*

Which is:

- [X] a new member of the Development Owner after ownership change or transfer
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Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

EP SGC LP
Proposed Development Owner Entity Name

By: Susan C. Franklin
Signature of Authorized Representative

Susan Franklin
Printed Name

INDIVIDUAL
Title

8/1/17
Date

Credit Limit Certification (Only 9% HTC developments awarded in the last 5 yrs)

This form must be completed for each person that will be a new member of the development owner after the ownership change and for any new developer, guarantor or related party.

Name of subject property: Gonzalez Apartments

Name and role of Person or Entity completing this form: *Aubra Franklin*

Which is:

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- [X] a new Developer
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- [X] a new Guarantor

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Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

EP SGC LP
Proposed Development Owner Entity Name

By: A Franklin
Signature of Authorized Representative

Aubra Franklin
Printed Name

Individual
Title

8/1/17
Date

R P G A
DESIGN GROUP, INC.

August 14th, 2017

Lucila Diaz
Franklin Development
21260 Gathering Oak, Suite 101
San Antonio, TX 78260

RE: Gonzalez Apartments
South of Montana Ave., East of Rich Beam Blvd.
El Paso, TX
HACEP RAD

Dear Ms. Diaz:

This letter is to inform you that the issue for construction set dated 8/10/2017 is in compliance with Texas Department of Housing and Community Affairs and Texas Department of Licensing and Registration accessibility requirements.

If you have any questions, please consider me available.

Sincerely,

Richard Garza
Principal Architect
RPGA Design Group, Inc.

Cc: File

101 S. Jennings Avenue, Suite #100 Fort Worth, Texas 76104 (817) 332-9477 FAX 332-9487 (888) TRY-RPGA www.rpgaarchitects.com

FOKUS ON ARCHITECTURE, INC.

ECKHARD K. FENNIG, AIA/RAS
REGISTERED ACCESSIBILITY SPECIALIST
Texas License No. 0476

CESAR GALLEGOS, AAIA/RAS
REGISTERED ACCESSIBILITY SPECIALIST
Texas License No. 1154

RUTH E. GARCIA, RAS
REGISTEREDACCESSIBILITY SPECIALIST
Texas License No. 1346

OLAF E. BRUNJES, RAS
REGISTERED ACCESSIBILITY SPECIALIST
Texas License No. 1228

ADA PLAN REVIEW REPORT

The following report identifies deficiencies with 2010 standards of the Americans with Disabilities Act and Architectural Barriers Act (ADA/ABA) Accessibility Guidelines. No response is required to this review; however, all items noted as "UNACCEPTABLE" should be addressed prior to Inspection.

This Review Report is limited to the Accessible and Adaptable Living Units. All other Accessibility issues had been reviewed under the Texas Accessibility Standards (TAS 2012) and the applicable Review Report has been issued on March 28, 2016

RAS Name: Eckhard K. Fennig, AIA, RAS #476
Review Date: May 26, 2017

PROJECT INFORMATION

Project Name: Gonzalez Apartments
Facility Name: Gonzalez Apartments
Project Address: Rich Beem Boulevard
Project City: El Paso, Texas 79936
Project Designer: RPGA Design Group

OWNER INFORMATION

Name: Madeleine Sara
Company/Firm: Housing Authority of the City of El Paso
Address: 5300 E. Paisano
City: El Paso, Texas 79905

CHAPTER 2: SCOPING REQUIREMENTS

- ✓ 201. Application
- ✓ 202. Existing Buildings and Facilities
- ✓ 203. General Exceptions
- ✓ 204. Protruding Objects
- ✓ 205. Operable Parts

- ✓ 206. Accessible Routes
- ✓ 207. Accessible Means of Egress
- ✓ 208. Parking Spaces
  ~~209. Passenger Loading Zones and Bus Stops~~
- ✓ 210. Stairways
- ✓ 211. Drinking Fountains
- ✓ 212. Kitchens, Kitchenettes and Sinks
- ✓ 213. Toilet Facilities and Bathing Facilities
- ✓ 214. Washing Machines and Clothes Dryers
- ✓ 215. Fire Alarm Systems
- ✓ 216. Signs
  ~~217. Telephones~~
  ~~218. Transportation Facilities~~
  ~~219. Assistive Listening Systems~~
  ~~220. Automatic Teller Machines and Fare Machines~~
  ~~221. Assembly Areas~~
  ~~222. Dressing, Fitting and Locker Rooms~~
  ~~223. Medical Care and Long-Term Care Facilities~~
  ~~224. Transient Lodging *Facilities and* Guest Rooms~~
- ✓ 225. Storage
- ✓ 226. Dining Surface and Work Surfaces
  ~~227. Sales and Services~~
  ~~228. Depositories, Vending Machines, Change Machines, Mail Boxes and Fuel Dispenses~~
  ~~229. Windows~~
  ~~230. Two-way Communication Systems~~
  ~~231. Judicial Facilities~~
  ~~232. Detention Facilities~~
- ✓ 233. Residential Facilities
  ~~234. Amusements Rides~~
  ~~235. Recreational Boating Facilities~~
  ~~236. Exercise Machines and Equipment~~
  ~~237. Fishing Piers and Platforms~~
  ~~238. Golf Facilities~~
  ~~239. Miniature Golf Facilities~~
  ~~240. Play Areas~~
  ~~241. Saunas and Steam Rooms~~
  ~~242. Swimming Pools, Wading Pools and Spas~~
  ~~243. Shooting Facilities with Firing Positions~~

CHAPTER 3: BUILDING BLOCKS

- ✓ 301. General

ACCEPTABLE 302. Floor or Ground Surfaces
ACCEPTABLE 303. Changes in Level
ACCEPTABLE 304. Turning Spaces
ACCEPTABLE 305. Clear Floor or Ground Space
ACCEPTABLE 306. Knee and Toe Clearance

UNACCEPTABLE 307. Protruding Objects
UNABLE TO DETERMINE

307.2 Protrusion Limits. Objects with leading edges more than 27 inches (685 mm) and not more than 80 inches (2030 mm) above the finish floor or ground shall protrude 4 inches (100 mm) maximum horizontally into the circulation path.

307.4 Vertical Clearance. Vertical clearance shall be 80 inches (2030 mm) high minimum. Guardrails or other barriers shall be provided where the vertical clearance is less than 80 inches (2030 mm) high. The leading edge of such guardrail or barrier shall be located 27 inches (685 mm) maximum above the finish floor or ground.

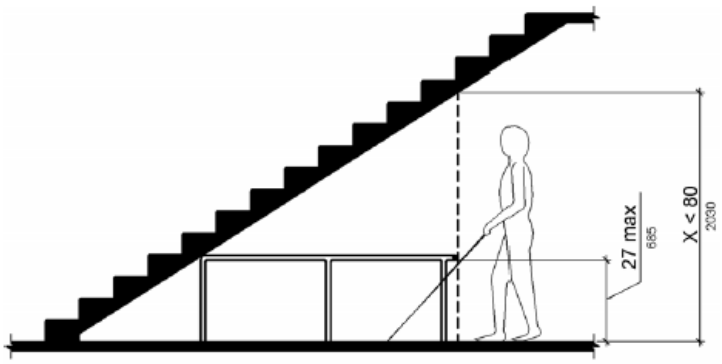


Figure 307.4 Vertical Clearance

UNABLE:
Ensure that the tree branches adjacent to the path of travel as shown in the landscape drawing do not protrude more than 4" or are higher than 80".

ENSURE COMPLIANCE

The area under the stairs do not shown some sort of cane detection. Therefore, the stairs are considered protruding objects.

CORRECTION REQUIRED

UNACCEPTABLE

308. Reach Ranges

308.2 Forward Reach.

308.2.1 Unobstructed. Where a forward reach is unobstructed, the high forward reach shall be 48 inches (1220 mm) maximum and the low forward reach shall be 15 inches (380 mm) minimum above the finish floor or ground.

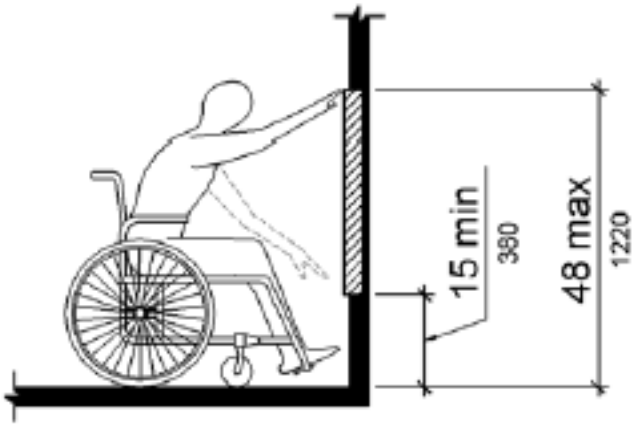


Figure 308.2.1 Unobstructed Forward Reach

308.2.2 Obstructed High Reach. Where a high forward reach is over an obstruction, the clear floor space shall extend beneath the element for a distance not less than the required reach depth over the obstruction. The high forward reach shall be 48 inches (1220 mm) maximum where the reach depth is20 inches (510 mm) maximum. Where the reach depth exceeds 20 inches (510 mm), the high forward reach shall be 44 inches (1120 mm) maximum and the reach depth shall be 25 inches (635 mm) maximum.

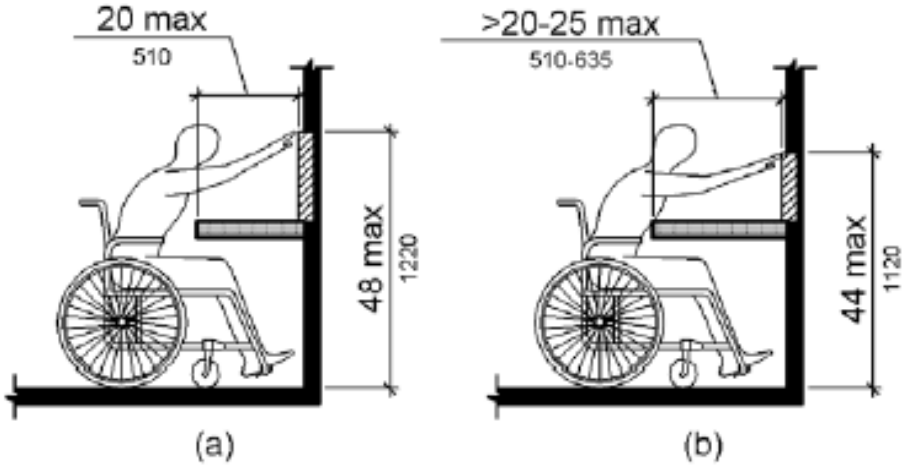


Figure 308.2.2 Obstructed High Forward Reach

308.3.2 Obstructed High Reach. Where a clear floor or ground space allows a parallel approach to an element and the high side reach is over an obstruction, the height of the obstruction shall be 34 inches (865 mm) maximum and the depth of the obstruction shall be 24 inches (610 mm) maximum. The high side reach shall be 48 inches (1220 mm) maximum for a reach depth of 10 inches (255 mm) maximum. Where the reach depth exceeds 10 inches (255 mm), the high side reach shall be 46 inches (1170 mm) maximum for a reach depth of 24 inches (610 mm) maximum.

308.3 Side Reach.

308.3.1 Unobstructed. Where a clear floor or ground space allows a parallel approach to an element and the side reach is unobstructed, the high side reach shall be 48 inches (1220 mm) maximum and the low side reach shall be 15 inches (380 mm) minimum above the finish floor or ground.

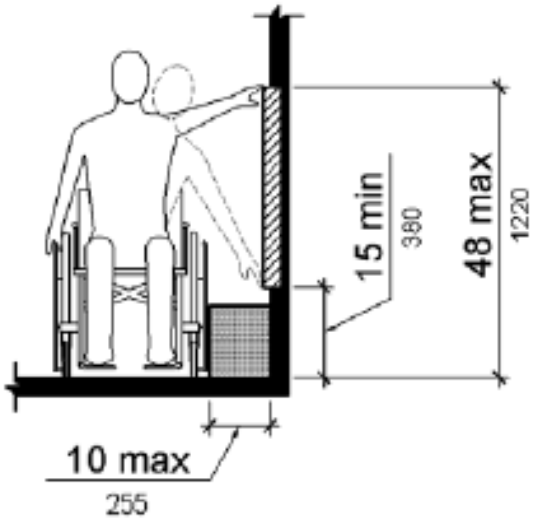


Figure 308.3.1 Unobstructed Side Reach

308.3.2 Obstructed High Reach. Where a clear floor or ground space allows a parallel approach to an element and the high side reach is over an obstruction, the height of the obstruction shall be 34 inches (865 mm) maximum and the depth of the obstruction shall be 24 inches (610 mm) maximum. The high side reach shall be 48 inches (1220 mm) maximum for a reach depth of 10 inches (255 mm) maximum. Where the reach depth exceeds 10 inches (255 mm), the high side reach shall be 46 inches (1170 mm) maximum for a reach depth of 24 inches (610 mm) maximum.

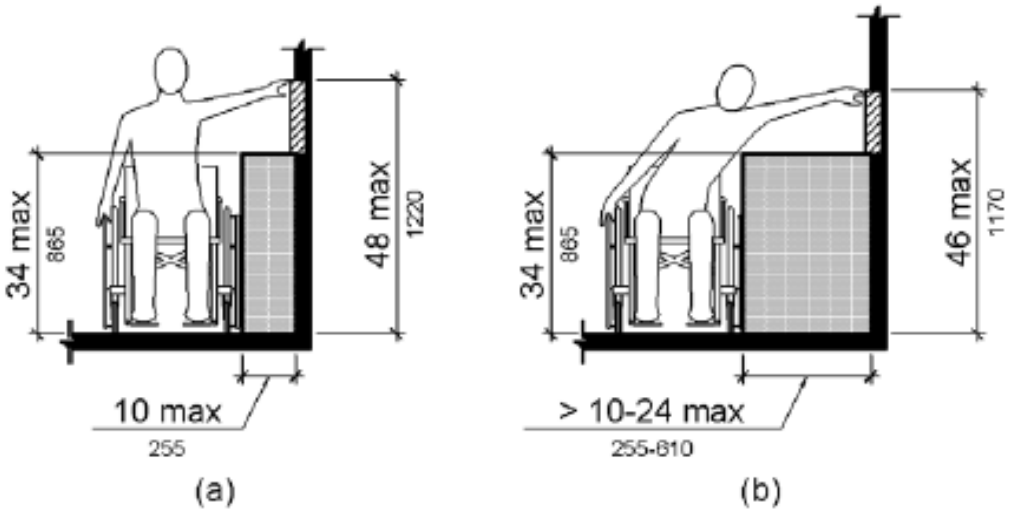


Figure 308.3.2 Obstructed High Side Reach

1. ***The self and rod inside the unit's accessible closet is at 54" high.***
2. ***The shelf above the unit's washer and dryer is at 78" high.***

CORRECTION REQUIRED

The controls for the unit's vent above the stove are not shown on the plans.

ENSURE COMPINACE

ACCEPTABLE 309. Operable Parts

CHAPTER 4: ACCESSIBLE ROUTES

✓ 401. General
ACCEPTABLE 402. Accessible Routes
ACCEPTABLE 403. Walking Surfaces

UNACCEPTABLE 404. Doors, Doorways and Gates
UNABLE TO DETERMINE

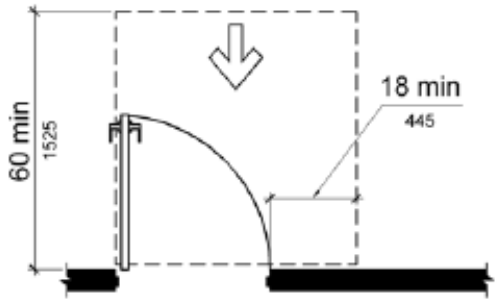
404.2.4 Maneuvering Clearances. Minimum maneuvering clearances at doors and gates shall comply with 404.2.4. Maneuvering clearances shall extend the full width of the doorway and the required latch side or hinge side clearance.

404.2.4.1 Swinging Doors and Gates. Swinging doors and gates shall have maneuvering clearances complying with Table 404.2.4.1.

Table 404.2.4.1 Maneuvering Clearances at Manual Swinging Doors and Gates

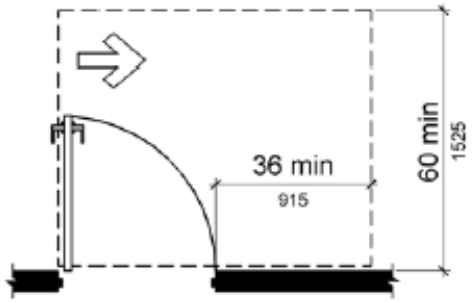
Type of Use		Minimum Maneuvering Clearance	
Approach Direction	**Door or Gate Side**	**Perpendicular to Doorway**	**Parallel to Doorway (beyond latch side unless noted)**
From front	Pull	60 inches (1525 mm)	18 inches (455 mm)
From front	Push	48 inches (1220 mm)	0 inches (0 mm)[1]
From hinge side	Pull	60 inches (1525 mm)	36 inches (915 mm)
From hinge side	Pull	54 inches (1370 mm)	42 inches (1065 mm)
From hinge side	Push	42 inches (1065 mm)[2]	22 inches (560 mm)[3]
From latch side	Pull	48 inches (1220 mm)[4]	24 inches (610 mm)
From latch side	Push	42 inches (1065 mm)[4]	24 inches (610 mm)

1. Add 12 inches (305 mm) if closer and latch are provided.
2. Add 6 inches (150 mm) if closer and latch are provided.
3. Beyond hinge side.
4. Add 6 inches (150 mm) if closer is provided.



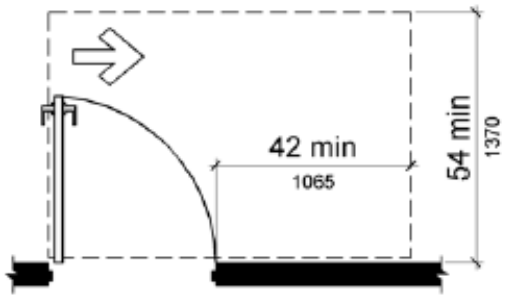
(a)
front approach, pull side

Figure 404.2.4.1 Maneuvering Clearances at Manual Swinging Doors and Gates



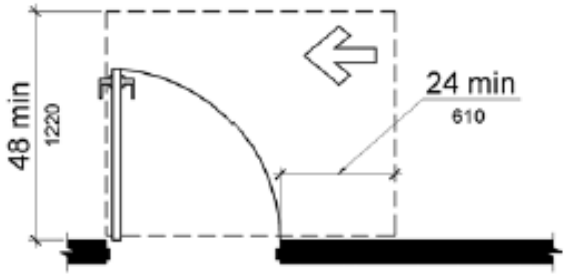
(d)
hinge approach, pull side

Figure 404.2.4.1 Maneuvering Clearances at Manual Swinging Doors and Gates



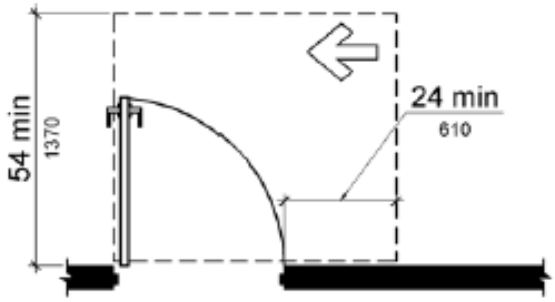
(e)
hinge approach, pull side

Figure 404.2.4.1 Maneuvering Clearances at Manual Swinging Doors and Gates



(h)
latch approach, pull side

Figure 404.2.4.1 Maneuvering Clearances at Manual Swinging Doors and Gates



(i)
latch approach, pull side,
door provided with closer

Figure 404.2.4.1 Maneuvering Clearances at Manual Swinging Doors and Gates

UNABLE:
No dimension is provided on the pull side of the door leading from the "vestibule" to the "Resident Association Office" inside the club house.

ENSURE COMPLIANCE

In the Club House, the passage between the "Resident Association Office" and the "Work Room" is 53" wide. This does not provide enough maneuvering clearance for the toilet door.

CORRECTION REQUIRED

ACCEPTABLE 405. Ramps
ACCEPTABLE 406. Curb Ramps
~~407. Elevators~~
~~408. Limited-Use/Limited-Application Elevators~~
~~409. Private Residence Elevators~~
~~410. Platform Lifts~~

CHAPTER 5: GENERAL SITE AND BUILDING ELEMENTS

✓ 501. General
ACCEPTABLE 502. Parking Spaces
~~503. Passenger Loading Zones~~
ACCEPTABLE 504. Stairways
ACCEPTABLE 505. Handrails

CHAPTER 6: PLUMBING ELEMENTS AND FACILITIES

✓ 601. General

UNACCEPTABLE 602. Drinking Fountains

602.4 Spout Height. Spout outlets shall be 36 inches (915 mm) maximum above the finish floor or ground.

602.7 Drinking Fountains for Standing Persons. Spout outlets of drinking fountains for standing persons shall be 38 inches (965 mm) minimum and 43 inches (1090 mm) maximum above the finish floor or ground.

In Detail 08/A4.03, the spout heights are 40 ½" and 54" high.

CORRECTION REQUIRED

ACCEPTABLE 603. Toilet and Bathing Rooms

UNACCEPTABLE 604. Water Closets and Toilet Compartments

604.2 Location. The water closet shall be positioned with a wall or partition to the rear and to one side. The centerline of the water closet shall be 16 inches (405 mm) minimum to 18 inches (455 mm) maximum from the side wall or partition, except that the water closet shall be 17 inches (430 mm) minimum and 19 inches (485 mm) maximum from the side wall or partition in the ambulatory accessible toilet compartment specified in 604.8.2. Water closets shall be arranged for a left-hand or right-hand approach.

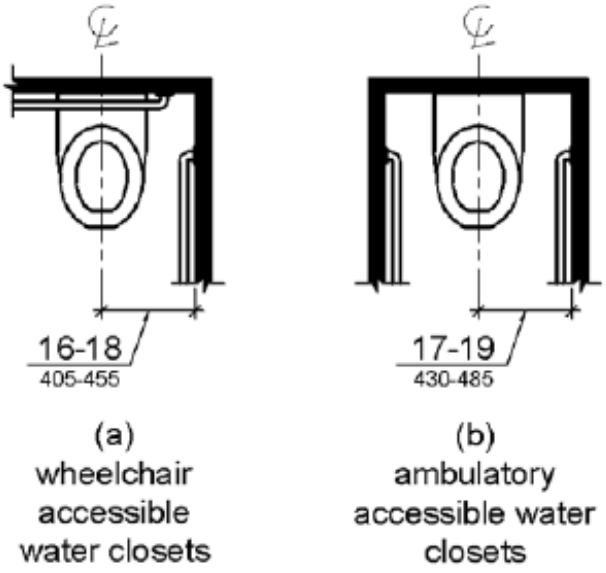


Figure 604.2 Water Closet Location

604.3.2 Overlap. The required clearance around the water closet shall be permitted to overlap the water closet, associated grab bars, dispensers, sanitary napkin disposal units, coat hooks, shelves, accessible routes, clear floor space and clearances required at other fixtures, and the turning space. No other fixtures or obstructions shall be located within the required water closet clearance.

604.5.2 Rear Wall. The rear wall grab bar shall be 36 inches (915 mm) long minimum and extend from the centerline of the water closet 12 inches (305 mm) minimum on one side and 24 inches (610mm) minimum on the other side.

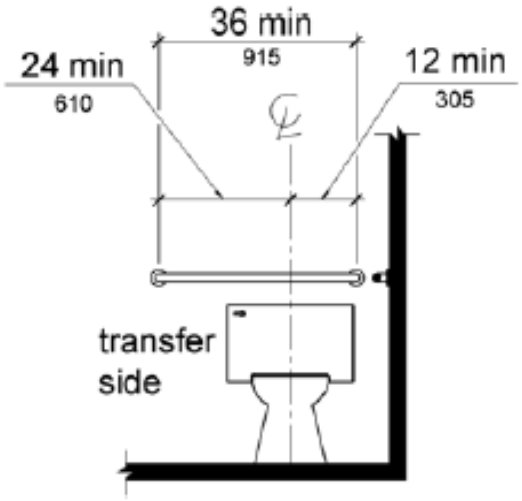


Figure 604.5.2 Rear Wall Grab Bar at Water Closets

604.6 Flush Controls. Flush controls shall be hand operated or automatic. Hand operated flush controls shall comply with 309. Flush controls shall be located on the open side of the water closet except in

ambulatory accessible compartments complying with 604.8.2.

604.7 Dispensers. Toilet paper dispensers shall comply with 309.4 and shall be 7 inches (180 mm) minimum and 9 inches (230 mm) maximum in front of the water closet measured to the centerline of the dispenser. The outlet of the dispenser shall be 15 inches (380 mm) minimum and 48 inches (1220 mm) maximum above the finish floor and shall not be located behind grab bars. Dispensers shall not be of a type that controls delivery or that does not allow continuous paper flow.

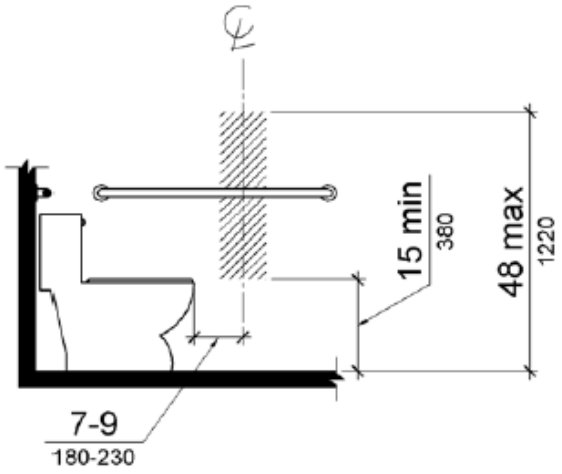


Figure 604.7 Dispenser Outlet Location

604.8.1.1 Size. Wheelchair accessible compartments shall be 60 inches (1525 mm) wide minimum measured perpendicular to the side wall, and 56 inches (1420 mm) deep minimum for wall hung water closets and 59 inches (1500 mm) deep minimum for floor mounted water closets measured perpendicular to the rear wall. Wheelchair accessible compartments for children's use shall be 60 inches (1525 mm) wide minimum measured perpendicular to the side wall, and 59 inches (1500 mm) deep minimum for wall hung and floor mounted water closets measured perpendicular to the rear wall.

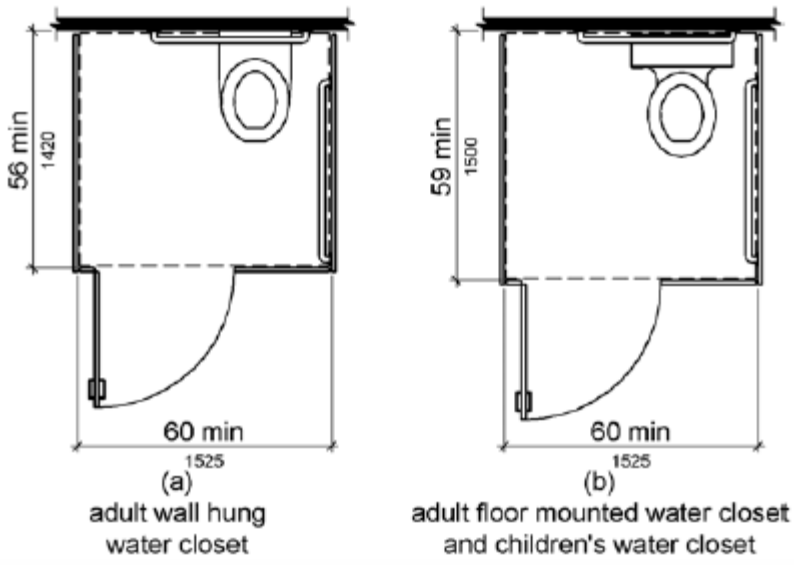


Figure 604.8.1.1 Size of Wheelchair Accessible Toilet Compartment

UNABLE:

- ***In sheet A-4.03, there is not dimension provided from the Water closet to the toilet paper dispenser in Details 03, 05 and 11.***
- ***No dimension provided for the Men's and Women's toilet stalls inside the Club House.***
- ***In unit B1, there is no dimension provided from the centerline of the water closet to the lavatory***

ENSURE COMPLIANCE

In Sheet A-4.03

- ***Details 04, 06 and10 show the toilet at 27" from wall to centerline of Water Closet.***
- ***Details 03, 05 and 11 show the side wall grab bar at 18" from back wall.***
- ***The flush valve on the unit's accessible restroom is not on the open side of the water closet.***
- ***The master bath in unit D-1 does not have grab bars for the water closet.***

CORRECTION REQUIRED

~~605. Urinals~~

UNACCEPTEABLE

606. Lavatories and Sinks

606.3 Height. Lavatories and sinks shall be installed with the front of the higher of the rim or counter surface 34 inches (865 mm) maximum above the finish floor or ground.

Details 02/A-4.03 and 07/A-4.03 show the top of the lavatories at 54" high.

CORRECTION REQUIRED

UNACCEPTABLE

607. Bathtubs

607.2 Clearance. Clearance in front of bathtubs shall extend the length of the bathtub and shall be 30 inches (760 mm) wide minimum. A lavatory complying with 606 shall be permitted at the control end of the clearance. Where a permanent seat is provided at the head end of the bathtub, the clearance shall extend 12 inches (305 mm) minimum beyond the wall at the head end of the bathtub.

607.3 Seat. A permanent seat at the head end of the bathtub or a removable in-tub seat shall be provided. Seats shall comply with 610.

607.6 Shower Spray Unit and Water. A shower spray unit with a hose 59 inches (1500 mm) long minimum that can be used both as a fixed-position shower head and as a hand-held shower shall be provided. The shower spray unit shall have an on/off control with a non-positive shut-off. If an adjustable-height shower head on a vertical bar is used, the bar shall be installed so as not to obstruct the use of grab bars. Bathtub shower spray units shall deliver water that is 120°F (49°C) maximum.

1. ***The accessible bath tubs inside the units do not provide a seat or shower hose.***
2. ***The clear floor space in front of the bath tub does not extend the full length inside Unit C-1.***

CORRECTION REQUIRED

~~608. Shower Compartments~~

UNACCEPTABLE

609. Grab Bars

609.4 Position of Grab Bars. Grab bars shall be installed in a horizontal position, 33 inches (840 mm) minimum and **36 inches (915 mm) maximum above the finish floor measured to the top of the gripping surface,** except that at water closets for children's use complying with 604.9, grab bars shall be installed in a horizontal position 18 inches (455 mm) minimum and 27 inches (685 mm) maximum above the finish floor measured to the top of the gripping surface. The height of the lower grab bar on the back wall of a bathtub shall comply with 607.4.1.1 or 607.4.2.1.

In Sheet A-4.03 Details 03, 04, 05,06, 10 and 11 show the grab bars at 54" A.F.F.

CORRECTION REQUIRED

~~610. Seats~~

UNACCEPTABLE

611. Washing Machines and Clothes Dryers

611.2 Clear Floor Space. A clear floor or ground space complying with 305 positioned for parallel approach shall be provided. The clear floor or ground space shall be centered on the appliance.

The clear floor space in front of the washers and dryers inside the accessible units do not have the clear floor space centered on the appliance

CORRECTION REQUIRED

~~612. Saunas and Steam Rooms~~

CHAPTER 7: COMMUNICATION ELEMENTS AND FEATURES

✓ 701. General

ACCEPTABLE 702. Fire Alarm Systems

UNABLE TO DETERMINE 703. Signs

703.1 General. Signs shall comply with 703. Where both visual and tactile characters are required, either one sign with both visual and tactile characters, or two separate signs, one with visual, and one with tactile characters, shall be provided.

703.2 Raised Characters. Raised characters shall comply with 703.2 and shall be duplicated in braille complying with 703.3. Raised characters shall be installed in accordance with 703.4.

Advisory 703.2 Raised Characters. Signs that are designed to be read by touch should not have sharp or abrasive edges.

703.2.1 Depth. Raised characters shall be 1/32 inch (0.8 mm) minimum above their background.

703.2.2 Case. Characters shall be uppercase.

703.2.3 Style. Characters shall be sans serif. Characters shall not be italic, oblique, script, highly decorative, or of other unusual forms.

703.2.4 Character Proportions. Characters shall be selected from fonts where the width of the uppercase letter "O" is 55 percent minimum and 110 percent maximum of the height of the uppercase letter "I".

703.2.5 Character Height. Character height measured vertically from the baseline of the character shall be 5/8 inch (16 mm) minimum and 2 inches (51 mm) maximum based on the height of the uppercase letter "I".

EXCEPTION: Where separate raised and visual characters with the same information are provided, raised character height shall be permitted to be 1/2 inch (13 mm) minimum

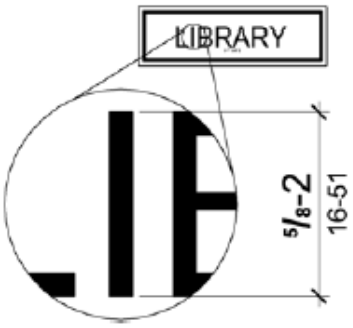


Figure 703.2.5 Height of Raised Characters

703.2.6 Stroke Thickness. Stroke thickness of the uppercase letter "I" shall be 15 percent maximum of the height of the character.

703.2.7 Character Spacing. Character spacing shall be measured between the two closest points of adjacent raised characters within a message, excluding word spaces. Where characters have rectangular cross sections, spacing between individual raised characters shall be 1/8 inch (3.2 mm) minimum and 4 times the raised character stroke width maximum. Where characters have other cross sections, spacing between individual raised characters shall be 1/16 inch (1.6 mm) minimum and 4 times the raised character stroke width maximum at the base of the cross sections, and 1/8 inch (3.2 mm) minimum and 4 times the raised character stroke width maximum at the top of the cross sections. Characters shall be separated from raised borders and decorative elements 3/8 inch (9.5 mm) minimum.

703.2.8 Line Spacing. Spacing between the baselines of separate lines of raised characters within a message shall be 135 percent minimum and 170 percent maximum of the raised character height.

703.3 Braille. Braille shall be contracted (Grade 2) and shall comply with 703.3 and 703.4.

703.3.1 Dimensions and Capitalization. Braille dots shall have a domed or rounded shape and shall comply with Table 703.3.1. The indication of an uppercase letter or letters shall only be used before the first word of sentences, proper nouns and names, individual letters of the alphabet, initials, and acronyms.

Table 703.3.1 Braille Dimensions

Measurement Range	Minimum in Inches Maximum in Inches
Dot base diameter	0.059 (1.5 mm) to 0.063 (1.6 mm)
Distance between two dots in the same cell[1]	0.090 (2.3 mm) to 0.100 (2.5 mm)
Distance between corresponding dots in adjacent cells[1]	0.241 (6.1 mm) to 0.300 (7.6 mm)
Dot height	0.025 (0.6 mm) to 0.037 (0.9 mm)
Distance between corresponding dots from one cell directly below[1]	0.395 (10 mm) to 0.400 (10.2 mm)

1. Measured center to center.

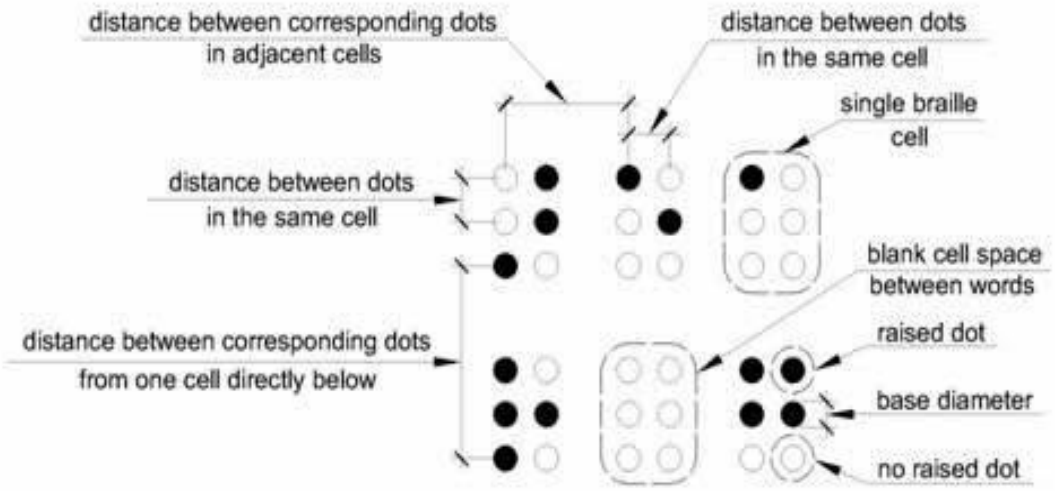


Figure 703.3.1 Braille Measurement

703.3.2 Position. Braille shall be positioned below the corresponding text. If text is multi-lined, braille shall be placed below the entire text. Braille shall be separated 3/8 inch (9.5 mm) minimum from any other tactile characters and 3/8 inch (9.5 mm) minimum from raised borders and decorative elements.

EXCEPTION: Braille provided on elevator car controls shall be separated 3/16 inch (4.8 mm) minimum and shall be located either directly below or adjacent to the corresponding raised characters or symbols.

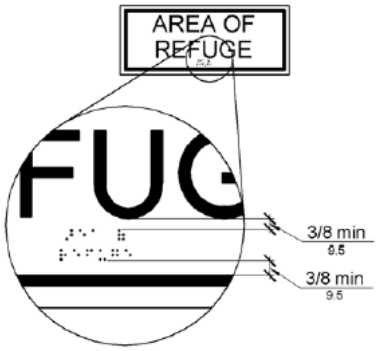


Figure 703.3.2 Position of Braille

703.4 Installation Height and Location. Signs with tactile characters shall comply with 703.4.

703.4.1 Height Above Finish Floor or Ground. Tactile characters on signs shall be located 48 inches (1220 mm) minimum above the finish floor or ground surface, measured from the baseline of the lowest tactile character and 60 inches (1525 mm) maximum above the finish floor or ground surface, measured from the baseline of the highest tactile character.

EXCEPTION: Tactile characters for elevator car controls shall not be required to comply with 703.4.1.

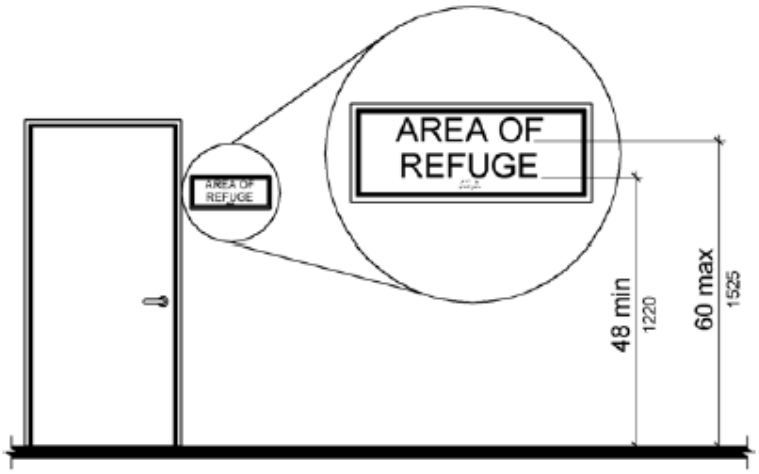


Figure 703.4.1 Height of Tactile Characters Above Finish Floor or Ground

703.4.2 Location. Where a tactile sign is provided at a door, the sign shall be located alongside the door at the latch side. Where a tactile sign is provided at double doors with one active leaf, the sign shall be located on the inactive leaf. Where a tactile sign is provided at double doors with two active leafs, the sign shall be located to the right of the right hand door. Where there is no wall space at the latch side of a single door or at the right side of double doors, signs shall be located on the nearest adjacent wall. Signs containing tactile characters shall be located so that a clear floor space of 18 inches (455 mm) minimum by 18 inches (455 mm) minimum, centered on the tactile characters, is

provided beyond the arc of any door swing between the closed position and 45 degree open position.

EXCEPTION: Signs with tactile characters shall be permitted on the push side of doors with closers and without hold-open devices.

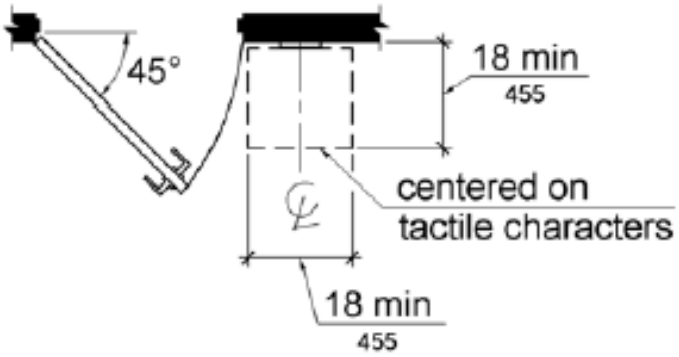


Figure 703.4.2 Location of Tactile Signs at Doors

703.5 Visual Characters. Visual characters shall comply with 703.5.

EXCEPTION: Where visual characters comply with 703.2 and are accompanied by braille complying with 703.3, they shall not be required to comply with 703.5.2 through 703.5.9.

703.5.1 Finish and Contrast. Characters and their background shall have a non-glare finish. Characters shall contrast with their background with either light characters on a dark background or dark characters on a light background.

Advisory 703.5.1 Finish and Contrast. Signs are more legible for persons with low vision when characters contrast as much as possible with their background. Additional factors affecting the ease with which the text can be distinguished from its background include shadows cast by lighting sources, surface glare, and the uniformity of the text and its background colors and textures.

703.5.2 Case. Characters shall be uppercase or lowercase or a combination of both.

703.5.3 Style. Characters shall be conventional in form. Characters shall not be italic, oblique, script, highly decorative, or of other unusual forms.

703.5.4 Character Proportions. Characters shall be selected from fonts where the width of the uppercase letter "O" is 55 percent minimum and 110 percent maximum of the height of the uppercase letter "I".

703.5.5 Character Height. Minimum character height shall comply with Table 703.5.5. Viewing distance shall be measured as the horizontal distance between the character and an obstruction preventing further approach towards the sign. Character height shall be based on the uppercase letter "I".

Table 703.5.5 Visual Character Height

Height to Finish Floor or Ground From Baseline of Character	Horizontal Viewing Distance	Minimum Character Height
40 inches (1015 mm) to less than or equal to 70 inches (1780 mm)	less than 72 inches (1830 mm)	5/8 inch (16 mm)
	72 inches (1830 mm) and greater	5/8 inch (16 mm), plus 1/8 inch (3.2 mm) per foot (305 mm) of viewing distance above 72 inches (1830 mm)
Greater than 70 inches (1780 mm) to less than or equal to 120 inches (3050 mm)	less than 180 inches (4570 mm)	2 inches (51 mm)
	180 inches (4570 mm) and greater	2 inches (51 mm), plus 1/8 inch (3.2 mm) per foot (305 mm) of viewing distance above 180 inches (4570 mm)
greater than 120 inches (3050 mm)	less than 21 feet (6400 mm)	3 inches (75 mm)
	21 feet (6400 mm) and greater	3 inches (75 mm), plus 1/8 inch (3.2 mm) per foot (305 mm) of viewing distance above 21 feet (6400 mm)

703.5.6 Height From Finish Floor or Ground. Visual characters shall be 40 inches (1015 mm) minimum above the finish floor or ground.

EXCEPTION: Visual characters indicating elevator car controls shall not be required to comply with 703.5.6.

703.5.7 Stroke Thickness. Stroke thickness of the uppercase letter "I" shall be 10 percent minimum and 30 percent maximum of the height of the character.

703.5.8 Character Spacing. Character spacing shall be measured between the two closest points of adjacent characters, excluding word spaces. Spacing between individual characters shall be 10 percent minimum and 35 percent maximum of character height.

703.5.9 Line Spacing. Spacing between the baselines of separate lines of characters within a message shall be 135 percent minimum and 170 percent maximum of the character height.

703.6 Pictograms. Pictograms shall comply with 703.6.

703.6.1 Pictogram Field. Pictograms shall have a field height of 6 inches (150 mm) minimum. Characters and braille shall not be located in the pictogram field.

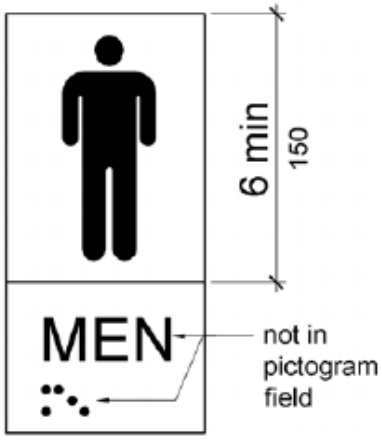


Figure 703.6.1 Pictogram Field

703.6.2 Finish and Contrast. Pictograms and their field shall have a non-glare finish. Pictograms shall contrast with their field with either a light pictogram on a dark field or a dark pictogram on a light field.

Advisory 703.6.2 Finish and Contrast. Signs are more legible for persons with low vision when characters contrast as much as possible with their background. Additional factors affecting the ease with which the text can be distinguished from its background include shadows cast by lighting sources, surface glare, and the uniformity of the text and background colors and textures.

703.6.3 Text Descriptors. Pictograms shall have text descriptors located directly below the pictogram field. Text descriptors shall comply with 703.2, 703.3 and 703.4.

703.7 Symbols of Accessibility. Symbols of accessibility shall comply with 703.7.

703.7.1 Finish and Contrast. Symbols of accessibility and their background shall have a non-glare finish. Symbols of accessibility shall contrast with their background with either a light symbol on a dark background or a dark symbol on a light background.

Advisory 703.7.1 Finish and Contrast. Signs are more legible for persons with low vision when characters contrast as much as possible with their background. Additional factors affecting the ease with which the text can be distinguished from its background include shadows cast by lighting
sources, surface glare, and the uniformity of the text and background colors and textures.

703.7.2 Symbols.

703.7.2.1 International Symbol of Accessibility. The International Symbol of Accessibility shall comply with Figure 703.7.2.1.

Figure 703.7.2.1 International Symbol of Accessibility

703.7.2.2 International Symbol of TTY. The International Symbol of TTY shall comply with Figure 703.7.2.2.

Figure 703.7.2.2 International Symbol of TTY

703.7.2.3 Volume Control Telephones. Telephones with a volume control shall be identified by a pictogram of a telephone handset with radiating sound waves on a square field such as shown in Figure 703.7.2.3.

Figure 703.7.2.3 Volume Control Telephone

703.7.2.4 Assistive Listening Systems. Assistive listening systems shall be identified by the International Symbol of Access for Hearing Loss complying with Figure 703.7.2.4.

Figure 703.7.2.4 International Symbol of Access for Hearing Loss

Not enough information provided on the plans in regards to the design of the door signs.

ENSURE COMPLIANCE

~~704. Telephones~~

~~705. Detectable Warnings~~
~~706. Assistive Listening Systems~~
~~707. Automatic Teller Machines and Fare Machines~~
~~708. Two-Way Communication Systems~~

CHAPTER 8: SPECIAL ROOMS, SPACES AND ELEMENTS

✓ 801. General
~~802. Wheelchair Spaces, Companion Seats and Designated Aisle Seats~~
~~803. Dressing, Fitting and Locker Rooms~~

UNACCEPTABLE 804. Kitchens and Kitchenettes

804.2.2 U-Shaped. In U-shaped kitchens enclosed on three contiguous sides, clearance between all opposing base cabinets, counter tops, appliances, or walls within kitchen work areas shall be 60 inches (1525 mm) minimum.

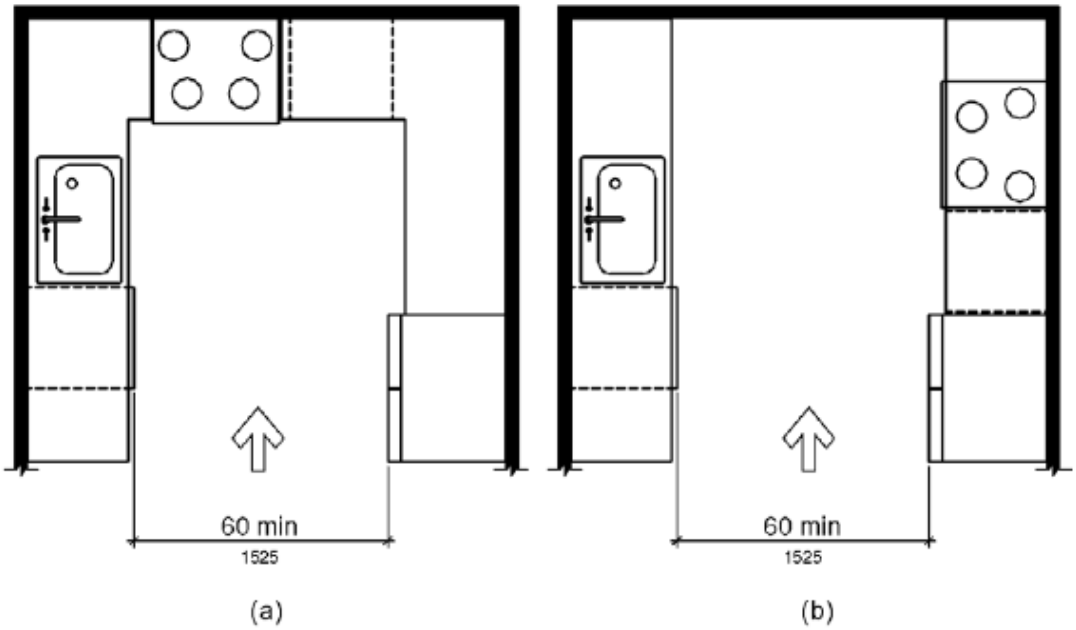


Figure 804.2.2 U-Shaped Kitchens

804.3 Kitchen Work Surface. In residential dwelling units required to comply with 809, at least on 30 inches (760 mm) wide minimum section of counter shall provide a kitchen work surface that complies with 804.3.

804.6.5 Oven. Ovens shall comply with 804.6.5.

804.6.5.1 Side-Hinged Door Ovens. Side-hinged door ovens shall have the work surface required by 804.3 positioned adjacent to the latch side of the oven door.

804.6.5.2 Bottom-Hinged Door Ovens. Bottom-hinged door ovens shall have the work surface required by 804.3 positioned adjacent to one side of the door.

804.6.5.3 Controls. Ovens shall have controls on front panels.

1. ***The kitchen in units B-1 and C-1 do not provide the required 60" in front of ALL opposing cabinets and appliances.***
2. ***The kitchen in the accessibility units do not have the required work space adjacent to the oven.***
3. ***The clear width under the counter in 09/A-3.02 is only 27" wide.***

CORRECTION REQUIRED

~~805. Medical Care and Long-Term Care Facilities~~
~~806. Transient Lodging Guest Rooms~~
~~807. Holding Cells and Housing Cells~~
~~808. Courtrooms~~

UNABLE TO DETERMINE 809. Residential Dwelling Units

809.2.1 Location. At least one accessible route shall connect all spaces and elements which are a part of the residential dwelling unit. Where only one accessible route is provided, it shall not pass through bathrooms, closets, or similar spaces.

809.2.2 Turning Space. All rooms served by an accessible route shall provide a turning space complying with 304.

The closet inside the master bathroom in units B-1 and C-1 does not have a dimension. If a wheelchair can go completely inside the space (is deeper that 48"), then a turning space is required.

ENSURE COMPLIANCE

~~810. Transportation Facilities~~
~~811. Storage~~

CHAPTER 9: BUILT-IN ELEMENTS

✓ 901. General

UNACCEPTABLE 902. Dining Surfaces and Work Surfaces

902.3 Height. The tops of dining surfaces and work surfaces shall be 28 inches (710 mm) minimum and 34 inches (865 mm) maximum above the finish floor or ground.

1. ***The counter behind the break room sink in the Club House is 42" high, as shown on Sheet I-6.00. A portion that provides a knee space of 30" and is 28" – 34" high is required.***
2. ***The counter in the kitchen inside the accessible units is 48" high. A portion that provides a knee space of 30" and is 28" – 34" high is required.***

CORRECTION REQUIRED

~~903. Benches~~
~~904. Check-out Aisles and Sales and Service Counters~~

CHAPTER 10: RECREATION FACILITIES

- ✓ 1001. General
  ~~1002. Amusement Rides~~
  ~~1003. Recreational Boating Facilities~~
  ~~1004. Exercise Machines and Equipment~~
  ~~1005. Fishing Piers and Platforms~~
  ~~1006. Golf Facilities~~
  ~~1007. Miniature Golf Facilities~~
  ~~1008. Play Areas~~
  ~~1009. Swimming Pools, Wading Pools and Spas~~
  ~~1010. Shooting Facilities with Firing Positions~~

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PLAN REVIEW REPORT

The following report identifies deficiencies with the Texas Accessibility Standards (TAS). No response is required to this review; however, all items noted as "UNACCEPTABLE" should be addressed prior to Inspection.

RAS Name:	Eckhard K. Fennig	RAS #: 476
Review Date:	May 26, 2017	EABPRJB7817338 (6017)

PROJECT INFORMATION

Project Name:	Gonzalez Apartments
Facility Name:	Gonzalez Apartments
Project Address:	Rich Beem Boulevard
Project City:	El Paso, Texas 79936
Project Designer:	RPGA Design Group
Estimated Construction Cost:	$320,000.00
Estimated Completion Date:	01/2019
Detailed Description of Construction Activities:	Construction of a new 153 unit multi*family apartment complex the includes sports courts, playgrounds and walking trails complete with benching and ample landscaping

OWNER INFORMATION

Name:	Madeleine Sara
Company/Firm:	Housing Authority of the City of El Paso
Address:	5300 E. Paisano
City:	El Paso, Texas 79905

CHAPTER 2: SCOPING REQUIREMENTS

- ✓ 201. Application
- ~~202. Existing Buildings and Facilities~~
- ✓ 203. General Exceptions
- ✓ 204. Protruding Objects

- ✓ 205. Operable Parts
- ✓ 206. Accessible Routes
- ✓ 207. Accessible Means of Egress
- ✓ 208. Parking Spaces
- ~~209. Passenger Loading Zones and Bus Stops~~
- ✓ 210. Stairways
- ✓ 211. Drinking Fountains
- ~~212. Kitchens, Kitchenettes and Sinks~~
- ✓ 213. Toilet Facilities and Bathing Facilities
- ~~214. Washing Machines and Clothes Dryers~~
- ✓ 215. Fire Alarm Systems
- ✓ 216. Signs
- ~~217. Telephones~~
- ~~218. Transportation Facilities~~
- ~~219. Assistive Listening Systems~~
- ~~220. Automatic Teller Machines and Fare Machines~~
- ~~221. Assembly Areas~~
- ~~222. Dressing, Fitting and Locker Rooms~~
- ~~223. Medical Care and Long-Term Care Facilities~~
- ~~224. Transient Lodging *Facilities and* Guest Rooms~~
- ~~225. Storage~~
- ✓ 226. Dining Surface and Work Surfaces
- ~~227. Sales and Services~~
- ~~228. Depositories, Vending Machines, Change Machines, Mail Boxes and Fuel Dispenses~~
- ~~229. Windows~~
- ~~230. Two-way Communication Systems~~
- ~~231. Judicial Facilities~~
- ~~232. Detention Facilities~~
- ~~233. Residential Facilities~~
- ~~234. Amusements Rides~~
- ~~235. Recreational Boating Facilities~~
- ~~236. Exercise Machines and Equipment~~
- ~~237. Fishing Piers and Platforms~~
- ~~238. Golf Facilities~~
- ~~239. Miniature Golf Facilities~~
- ~~240. Play Areas~~
- ~~241. Saunas and Steam Rooms~~
- ~~242. Swimming Pools, Wading Pools and Spas~~
- ~~243. Shooting Facilities with Firing Positions~~

CHAPTER 3: BUILDING BLOCKS

- ✓ 301. General

ACCEPTABLE 302. Floor or Ground Surfaces
ACCEPTABLE 303. Changes in Level
ACCEPTABLE 304. Turning Spaces
ACCEPTABLE 305. Clear Floor or Ground Space
ACCEPTABLE 306. Knee and Toe Clearance

UNACCEPTABLE 307. Protruding Objects
UNABLE TO DETERMINE

307.2 Protrusion Limits. Objects with leading edges more than 27 inches (685 mm) and not more than 80 inches (2030 mm) above

the finish floor or ground shall protrude 4 inches (100 mm) maximum horizontally into the circulation path.

307.4 Vertical Clearance. Vertical clearance shall be 80 inches (2030 mm) high minimum. Guardrails or other barriers shall be provided where the vertical clearance is less than 80 inches (2030 mm) high. The leading edge of such guardrail or barrier shall be located 27 inches (685 mm) maximum above the finish floor or ground.

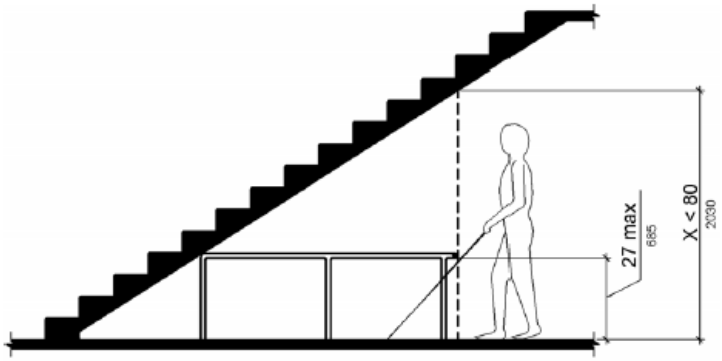


Figure 307.4 Vertical Clearance

UNABLE:
Ensure that the tree branches adjacent to the path of travel as shown in the landscape drawing do not protrude more than 4" or are higher than 80".

ENSURE COMPLIANCE

The area under the stairs do not shown some sort of cane detection. Therefore, the stairs are considered protruding objects.

CORRECTION REQUIRED

ACCEPTABLE 308. Reach Ranges
ACCEPTABLE 309. Operable Parts

CHAPTER 4: ACCESSIBLE ROUTES

✓ 401. General
ACCEPTABLE 402. Accessible Routes
ACCEPTABLE 403. Walking Surfaces

UNACCEPTABLE 404. Doors, Doorways and Gates
UNABLE TO DETERMINE

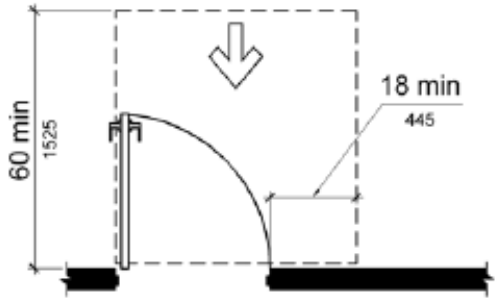
404.2.4 Maneuvering Clearances. Minimum maneuvering clearances at doors and gates shall comply with 404.2.4. Maneuvering clearances shall extend the full width of the doorway and the required latch side or hinge side clearance.

404.2.4.1 Swinging Doors and Gates. Swinging doors and gates shall have maneuvering clearances complying with Table 404.2.4.1.

Table 404.2.4.1 Maneuvering Clearances at Manual Swinging Doors and Gates

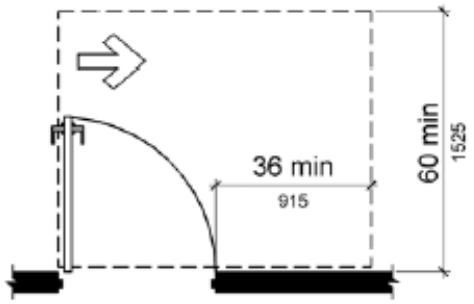
Type of Use		Minimum Maneuvering Clearance	
Approach Direction	**Door or Gate Side**	**Perpendicular to Doorway**	**Parallel to Doorway (beyond latch side unless noted)**
From front	Pull	60 inches (1525 mm)	18 inches (455 mm)
From front	Push	48 inches (1220 mm)	0 inches (0 mm)[1]
From hinge side	Pull	60 inches (1525 mm)	36 inches (915 mm)
From hinge side	Pull	54 inches (1370 mm)	42 inches (1065 mm)
From hinge side	Push	42 inches (1065 mm)[2]	22 inches (560 mm)[3]
From latch side	Pull	48 inches (1220 mm)[4]	24 inches (610 mm)
From latch side	Push	42 inches (1065 mm)[4]	24 inches (610 mm)

1. Add 12 inches (305 mm) if closer and latch are provided.
2. Add 6 inches (150 mm) if closer and latch are provided.
3. Beyond hinge side.
4. Add 6 inches (150 mm) if closer is provided.



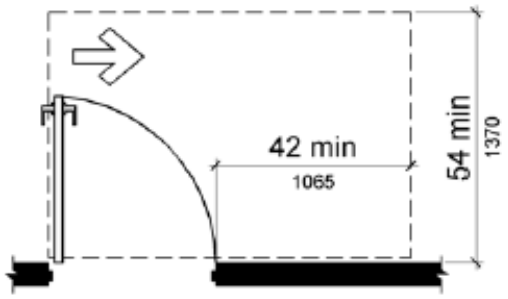
(a)
front approach, pull side

Figure 404.2.4.1 Maneuvering Clearances at Manual Swinging Doors and Gates



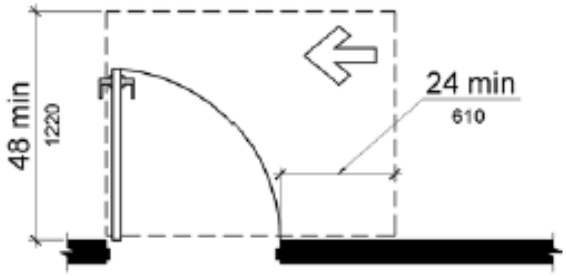
(d)
hinge approach, pull side

Figure 404.2.4.1 Maneuvering Clearances at Manual Swinging Doors and Gates



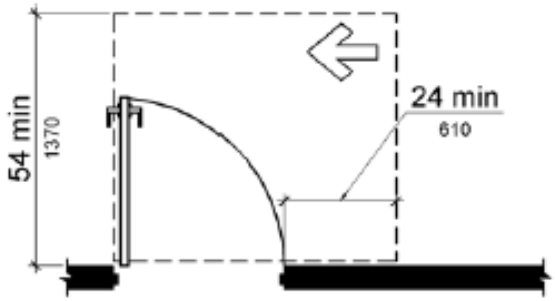
(e)
hinge approach, pull side

Figure 404.2.4.1 Maneuvering Clearances at Manual Swinging Doors and Gates



(h)
latch approach, pull side

Figure 404.2.4.1 Maneuvering Clearances at Manual Swinging Doors and Gates



(i)
latch approach, pull side,
door provided with closer

Figure 404.2.4.1 Maneuvering Clearances at Manual Swinging Doors and Gates

UNABLE:
No dimension is provided on the pull side of the door leading from the "vestibule" to the "Resident Association Office" inside the club house.

ENSURE COMPLIANCE

In the Club House, the passage between the "Resident Association Office" and the "Work Room" is 53" wide. This does not provide enough maneuvering clearance for the toilet door.

CORRECTION REQUIRED

ACCEPTABLE 405. Ramps
ACCEPTABLE 406. Curb Ramps
~~407. Elevators~~
~~408. Limited-Use/Limited-Application Elevators~~
~~409. Private Residence Elevators~~
~~410. Platform Lifts~~

CHAPTER 5: GENERAL SITE AND BUILDING ELEMENTS

✓ 501. General
ACCEPTABLE 502. Parking Spaces
~~503. Passenger Loading Zones~~
ACCEPTABLE 504. Stairways
ACCEPTABLE 505. Handrails

CHAPTER 6: PLUMBING ELEMENTS AND FACILITIES

✓ 601. General

UNACCEPTABLE 602. Drinking Fountains

602.4 Spout Height. Spout outlets shall be 36 inches (915 mm) maximum above the finish floor or ground.

602.7 Drinking Fountains for Standing Persons. Spout outlets of drinking fountains for standing persons shall be 38 inches (965 mm) minimum and 43 inches (1090 mm) maximum above the finish floor or ground.

In Detail 08/A4.03, the spout heights are 40 ½" and 54" high.

CORRECTION REQUIRED

ACCEPTABLE 603. Toilet and Bathing Rooms

UNACCEPTABLE 604. Water Closets and Toilet Compartments

604.2 Location. The water closet shall be positioned with a wall or partition to the rear and to one side. The centerline of the water closet shall be 16 inches (405 mm) minimum to 18 inches (455 mm) maximum from the side wall or partition, except that the water closet shall be 17 inches (430 mm) minimum and 19 inches (485 mm) maximum from the side wall or partition in the ambulatory accessible toilet compartment specified in 604.8.2. Water closets shall be arranged for a left-hand or right-hand approach.

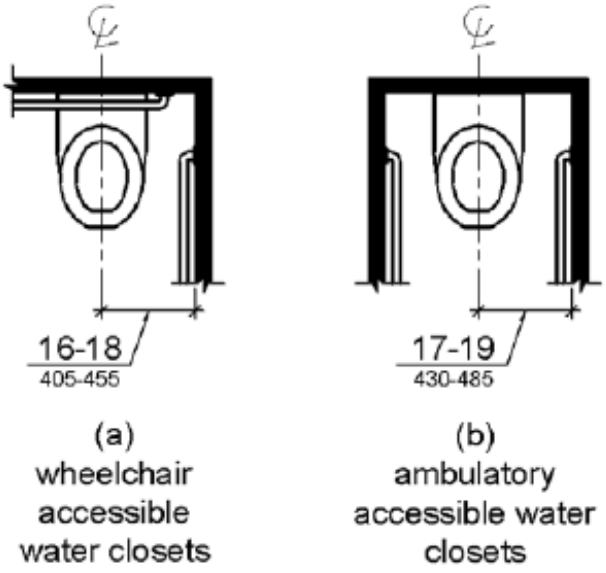


Figure 604.2 Water Closet Location

604.5.2 Rear Wall. The rear wall grab bar shall be 36 inches (915 mm) long minimum and extend from the centerline of the water closet 12 inches (305 mm) minimum on one side and 24 inches (610mm) minimum on the other side.

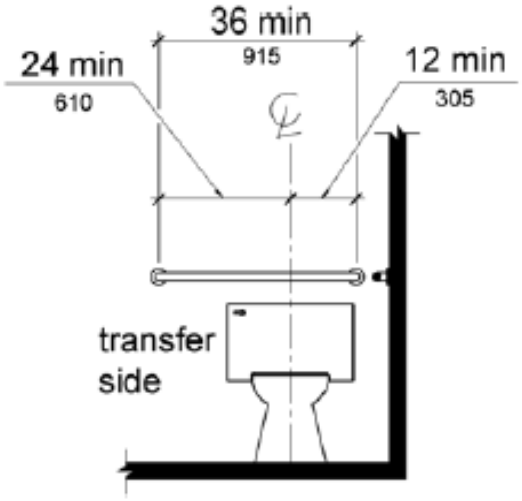


Figure 604.5.2 Rear Wall Grab Bar at Water Closets

604.7 Dispensers. Toilet paper dispensers shall comply with 309.4 and shall be 7 inches (180 mm) minimum and 9 inches (230 mm) maximum in front of the water closet measured to the centerline of the dispenser. The outlet of the dispenser shall be 15 inches (380 mm) minimum and 48 inches (1220 mm) maximum above the finish floor and shall not be located behind grab bars. Dispensers shall not be of a type that controls delivery or that does not allow continuous paper flow.

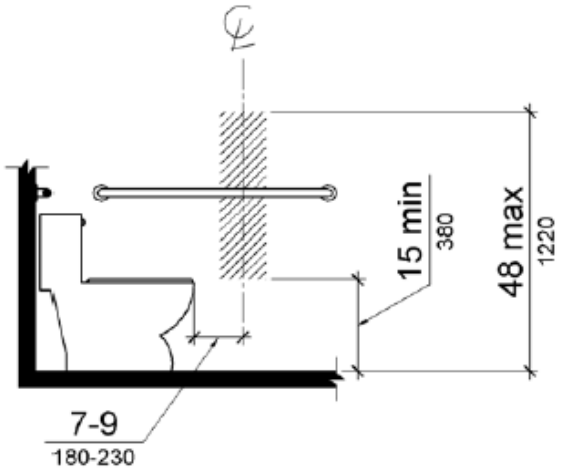


Figure 604.7 Dispenser Outlet Location

604.8.1.1 Size. Wheelchair accessible compartments shall be 60 inches (1525 mm) wide minimum measured perpendicular to the side wall, and 56 inches (1420 mm) deep minimum for wall hung water closets and 59 inches (1500 mm) deep minimum for floor mounted water closets measured perpendicular to the rear wall. Wheelchair accessible compartments for children's use shall be 60 inches (1525 mm) wide minimum measured perpendicular to the side wall, and 59 inches (1500 mm) deep minimum for wall hung and floor mounted water closets measured perpendicular to the rear wall.

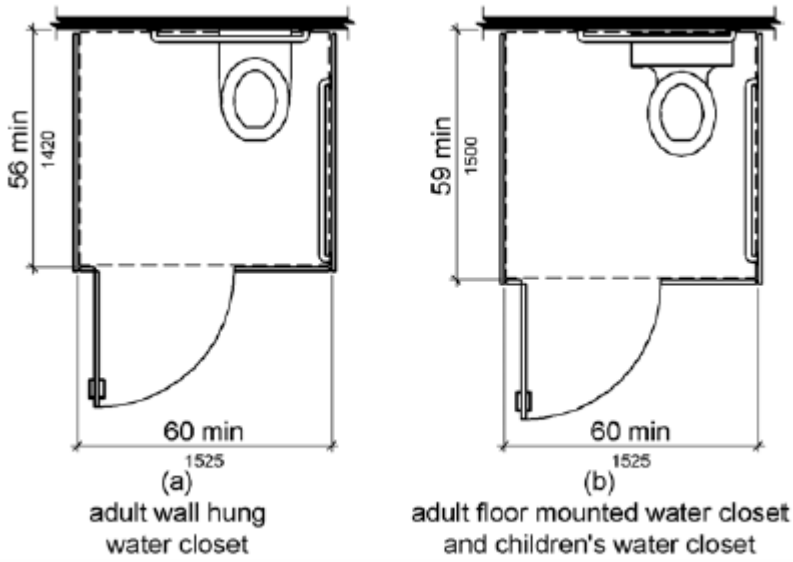


Figure 604.8.1.1 Size of Wheelchair Accessible Toilet Compartment

UNABLE:

In sheet A-4.03, there is not dimension provided from the Water closet to the toilet paper dispenser in Details 03, 05 and 11.

No dimension provided for the Men's and Women's toilet stalls inside the Club House.

ENSURE COMPLIANCE

In Sheet A-4.03
- ***Details 04, 06 and10 show the toilet at 27" from wall to centerline of Water Closet.***
- ***Details 03, 05 and 11 show the side wall grab bar at 18" from back wall.***

CORRECTION REQUIRED

~~605. Urinals~~

UNACCEPTABLE 606. Lavatories and Sinks

606.3 Height. Lavatories and sinks shall be installed with the front of the higher of the rim or counter surface 34 inches (865 mm) maximum above the finish floor or ground.

Details 02/A-4.03 and 07/A-4.03 show the top of the lavatories at 54" high.

CORRECTION REQUIRED

~~607. Bathtubs~~
~~608. Shower Compartments~~

UNACCEPTABLE 609. Grab Bars

609.4 Position of Grab Bars. Grab bars shall be installed in a horizontal position, 33 inches (840 mm) minimum and **36 inches (915 mm) maximum above the finish floor measured to the top of the gripping surface,** except that at water closets for children's use complying with 604.9, grab bars shall be installed in a horizontal position 18 inches (455 mm) minimum and 27 inches (685 mm) maximum above the finish floor measured to the top of the gripping surface. The height of the lower grab bar on the back wall of a bathtub shall comply with 607.4.1.1 or 607.4.2.1.

In Sheet A-4.03 Details 03, 04, 05,06, 10 and 11 show the grab bars at 54" A.F.F.

CORRECTION REQUIRED

~~610. Seats~~
~~611. Washing Machines and Clothes Dryers~~
~~612. Saunas and Steam Rooms~~

CHAPTER 7: COMMUNICATION ELEMENTS AND FEATURES

✓ 701. General

ACCEPTABLE 702. Fire Alarm Systems

UNABLE TO DETERMINE 703. Signs

703.1 General. Signs shall comply with 703. Where both visual and tactile characters are required, either one sign with both visual and tactile characters, or two separate signs, one with visual, and one with tactile characters, shall be provided.

703.2 Raised Characters. Raised characters shall comply with 703.2 and shall be duplicated in braille complying with 703.3. Raised characters shall be installed in accordance with 703.4.

Advisory 703.2 Raised Characters. Signs that are designed to be read by touch should not have sharp or abrasive edges.

703.2.1 Depth. Raised characters shall be 1/32 inch (0.8 mm) minimum above their background.

703.2.2 Case. Characters shall be uppercase.

703.2.3 Style. Characters shall be sans serif. Characters shall not be italic, oblique, script, highly decorative, or of other unusual forms.

703.2.4 Character Proportions. Characters shall be selected from fonts where the width of the uppercase letter "O" is 55 percent minimum and 110 percent maximum of the height of the uppercase letter "I".

703.2.5 Character Height. Character height measured vertically from the baseline of the character shall be 5/8 inch (16 mm) minimum and 2 inches (51 mm) maximum based on the height of the uppercase letter "I".

EXCEPTION: Where separate raised and visual characters with the same information are provided, raised character height shall be permitted to be 1/2 inch (13 mm) minimum

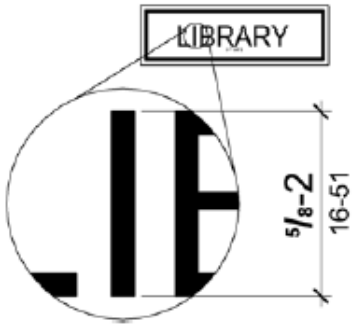


Figure 703.2.5 Height of Raised Characters

703.2.6 Stroke Thickness. Stroke thickness of the uppercase letter "I" shall be 15 percent maximum of the height of the character.

703.2.7 Character Spacing. Character spacing shall be measured between the two closest points of adjacent raised characters within a message, excluding word spaces. Where characters have rectangular cross sections, spacing between individual raised characters shall be 1/8 inch (3.2 mm) minimum and 4 times the raised character stroke width maximum. Where characters have other cross sections, spacing

between individual raised characters shall be 1/16 inch (1.6 mm) minimum and 4 times the raised character stroke width maximum at the base of the cross sections, and 1/8 inch (3.2 mm) minimum and 4 times the raised character stroke width maximum at the top of the cross sections. Characters shall be separated from raised borders and decorative elements 3/8 inch (9.5 mm) minimum.

703.2.8 Line Spacing. Spacing between the baselines of separate lines of raised characters within a message shall be 135 percent minimum and 170 percent maximum of the raised character height.

703.3 Braille. Braille shall be contracted (Grade 2) and shall comply with 703.3 and 703.4.

703.3.1 Dimensions and Capitalization. Braille dots shall have a domed or rounded shape and shall comply with Table 703.3.1. The indication of an uppercase letter or letters shall only be used before the first word of sentences, proper nouns and names, individual letters of the alphabet, initials, and acronyms.

Table 703.3.1 Braille Dimensions

Measurement Range	**Minimum in Inches** **Maximum in Inches**
Dot base diameter	0.059 (1.5 mm) to 0.063 (1.6 mm)
Distance between two dots in the same cell[1]	0.090 (2.3 mm) to 0.100 (2.5 mm)
Distance between corresponding dots in adjacent cells[1]	0.241 (6.1 mm) to 0.300 (7.6 mm)
Dot height	0.025 (0.6 mm) to 0.037 (0.9 mm)
Distance between corresponding dots from one cell directly below[1]	0.395 (10 mm) to 0.400 (10.2 mm)

1. Measured center to center.

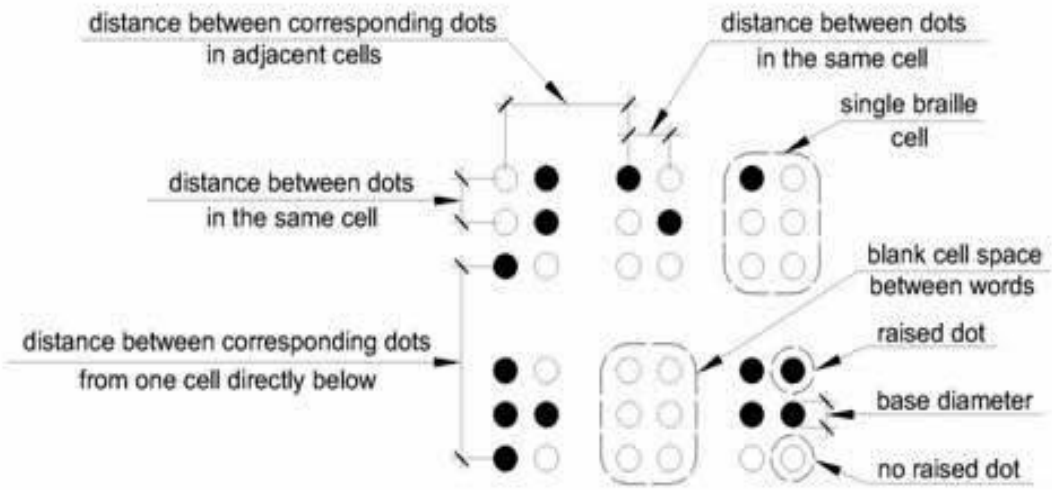


Figure 703.3.1 Braille Measurement

703.3.2 Position. Braille shall be positioned below the corresponding text. If text is multi-lined, braille shall be placed below the entire text. Braille shall be separated 3/8 inch (9.5 mm) minimum from any other tactile characters and 3/8 inch (9.5 mm) minimum from raised borders and decorative elements.

EXCEPTION: Braille provided on elevator car controls shall be separated 3/16 inch (4.8 mm) minimum and shall be located either directly below or adjacent to the corresponding raised characters or symbols.

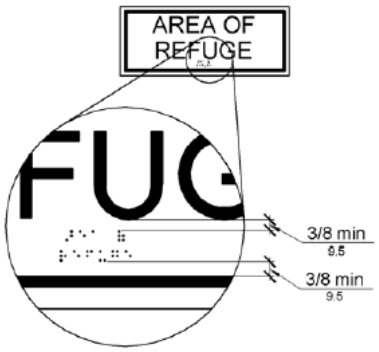


Figure 703.3.2 Position of Braille

703.4 Installation Height and Location. Signs with tactile characters shall comply with 703.4.

703.4.1 Height Above Finish Floor or Ground. Tactile characters on signs shall be located 48 inches (1220 mm) minimum above the finish floor or ground surface, measured from the baseline of the lowest tactile character and 60 inches (1525 mm) maximum above the

finish floor or ground surface, measured from the baseline of the highest tactile character.

EXCEPTION: Tactile characters for elevator car controls shall not be required to comply with 703.4.1.

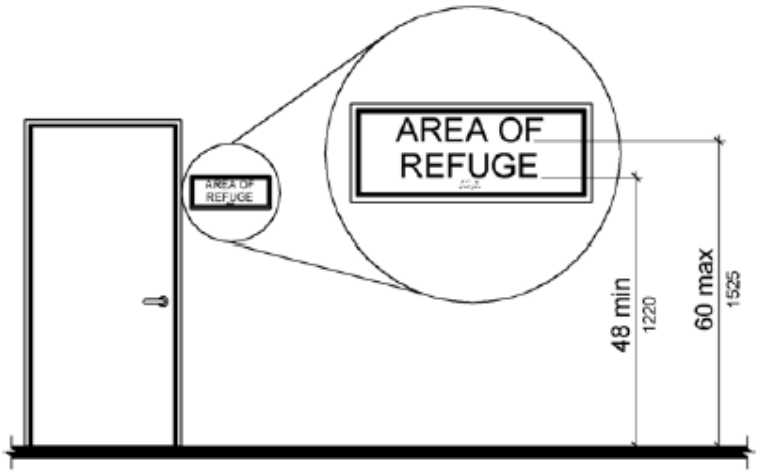


Figure 703.4.1 Height of Tactile Characters Above Finish Floor or Ground

703.4.2 Location. Where a tactile sign is provided at a door, the sign shall be located alongside the door at the latch side. Where a tactile sign is provided at double doors with one active leaf, the sign shall be located on the inactive leaf. Where a tactile sign is provided at double doors with two active leafs, the sign shall be located to the right of the right hand door. Where there is no wall space at the latch side of a single door or at the right side of double doors, signs shall be located on the nearest adjacent wall. Signs containing tactile characters shall be located so that a clear floor space of 18 inches (455 mm) minimum by 18 inches (455 mm) minimum, centered on the tactile characters, is provided beyond the arc of any door swing between the closed position and 45 degree open position.

EXCEPTION: Signs with tactile characters shall be permitted on the push side of doors with closers and without hold-open devices.

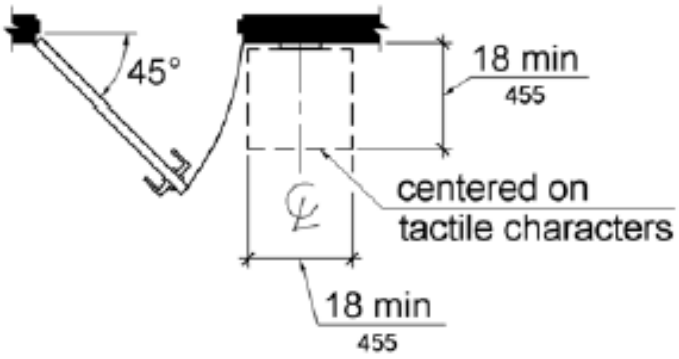


Figure 703.4.2 Location of Tactile Signs at Doors

703.5 Visual Characters. Visual characters shall comply with 703.5.

EXCEPTION: Where visual characters comply with 703.2 and are accompanied by braille complying with 703.3, they shall not be required to comply with 703.5.2 through 703.5.9.

703.5.1 Finish and Contrast. Characters and their background shall have a non-glare finish. Characters shall contrast with their background with either light characters on a dark background or dark characters on a light background.

Advisory 703.5.1 Finish and Contrast. Signs are more legible for persons with low vision when characters contrast as much as possible with their background. Additional factors affecting the ease with which the text can be distinguished from its background include shadows cast by lighting sources, surface glare, and the uniformity of the text and its background colors and textures.

703.5.2 Case. Characters shall be uppercase or lowercase or a combination of both.

703.5.3 Style. Characters shall be conventional in form. Characters shall not be italic, oblique, script, highly decorative, or of other unusual forms.

703.5.4 Character Proportions. Characters shall be selected from fonts where the width of the uppercase letter "O" is 55 percent minimum and 110 percent maximum of the height of the uppercase letter "I".

703.5.5 Character Height. Minimum character height shall comply with Table 703.5.5. Viewing distance shall be measured as the horizontal distance between the character and an obstruction preventing further approach towards the sign. Character height shall be based on the uppercase letter "I".

Table 703.5.5 Visual Character Height

Height to Finish Floor or Ground From Baseline of Character	Horizontal Viewing Distance	Minimum Character Height
40 inches (1015 mm) to less than or equal to 70 inches (1780 mm)	less than 72 inches (1830 mm)	5/8 inch (16 mm)
	72 inches (1830 mm) and greater	5/8 inch (16 mm), plus 1/8 inch (3.2 mm) per foot (305 mm) of viewing distance above 72 inches (1830 mm)
Greater than 70 inches (1780 mm) to less than or equal to 120 inches (3050 mm)	less than 180 inches (4570 mm)	2 inches (51 mm)
	180 inches (4570 mm) and greater	2 inches (51 mm), plus 1/8 inch (3.2 mm) per foot (305 mm) of viewing distance above 180 inches (4570 mm)
greater than 120 inches (3050 mm)	less than 21 feet (6400 mm)	3 inches (75 mm)
	21 feet (6400 mm) and greater	3 inches (75 mm), plus 1/8 inch (3.2 mm) per foot (305 mm) of viewing distance above 21 feet (6400 mm)

703.5.6 Height From Finish Floor or Ground. Visual characters shall be 40 inches (1015 mm) minimum above the finish floor or

ground.

EXCEPTION: Visual characters indicating elevator car controls shall not be required to comply with 703.5.6.

703.5.7 Stroke Thickness. Stroke thickness of the uppercase letter "I" shall be 10 percent minimum and 30 percent maximum of the height of the character.

703.5.8 Character Spacing. Character spacing shall be measured between the two closest points of adjacent characters, excluding word spaces. Spacing between individual characters shall be 10 percent minimum and 35 percent maximum of character height.

703.5.9 Line Spacing. Spacing between the baselines of separate lines of characters within a message shall be 135 percent minimum and 170 percent maximum of the character height.

703.6 Pictograms. Pictograms shall comply with 703.6.

703.6.1 Pictogram Field. Pictograms shall have a field height of 6 inches (150 mm) minimum. Characters and braille shall not be located in the pictogram field.

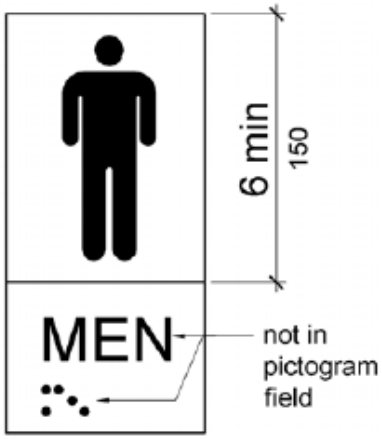


Figure 703.6.1 Pictogram Field

703.6.2 Finish and Contrast. Pictograms and their field shall have a non-glare finish. Pictograms shall contrast with their field with either a light pictogram on a dark field or a dark pictogram on a light field.

Advisory 703.6.2 Finish and Contrast. Signs are more legible for persons with low vision when characters contrast as much as possible with their background. Additional factors affecting the ease with which the text can be distinguished from its background include shadows cast by lighting sources, surface glare, and the uniformity of the text and background colors and textures.

703.6.3 Text Descriptors. Pictograms shall have text descriptors located directly below the pictogram field. Text descriptors shall comply with 703.2, 703.3 and 703.4.

703.7 Symbols of Accessibility. Symbols of accessibility shall comply with 703.7.

703.7.1 Finish and Contrast. Symbols of accessibility and their background shall have a non-glare finish. Symbols of accessibility shall contrast with their background with either a light symbol on a dark background or a dark symbol on a light background.

Advisory 703.7.1 Finish and Contrast. Signs are more legible for persons with low vision when characters contrast as much as possible with their background. Additional factors affecting the ease with which the text can be distinguished from its background include shadows cast by lighting
sources, surface glare, and the uniformity of the text and background colors and textures.

703.7.2 Symbols.

703.7.2.1 International Symbol of Accessibility. The International Symbol of Accessibility shall comply with Figure 703.7.2.1.

Figure 703.7.2.1 International Symbol of Accessibility

703.7.2.2 International Symbol of TTY. The International Symbol of TTY shall comply with Figure 703.7.2.2.

Figure 703.7.2.2 International Symbol of TTY

703.7.2.3 Volume Control Telephones. Telephones with a volume control shall be identified by a pictogram of a telephone handset with radiating sound waves on a square field such as shown in Figure 703.7.2.3.

Figure 703.7.2.3 Volume Control Telephone

703.7.2.4 Assistive Listening Systems. Assistive listening systems shall be identified by the International Symbol of Access for Hearing Loss complying with Figure 703.7.2.4.

Figure 703.7.2.4 International Symbol of Access for Hearing Loss

Not enough information provided on the plans in regards to the design of the door signs.

ENSURE COMPLIANCE

~~704. Telephones~~
~~705. Detectable Warnings~~
~~706. Assistive Listening Systems~~
~~707. Automatic Teller Machines and Fare Machines~~
~~708. Two-Way Communication Systems~~

CHAPTER 8: SPECIAL ROOMS, SPACES AND ELEMENTS

✓ 801. General
~~802. Wheelchair Spaces, Companion Seats and Designated Aisle Seats~~
~~803. Dressing, Fitting and Locker Rooms~~
~~804. Kitchens and Kitchenettes~~
~~805. Medical Care and Long-Term Care Facilities~~
~~806. Transient Lodging Guest Rooms~~
~~807. Holding Cells and Housing Cells~~
~~808. Courtrooms~~
~~809. Residential Dwelling Unit~~
~~810. Transportation Facilities~~
~~811. Storage~~

CHAPTER 9: BUILT-IN ELEMENTS

✓ 901. General

UNACCEPTABLE

902. Dining Surfaces and Work Surfaces

902.3 Height. The tops of dining surfaces and work surfaces shall be 28 inches (710 mm) minimum and 34 inches (865 mm) maximum above the finish floor or ground.

The behind the break room sink in the Club House is 42" high, as shown on Sheet I-6.00. A portion that provides a knee space of 30" and 28" - 34" high is required.

CORRECTION REQUIRED

~~903. Benches~~
~~904. Check-out Aisles and Sales and Service Counters~~

CHAPTER 10: RECREATION FACILITIES

- ✓ 1001. General
~~1002. Amusement Rides~~
~~1003. Recreational Boating Facilities~~
~~1004. Exercise Machines and Equipment~~
~~1005. Fishing Piers and Platforms~~
~~1006. Golf Facilities~~
~~1007. Miniature Golf Facilities~~
~~1008. Play Areas~~
~~1009. Swimming Pools, Wading Pools and Spas~~
~~1010. Shooting Facilities with Firing Positions~~

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UFAS PLAN REVIEW REPORT

The following report identifies deficiencies with the Uniform Federal Accessibility Standards (UFAS). No response is required to this review; however, all items noted as "UNACCEPTABLE" should be addressed prior to Inspection.

RAS Name: Eckhard K. Fennig RAS #: 0476
Review Date: May 26, 2017

PROJECT INFORMATION

Project Name: Gonzalez Apartments
Facility Name: Gonzalez Apartments
Project Address: Rich Beem Boulevard
Project City: El Paso, Texas 79936
Project Designer: RPGA Design Group

OWNER INFORMATION

Name: Madeleine Sara
Company/Firm: HACEP
Address: 5300 E. Paisano Dr.
City: El Paso, TX 79905

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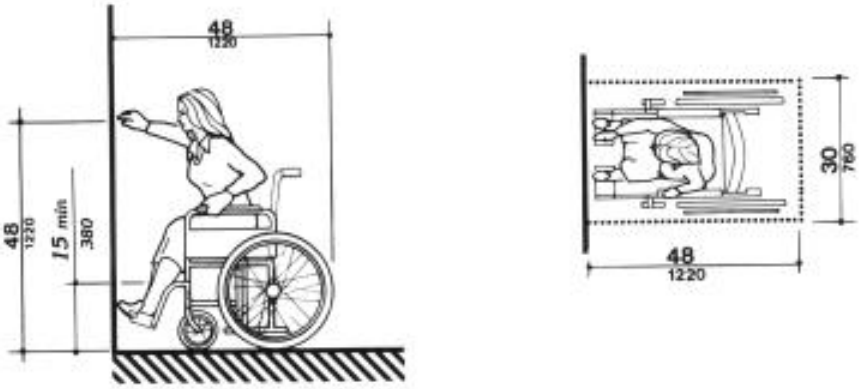
4. ACCESSIBLE ELEMENTS AND SPACES:
SCOPE AND TECHNICAL REQUIREMENTS

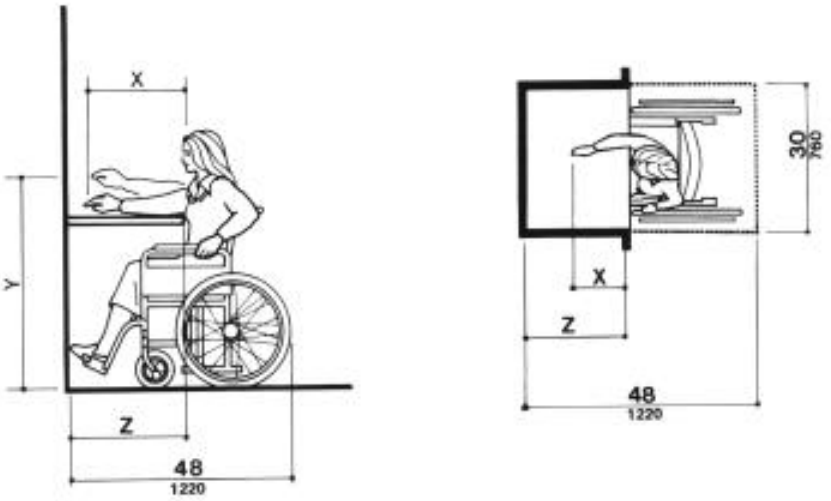
4.1 Minimum Requirements

4.1.1 Accessible Sites and Exterior Facilities: New Construction
✓ 4.1.2 Accessible Buildings: New Construction
✓ 4.1.3 Accessible Housing
~~4.1.4 Occupancy Classifications~~
~~4.1.5 Accessible Buildings: Additions~~
4.1.6 Accessible Buildings: Alterations
~~4.1.7 Accessible Buildings: Historic Preservations22~~

4.2.5 FORWARD REACH. If the clear floor space only allows forward approach to an object, the maximum high forward reach allowed shall be 48 in (1220 mm) (see Fig. 5(a)). The minimum low forward reach is 15 in (380 mm). If the high forward reach is over an obstruction, reach and clearances shall be as shown in Fig. 5(b).



(a)
High Forward Reach Limit



NOTE: x shall be ≤ 25 in (635 mm); z shall be ≥ x. When x < 20 in (510 mm), then y shall be 48 in (1220 mm) maximum. When x is 20 to 25 in (510 to 635 mm), then y shall be 44 in (1120 mm) maximum.

(b)
Maximum Forward Reach over an Obstruction

Figure 5 Forward Reach

4.2.6* SIDE REACH. If the clear floor space allows parallel approach by a person in a wheelchair, the maximum high side reach allowed shall be 54 in (1370 mm) and the low side reach shall be no less than 9 in (230 mm) above the floor (Fig. 6(a) and (b)). If the side reach is over an obstruction, the reach and clearances shall be as shown in Fig. 6(c).

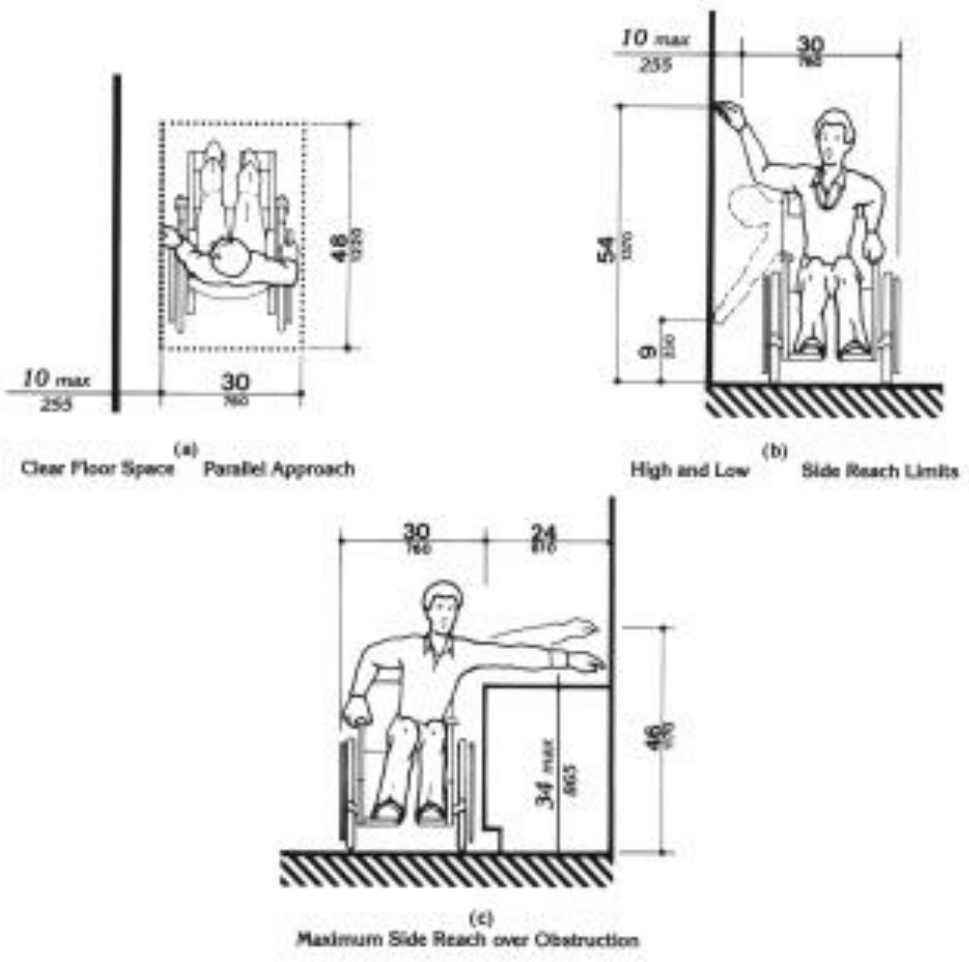


Figure 6 Side Reach

1. ***The self and rod inside the unit's accessible closet is at 54" high.***
2. ***The shelf above the unit's washer and dryer is at 78" high.***

CORRECTION REQUIRED

The controls for the unit's vent above the stove are not shown on the plans.

ENSURE COMPINACE

ACCEPTABLE

UNABLE TO DETERMINE

UNACCEPTABLE

4.3 Accessible Route

4.4 Protruding Objects

4.4.1* GENERAL. Objects projecting from walls (for example, telephones) with their leading edges between 27 in and 80 in (685 mm and 2030 mm) above the finished floor shall protrude no more than 4 in (100 mm) into walks, halls, corridors, passageways, or aisles (see Fig. 8(a)). Objects mounted with their leading edges at or below 27 in (685 mm) above the finished floor may protrude any amount (see Fig. 8(a)

and (b)). Free-standing objects mounted on posts or pylons may overhang 12 in (305 mm) maximum from 27 in to 80 in (685 mm to 2030 mm) above the ground or finished floor (see Fig. 8(c) and (d)). Protruding objects shall not reduce the clear width of an accessible route or maneuvering space (see Fig. 8(e)).

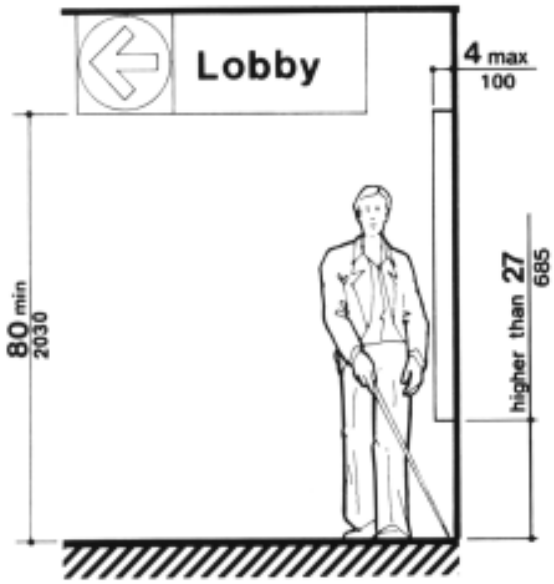


Figure 8(a) Protruding Objects Walking Parallel to a Wall

4.4.2 HEAD ROOM. Walks, halls, corridors, passageways, aisles, or other circulation spaces shall have 80 in (2030 mm) minimum clear head room (see Fig. 8(a)). If vertical clearance of an area adjoining an accessible route is reduced to less than 80 in (nominal dimension), a barrier to warn blind or visually-impaired persons shall be provided (see Fig. 8(c)).

UNABLE:
Ensure that the tree branches adjacent to the path of travel as shown in the landscape drawing do not protrude more than 4" or are higher than 80".

ENSURE COMPLIANCE

The area under the stairs do not shown some sort of cane detection. Therefore, the stairs are considered protruding objects.

CORRECTION REQUIRED

ACCEPTABLE 4.5 Ground and Floor Surfaces
ACCEPTABLE 4.6 Parking and Passenger Loading Zones
ACCEPTABLE 4.7 Curb Ramps
~~4.8. Ramps~~

UNACCEPTABLE

4.9.4 HANDRAILS.

4.9.4 HANDRAILS. Stairways shall have handrails at both sides of all stairs. Handrails shall comply with 4.26 and shall have the following features:

(2) If handrails are not continuous, they shall extend at least 12 in (305 mm) beyond the top riser and at least 12 in (305 mm) plus the width of one tread beyond the bottom riser. At the top, the extension shall be parallel with the floor or ground surface. At the bottom, the handrail shall continue to slope for a distance of the width of one tread from the bottom riser; the remainder of the extension shall be horizontal (see Fig. 19(c) and (d)). Handrail extensions shall comply with 4.4.
(5) Top of handrail gripping surface shall be mounted between 30 in and 34 in (760 mm and 865 mm) above stair nosings.

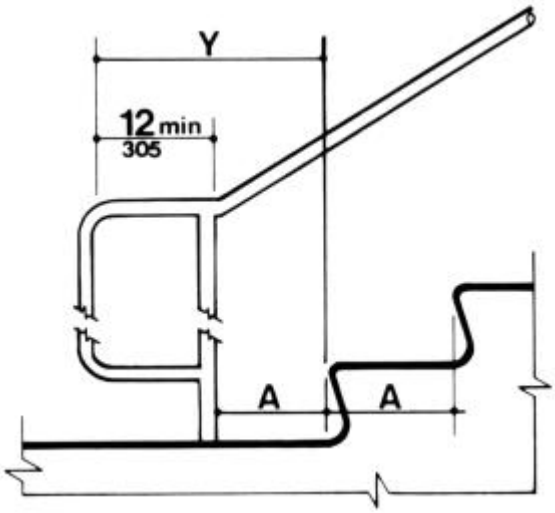


Figure 19(c) Stair Handrails - Extension at Bottom of Run

Note: X is the 12 in minimum handrail extension required at each top riser. Y is the minimum handrail extension of 12 in plus the width of one tread that is required at each bottom riser.

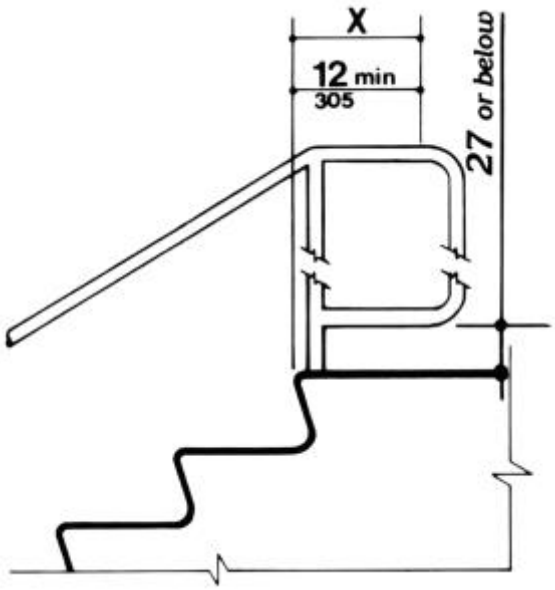


Figure 19(d) Stair Handrails - Extension at Top of Run

Note: X is the 12 in minimum handrail extension required at each top riser. Y is the minimum handrail extension of 12 in plus the width of one tread that is required at each bottom riser.

1. ***The stair handrail extensions shown on Sheets A-6.01 and A-3.02 and on Detail 04/A8.04 do not provide the required length of one tread plus 12" at the bottom of the stairs.***
2. ***The height of the handrail shown on Details 05/A-8.04 and 04/A-8.04 is 37 ½"***

NOTE: Under UFAS, handrails shall be between 30" - 34". Under ADA and TAS, they shall be between 34" - 38", as designed, they comply with ADA and TAS but NOT UFAS which is and older code.

CORRECTION REQUIRED

~~4.10 Elevators~~
~~4.11 Platform lifts (Wheelchair Lifts)~~
~~4.12 Windows~~

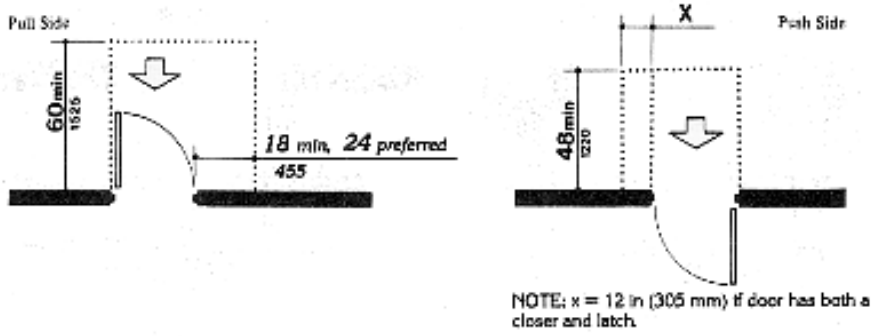
UNACCEPTABLE

4.13 Doors

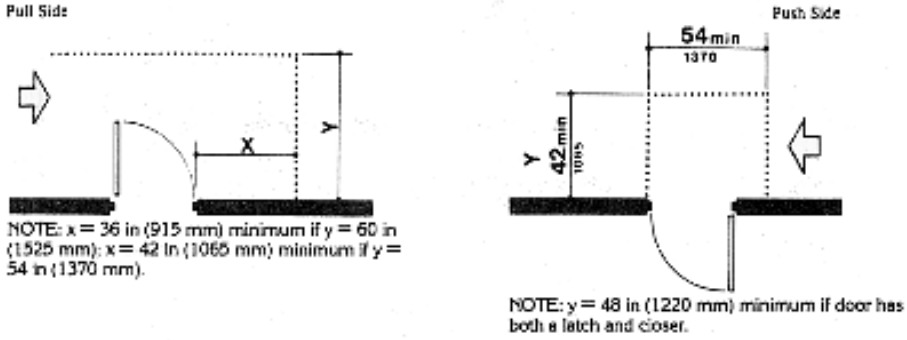
4.13.5 CLEAR WIDTH. Doorways shall have a minimum clear opening of 32 in (815 mm) with the door open 90 degrees, measured between the face of the door and the stop (see Fig. 24(a), (b), (c), and (d)). Openings more than 24 in (610 mm) in depth shall comply with 4.2.1 and 4.3.3 (see Fig. 24(e)).

EXCEPTION: Doors not requiring full user passage, such as shallow closets, may have the clear opening reduced to 20 in (510 mm) minimum.

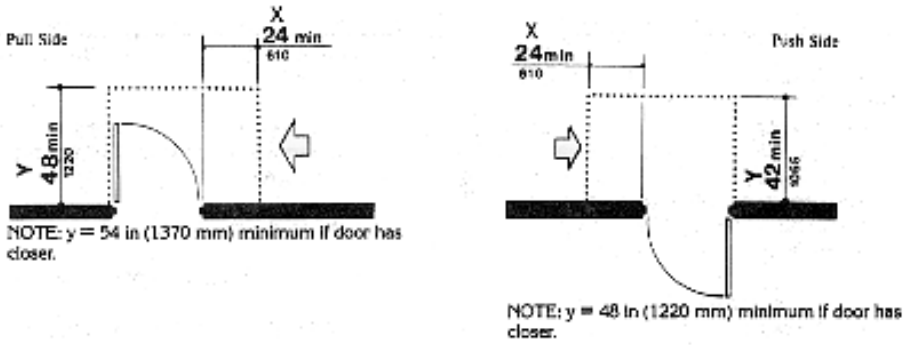
4.13.6 MANEUVERING CLEARANCES AT DOORS. Minimum maneuvering clearances at doors that are not automatic or power-assisted shall be as shown in Fig. 25. The floor or ground area within the required clearances shall be level and clear. Entry doors to acute care hospital bedrooms for in-patients shall be exempted from the requirement for space at the latch side of the door (see dimension "x" in Fig. 25) if the door is at least 44 in (1120 mm) wide.



(a)
Front Approaches — Swinging Doors



(b)
Hinge Side Approaches — Swinging Doors



(c)
Latch Side Approaches — Swinging Doors

NOTE: All doors in alcoves shall comply with the clearances for front approaches.

1. ***The door to the coat closet inside the accessible units does not provide a minimum clear opening of 20".***

CORRECTION REQUIRED

NOTE: Doors that are 2' – 0" wide could potentially be non-compliant if not installed correctly. A 3' – 0" door is recommended.

UNABLE:
No dimension is provided on the pull side of the door leading from the "vestibule" to the "Resident Association Office" inside the club house.

ENSURE COMPLIANCE

In the Club House, the passage between the "Resident Association Office" and the "Work Room" is 53" wide. This does not provide enough maneuvering clearance for the toilet door.

CORRECTION REQUIRED

~~4.14 Entrances~~

UNACCEPTABLE

4.15 Drinking Fountains and Water Coolers

4.15.2* SPOUT HEIGHT. Spouts shall be no higher than 36 in (915 mm), measured from the floor or ground surfaces to the spout outlet (see Fig. 27(a)).

In Detail 08/A4.03, the spout heights are 40 ½" and 54" high.

CORRECTION REQUIRED

UNACCEPTABLE

4.16 Water Closets

4.16.2 CLEAR FLOOR SPACE. Clear floor space for water closets not in stalls shall comply with Fig. 28. Clear floor space may be arranged to allow either a left-handed or right-handed approach.

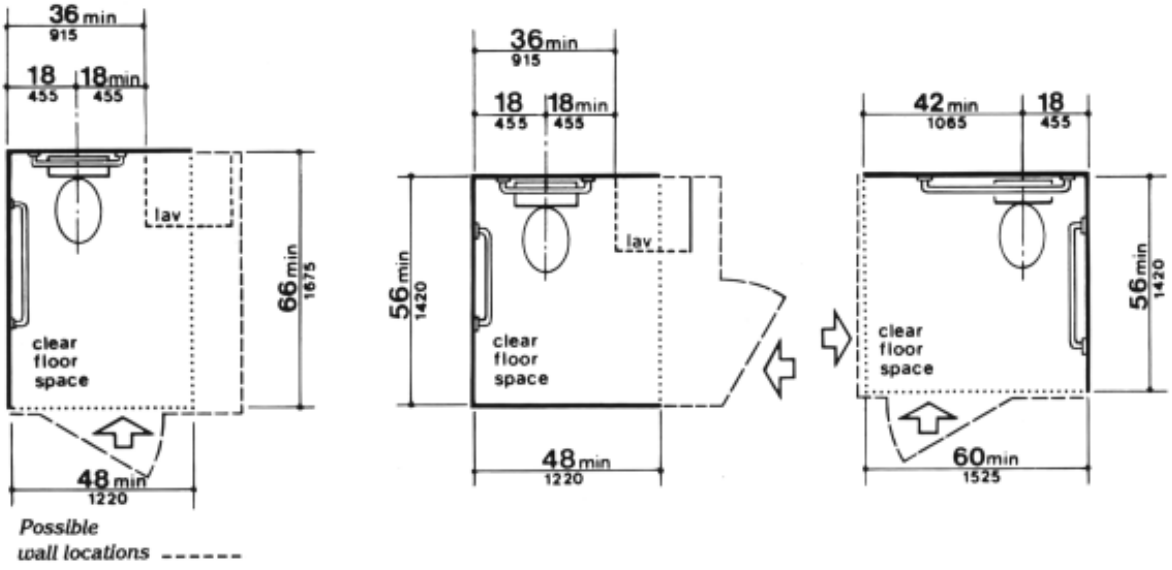


Figure 28 Clear Floor Space at Water Closets

4.16.4* GRAB BARS. Grab bars for water closets not located in stalls shall comply with Fig. 29 and 4.26.

4.16.5* FLUSH CONTROLS. Flush controls shall be hand operated or automatic and shall comply with 4.27.4. Controls for flush valves shall be

mounted on the wide side of toilet areas no more than 44 in (1120 mm) above the floor.

4.16.6 DISPENSERS. Toilet paper dispensers shall be installed within reach, as shown in Fig. 29(b). Dispensers that control delivery, or that do not permit continuous paper flow, shall not be used.

UNABLE:

- ***In sheet A-4.03, there is not dimension provided from the Water closet to the toilet paper dispenser in Details 03, 05 and 11.***
- ***No dimension provided for the Men's and Women's toilet stalls inside the Club House.***
- ***In unit B1, there is no dimension provided from the centerline of the water closet to the lavatory***

ENSURE COMPLIANCE

In Sheet A-4.03

- ***Details 04, 06 and10 show the toilet at 27" from wall to centerline of Water Closet.***
- ***Details 03, 05 and 11 show the side wall grab bar at 18" from back wall.***
- ***The flush valve on the unit's accessible restroom is not on the open side of the water closet.***
- ***The master bath in unit D-1 does not have grab bars for the water closet.***

CORRECTION REQUIRED

UNABLE TO DETERMINE

4.17 Toilet Stalls

4.17.3 SIZE AND ARRANGEMENT. The size and arrangement of toilet stalls shall comply with Fig. 30(a). Toilet stalls with a minimum depth of 56 in (1420 mm) (see Fig. 30(a)) shall have wall-mounted water closets. If the depth of toilet stalls is increased at least 3 in (75 mm), then a floor-mounted water closet may be used. Arrangements shown for stalls may be reversed to allow either a left- or right-hand approach.

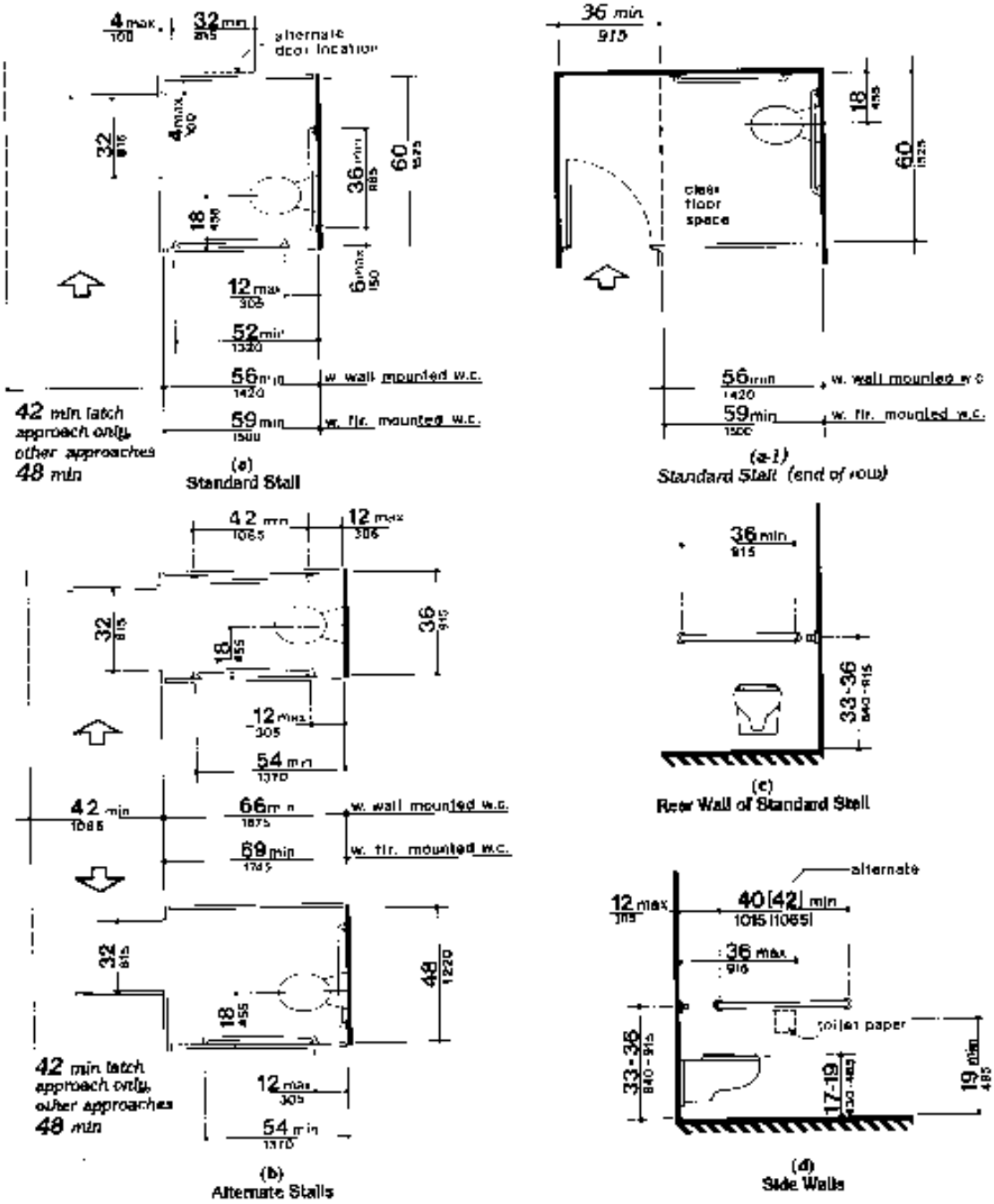


Figure 30 Toilet Stalls

UNABLE:

- ***In sheet A-4.03, there is not dimension provided from the Water closet to the toilet paper dispenser in Details 03, 05 and 11.***
- ***No dimension provided for the Men's and Women's toilet stalls inside the Club House.***
- ***In unit B1, there is no dimension provided from the centerline of the water closet to the lavatory***

ENSURE COMPLIANCE

In Sheet A-4.03

- ***Details 04, 06 and10 show the toilet at 27" from wall to centerline of Water Closet.***
- ***Details 03, 05 and 11 show the side wall grab bar at 18" from back wall.***
- ***The flush valve on the unit's accessible restroom is not on the open side of the water closet.***
- ***The master bath in unit D-1 does not have grab bars for the water closet.***

CORRECTION REQUIRED

~~4.18 Urinals~~

UNACCEPTABLE

4.19 Lavatories and Mirrors

4.19.2 HEIGHT AND CLEARANCES. Lavatories shall be mounted with the rim or counter surface no higher than 34 in (865 mm) above the finished floor. Provide a clearance of at least 29 in (735 mm) from the floor to the bottom of the apron. Knee and toe clearance shall comply with Fig. 31.

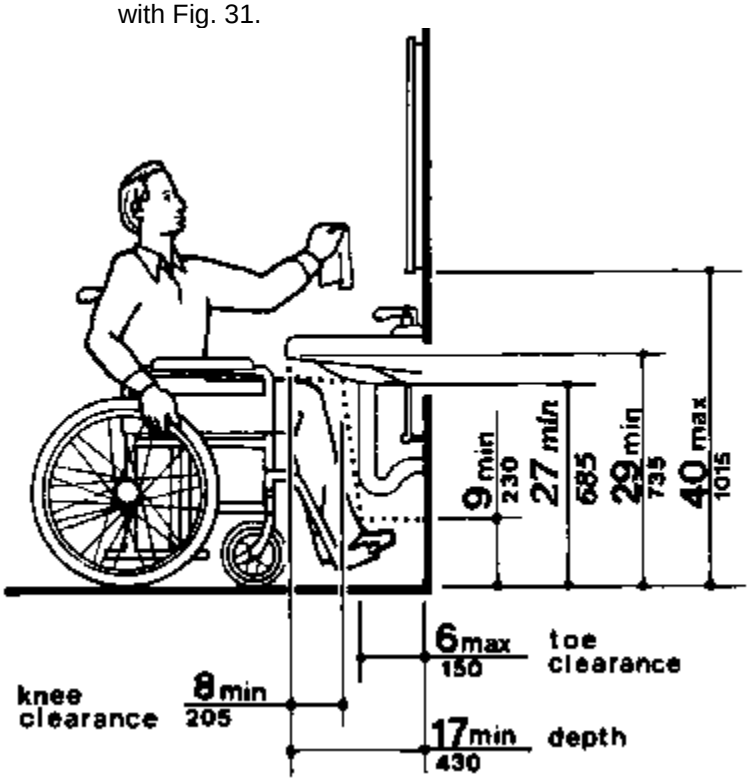


Figure 31 Lavatory Clearances

Details 02/A-4.03 and 07*A-4.03 show the top of the lavatories at 54" high.

CORRECTION REQUIRED

UNACCEPTABLE 4.20 Bathtubs

4.20.2 FLOOR SPACE. Clear floor space in front of bathtubs shall be as shown in Fig. 33.

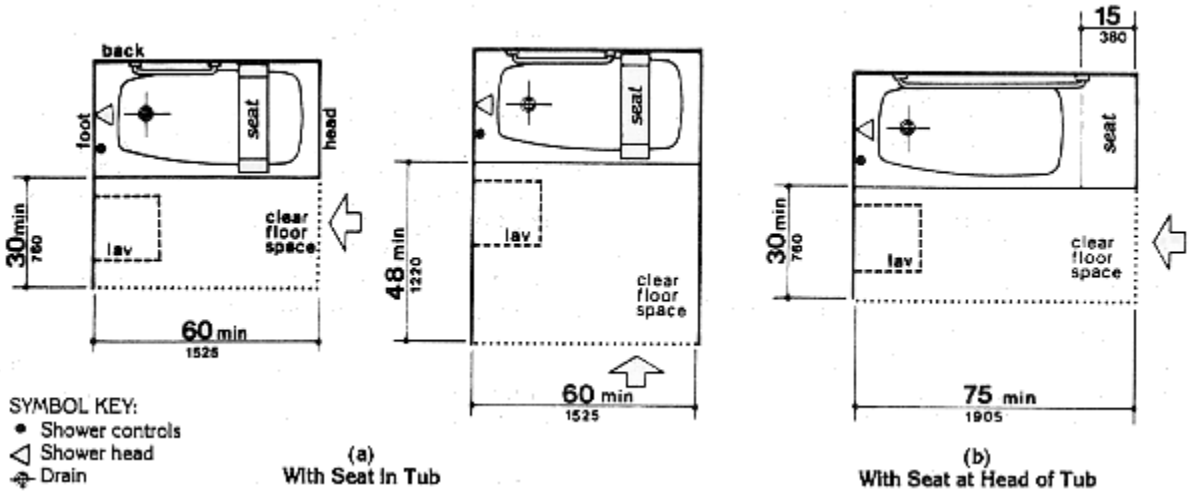


Figure 33 Clear Floor Space at Bathtubs

4.20.3 SEAT. An in-tub seat or a seat at the head end of the tub shall be provided as shown in Fig. 33 and 34. The structural strength of seats and their attachments shall comply with 4.26.3. Seats shall be mounted securely and shall not slip during use.

4.20.6 SHOWER UNIT. A shower spray unit with a hose at least 60 in (1525 mm) long that can be used as a fixed shower head or as a hand-held shower shall be provided.

1. ***The accessible bath tubs inside the units do not provide a seat or shower hose.***
2. ***The clear floor space in front of the bath tub does not extend the full length inside Unit C-1.***

CORRECTION REQUIRED

~~4.21. Shower Stalls~~
~~4.22 Toilet Rooms~~
~~4.23 Bathrooms, Bathing Facilities, and Shower Rooms~~

ACCCEPTABLE 4.24 Sinks
~~4.25 Storage~~

ACCEPTABLE 4.26 Handrails, Grab Bars, and Shower Seats
ACCEPTABLE 4.27 Controls and Operating Mechanisms
ACCEPTABLE 4.28 Alarms
~~4.29 Tactical Warnings~~

UNABLE TO DETERMINE 4.30 Signage

4.30.1* GENERAL. Signage required to be accessible by 4.1 shall comply with 4.30.

4.30.2* CHARACTER PROPORTION. Letters and numbers on signs shall have a width-to-height ratio between 3:5 and 1:1 and a stroke width-to-height ratio between 1:5 and 1:10.

4.30.3* COLOR CONTRAST. Characters and symbols shall contrast with their background - either light characters on a dark background or dark characters on a light background.

4.30.4* RAISED CHARACTERS OR SYMBOLS. Letters and numbers on signs shall be raised 1/32 in (0.8 mm) minimum and shall be sans serif characters. Raised characters or symbols shall be at least 5/8 in (16 mm) high, but no higher than 2 in (50 mm). Symbols or pictographs on signs shall be raised 1/32 in (0.8 mm) minimum.

4.30.5 SYMBOLS OF ACCESSIBILITY. Accessible facilities required to be identified by 4.1, shall use the international symbol of accessibility. The symbol shall be displayed as shown in Fig. 43

4.30.6 MOUNTING LOCATION AND HEIGHT. Interior signage shall be located alongside the door on the latch side and shall be mounted at a height of between 54 in and 66 in (1370 mm and 1675 mm) above the finished floor.

Not enough information provided on the plans in regards to the design of the door signs.

ENSURE COMPLIANCE

~~4.31 Telephones~~

UNACCEPTABLE

4.32 Seating, Tables and Work Surfaces

4.32.2 SEATING. If seating spaces for people in wheelchairs are provided at tables, counters, or work surfaces, clear floor space complying with 4.2.4 shall be provided. Such clear floor space shall not overlap knee space by more than 19 in (485 mm) (see Fig. 45).

1. ***The counter behind the break room sink in the Club House is 42" high, as shown on Sheet I-6.00. A portion that provides a knee space of 30" and is 28" – 34" high is required.***
2. ***The counter in the kitchen inside the accessible units is 48" high. A portion that provides a knee space of 30" and is 28" – 34" high is required.***

CORRECTION REQUIRED

~~4.33 Assembly Areas~~

UNACCEPTABLE
UNABLE TO DETERMINE

4.34 Dwelling Units

4.34.1 GENERAL. The requirements of 4.34 apply to dwelling units required to be accessible by 4.1.

4.34.2* MINIMUM REQUIREMENTS. An accessible dwelling unit shall be on an accessible route. An accessible dwelling unit shall have the following accessible elements and spaces as a minimum:

(2) Accessible spaces shall have maneuvering space complying with 4.2.2 and 4.2.3 and surfaces complying with 4.5.

4.34.5.2 WATER CLOSETS.

(1) Clear floor space at the water closet shall be as shown in Fig. 47(a). The water closet may be located with the clear area at either the right or left side of the toilet.

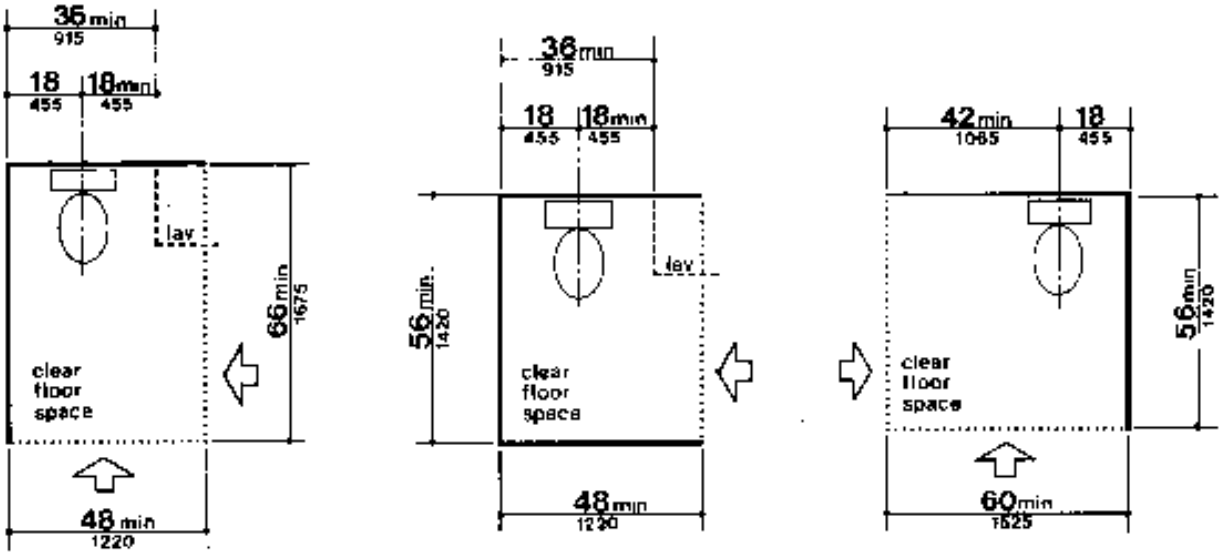


Figure 47(a) Clear Floor Space for Adaptable Bathrooms

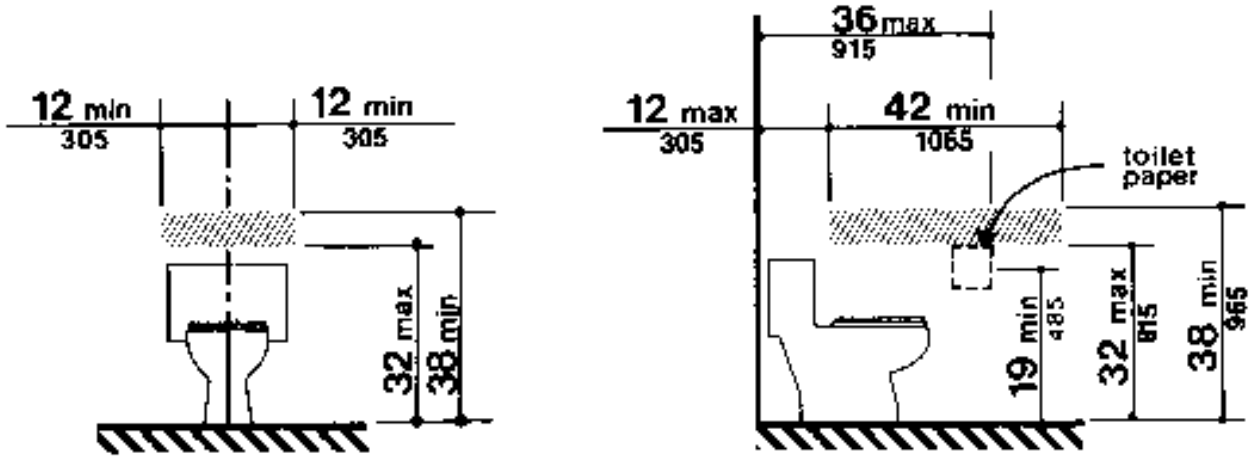


Figure 47(b) Reinforced Areas for Installation of Grab Bars

Note: The hatched areas are reinforced to receive grab bars.

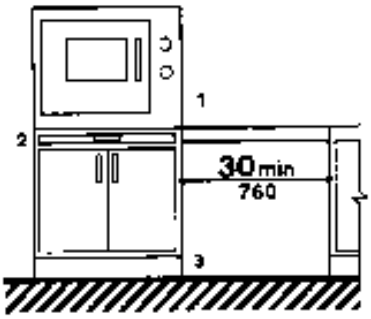
4.34.5.4 BATHTUBS. If a bathtub is provided, then it shall have the following features:

(1) Floor space. Clear floor space at bathtubs shall be as shown in Fig. 33.

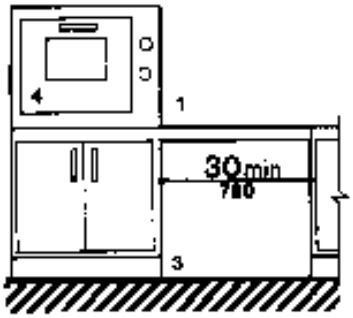
(2) Seat. An in-tub seat or a seat at the head end of the tub shall be provided as shown in Fig. 33 and 34. The structural strength of seats and their attachments shall comply with 4.26.3. Seats shall be mounted securely and shall not slip during use.
(3) Grab bars. Structural reinforcement or other provisions that will allow installation of grab bars shall be provided in the locations shown in Fig. 48. If provided, grab bars shall be installed as shown in Fig. 34 and shall comply with 4.26.
Note: The hatched areas are reinforced to receive grab bars.
(4) Controls. Faucets and other controls shall be located as shown in Fig. 34 and shall comply with 4.27.4.
(5) Shower unit. A shower spray unit with a hose at least 60 in (1525 mm) long that can be used as a fixed shower head or as a hand-held shower shall be provided.

4.34.6.1* CLEARANCE. Clearances between all opposing base cabinets, counter tops, appliances, or walls shall be 40 in (1015 mm) minimum, except in U-shaped kitchens, where such clearance shall be 60 in (1525 mm) minimum.

4.34.6.7* OVENS. Ovens shall comply with 4.34.6.2 and 4.34.6.3. Ovens shall be of the self-cleaning type or be located adjacent to an adjustable height counter with knee space below (see Fig. 52). For side-opening ovens, the door latch side shall be next to the open counter space, and there shall be a pull-out shelf under the oven extending the full width of the oven and pulling out not less than 10 in (255 mm) when fully extended. Ovens shall have controls on front panels; they may be located on either side of the door.



(a)
Side-Hinged Door



(b)
Bottom-Hinged Door

SYMBOL KEY:
1. Countertop or wall-mounted oven.
2. Pull-out board preferred with side-opening door.
3. Clear open space.
4. Bottom-hinged door.

Figure 52 Ovens without Self-Cleaning Feature

1. ***The kitchen in units B-1 and C-1 do not provide the required 60" in front of ALL opposing cabinets and appliances.***

CORRECTION REQUIRED

1. ***If the ovens inside the accessible units are not self-cleaning, then the required work space shall be adjacent to the oven.***

ENSURE COMPLIANCE

~~4.35 Dressing and Fitting Rooms~~
~~5. Restaurants and Cafeterias~~
~~6. Healthcare~~
~~7. Mercantile~~
~~8. Libraries~~
~~9. Postal Facilities~~
~~10. Transportation Facilities~~

6b

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action regarding Direct Loan Terms for Merritt Heritage (HTC #16185, HOME #1002507)

RECOMMENDED ACTION

WHEREAS, in 2016 Merritt Heritage Apartments (the "Development") was allocated $1,194,724 in 9% Housing Tax Credits ("HTC") and was awarded a $2,000,000 HOME loan under the CHDO Set-Aside from the 2016-1 Multifamily Direct Loan Notice of Funding Availability ("2016-1 NOFA") at 3% interest with an 18 year term and 30 year amortization period to construct 244 new multifamily units in Georgetown, Williamson County;

WHEREAS, Tex. Gov't Code §2306.142 provides the Board with the "specific duty and power to establish interest rates and amortization schedules for loans made or financed…" by the Department;

WHEREAS, the Department is re-evaluating the first lien financing prior to HOME closing and the Applicant is now proposing to substitute its previously proposed conventional financing of $18,400,000 at a 5.50% interest rate, 35-year amortization and 18 year term for a first lien construction to permanent loan from Dougherty Mortgage through the Federal Housing Administration ("FHA") 221(d)(4) program for a new loan of $27,400,000 at a 4.00% interest rate and 40-year amortization and 40 year term and a TDHCA HOME loan of $2,000,000 at an interest rate of 3.00%, with a 30-year amortization period and a 40 year loan term;

WHEREAS, the change in term from 18 to 40 years was approved as a Board Action during the May 25, 2017, meeting wherein the Board unanimously voted to uphold staff's recommendation in denying modifications to the 2016 HOME loan allocation other than expressly allowing for an extended term of 40 years in accordance with 10 TAC §10.307(a)(2) of the 2016 Uniform Multifamily Rules to allow the Applicant to utilize a construction and permanent loan from Dougherty Mortgage LLC with mortgage insurance through the Federal Housing Administration ("FHA") pursuant to Section 221(d)(4) of the National Housing Act and match the term of senior debt;

WHEREAS, the Applicant is now requesting approval to further modify the HOME loan terms such that repayment will be limited to 75% of surplus cash from the Development as a requirement of FHA;

WHEREAS, the United States Department of Housing and Urban Development ("HUD") has recently begun enforcing Section 14.14(A)(1) of the HUD Multifamily Accelerated Processing Guide ("MAP" Guide) which requires that all subordinate debt in FHA insured developments must be repayable only from Cash Surplus (as defined for FHA purposes) after the deduction of certain expenses and first lien debt service, and further restricts

repayment of subordinate debt from 75% of such Cash Surplus in order to ensure that at least 25% of the surplus cash remains as an incentive to the owner;

WHEREAS, the 2016-1 NOFA required all loans, except for those awarded under the Deferred Forgivable Loan Set-Aside, to be structured as fully repayable (must pay) at not less than a 3.0% interest rate and 30 year amortization with a term that matches the term of any superior loans (within 6 months), and an ultimate interest rate that when underwritten by the Department meets a 1.15 to 1.35 debt coverage ratio;

WHEREAS, 10 TAC §13.8(c)(2) allows for a Direct Loan to be structured as payable from surplus cash flow provided the first lien mortgage is a federally insured HUD or FHA mortgage and the debt coverage, inclusive of the loan, continues to meet the Department's underwriting requirements, but does not address specifically whether a 75% Cash Surplus restriction is allowable;

WHEREAS, the Department has previously accepted the 75% Cash Surplus restriction in loan documents, loan modifications, or subordination agreements, but has done so at the Board level on a case by case basis, and consistent with that approach staff is presenting this as a neutral;

WHEREAS, in an attempt to mitigate the increased risk to the Department due to the previously approved increase in first lien debt and debt service and the increase in term to the TDHCA loan, the Development Owner has further offered to provide a guaranty through its Special Limited Partner, DDC Investments, Ltd., an affiliate of the Owner, for repayment of the HOME loan; and

WHEREAS, the Board is required under 10 TAC §13.12 to approve such significant changes to the terms of the loan prior to loan closing;

NOW, therefore, it is hereby

RESOLVED, that the request to modify the payment terms of the Department's existing subordinate loan to 75% of the Cash Surplus available, as presented at this meeting and pursuant to final underwriting approval/acceptance, is hereby [approved/denied];

FURTHER RESOLVED, that the Board's action on this request does not establish a de facto rule or any precedent on the acceptance of the 75% surplus cash structure, and the Executive Director and his designees are hereby each authorized, empowered, and directed to take all necessary action to effectuate the Board's determination.

BACKGROUND

On August 10, 2017, the Department received a request to amend the HOME loan terms from a legal representative of the Owner, DDC Merritt Heritage, Ltd. (Joyce McDonald and Colby Denison) for Merritt Heritage (a 2016 9% HTC deal with a $2,000,000 HOME loan at 3% interest). The request is seeking approval to change the HOME loan structure from monthly, hard debt payment on a 40 year term and 30 year amortization to an annual surplus cash flow payment restricted to 75% cash flow in order to

accommodate a construction–to-permanent loan from Dougherty Mortgage LLC with mortgage insurance through the 221(d)(4) FHA program. This request for amended terms follows a combined request for an additional award under the 2017-1 Multifamily Direct Loan NOFA (a request for $1,000,000) and changes in terms to its 2016 Direct Loan award (a request for a change in interest rate from 3% to 0% and a change in amortization from 30 years to 40 years with a payment deferral until year 40) that was unanimously denied by the Board at the May 25, 2017, Board meeting. Board Transcripts (attached) show that while the 75% cash flow provision was discussed by the Owner's Legal Counsel and staff in relation to the Board Action Request, the only change approved by the Board was an approval of the change in first lien debt from conventional to FHA and in term to 40 years as allowed under the Uniform Multifamily Rules and as recommended by staff to conform with the FHA-insured senior debt.

According to Cynthia Bast of Locke Lord (the "Owner's Legal Counsel"), the change is now being requested because HUD will require repayments of any subordinate debt on the FHA loan to be limited to 75% of surplus cash from the Development, a provision that, according to the request, has been part of the HUD MAP Guide since August 2011 though only recently enforced, and which HUD is now refusing to waive.

The Owner's Legal Counsel has made the argument in the request letter that as a permitted inferior lien held by a State government instrumentality, the HOME loan repayment terms are restricted to surplus cash, which HUD, under its statutory authority to carry out provisions of the National Housing Act, has defined in the MAP Guide as 75% or less of the annual surplus cash in order to provide an incentive to the Owner. The Owner's Legal Counsel argues that since the Department's rules in 10 TAC §13.8(c)(2) allow for the approval of a surplus cash flow repayment structure, provided the first lien mortgage is a federally insured HUD or FHA mortgage, not approving such structure (even though the structure offers repayment based on 75% of surplus cash rather than 100%, which staff notes TDHCA has previously closed upon based on previous agreements with HUD) would in effect be inconsistent with federal authority and therefore in conflict with Tex. Gov't Code (specifically §2306.1111(a), which addresses TDHCA's oversight of federal programs and the need for consistency with federal authority) and the Department's own rules (specifically 10 TAC §13.1(a) and (c)). Owner's Legal Counsel points to a section in the rule that reads "In no instance will the Department consider a waiver request that would violate federal program requirements or state or federal statute" as additional support for acceptance of this request. Owner's Legal Counsel has included this argument for the additional purpose that, to the extent any waiver of rule is required, the argument would show good cause for such waiver.

However, while staff does not contest that the Department's established uniform application and funding cycles must be consistent with federal law, staff would also suggest that the MAP Guide is not a federal or state regulation or law but, as its name suggests, a guide for the use in approving loan applications and ensuring consistent application of program requirements and credits standards across HUD processing offices. Staff would also suggest that, while the Owner is experiencing difficulties with an FHA insured financing application from HUD due to a change in an ad hoc policy position on HUD's previous agreement with the Department concerning its cash surplus provision (which originally served to protect the Department's level of risk associated with surplus cash flow repayment in Direct Loan transactions), the FHA insured financing is not required by law or rule but is elective and followed the Owner's decision to receive funds under the Department's 2016-1 NOFA, at which time the Owner had submitted an Application for underwriting that proposed conventional financing at the terms specifically required by the competitive NOFA. Moreover, the Department's rule quoted by the Owner's Legal Counsel is specifically with regard to the inability to provide waivers of federal requirements by the Department.

As a response to concerns related to the higher level of risk associated with limiting repayment of the Multifamily Direct Loan to 75% of the surplus cash flow, which were brought to the Board's attention on previous FHA insured transactions (refinances such as Pine Lake Estates, HTC #13232/HOME # 1002029, Sunrise Townhomes, HOME # 1002048, and Villas at Henderson Place, HTC #060629/HTF # 1000435) and in response to this particular transaction in May of this year, the Owner's Legal Counsel has also offered that the Owner will guarantee repayment of the HOME Loan through its Special Limited Partner, DDC Investments, Ltd. This will give assurance to TDHCA that the HOME loan will be paid in the same manner as if repayment were not dependent upon a certain percentage of cash flow. Legal counsel references the Sunrise Townhomes Board Action Item in February of this year, to which the Board granted approval based on a personal guarantee extended by the Owner. Staff notes that a personal guarantee is not the same as a guarantee by a limited liability company and that routinely accepting guarantees of any type can create a guarantor risk that has not been, and is difficult to be, evaluated by the Department.

While staff appreciates that the Owner has taken steps to attempt to mitigate the risk to the Department concerning the 75% surplus cash repayment structure (given the Department's own liability and risk of repayment to HUD, which has been previously exercised due to unfulfilled obligations of prior multifamily developers), staff would also point out that the Board should consider not only the risk related to repayment for this particular Development but, the risk of setting precedence for the Multifamily Direct Loan program funding pool as a whole. The Department publishes an annual NOFA, as it did in the case of the 2016-1 NOFA, in accordance with 24 CFR §91.320(d) regarding method of distribution and HUD's Office of Community Planning and Development ("CPD") Notice 15-11, which requires grantees such as TDHCA to establish written standards on which it will award its HOME funds. The 2016-1 NOFA clearly identified loan structure requirements that all Multifamily Direct Loans, except for those awarded under the Deferred Forgivable Loan Set-Aside, would be structured as fully repayable at not less than a 3.0% interest rate and 30 year amortization with a term that matches the term of any superior loans and an ultimate interest rate that when underwritten by the Department meets a 1.15 to 1.35 debt coverage ratio ("DCR"). The majority of funds available in the NOFA were intended to be fully repayable with a 3% interest rate and 30 year amortization in order to maintain a future funding source for the Direct Loan program as a whole. As a case in point, TDHCA recently programmed $46,159,669 in 2017 Multifamily Direct Loan Funding, over 2/3 of which came from program income and repayments (such as principal and interest payments) from three programs – TCAP, NSP, and HOME – all while new Federal allocations for these programs are either no longer existent or are substantially decreasing. It could be argued that allowing this development, which originally came in for an award under a competitive NOFA proposing must pay, conventional debt at 3.0% and awarded over other deals without such repayment planned, to now modify the repayment terms on such Direct Loan prior to closing, is receiving terms unavailable to other applicants under the NOFA and limits the potential pool of future funding that depends, in part, on full and timely repayment of loan funds.

Additionally, while the Owner's legal counsel has argued that if TDHCA declines to cooperate with HUD's cash flow mandate, Owners will be denied the opportunity to pursue the favorable financing terms available under FHA programs, staff believes that the MAP Guide provision that limits cash flow repayment to 75% and related to providing an Owner incentive goes beyond favorable financing terms. Staff has also previously argued before the Board in relation to requests for refinance that this recent change in HUD policy on limited cash flow repayment was not contemplated under the existing TDHCA rule in 10 TAC §13.8(c)(2), which allows for a Direct Loan to be structured as payable from surplus cash flow provided the first lien mortgage is a federally insured HUD or FHA mortgage. Staff, therefore, seeks to clarify that in addition to favorable financing terms, an approval of the change in repayment terms in this case will also have the effect of prioritizing a return to the owner ahead of debt service to the Department, a policy which the Department, as a lender, has previously strongly discouraged.

Lastly, staff seeks to clarify that there are two types of scenarios in which changes to the terms of a HOME loan (specifically modifications that would require a change from hard pay debt to soft repayment cash flow structures) have been brought before the Board over the last year: 1) As a change prior to HOME loan closing, which is the case in this scenario, and 2) As a change after the closing of the HOME loan, which is related to refinancing existing debt with an FHA product. Over the past year, four of the five transactions that have come before the Board were under a post closing refinance scenario. This was the case for Sunrise Townhomes (HTC #13500, HOME #1002048), referred to by the Owner's legal counsel in reference to this request, which came before the Board in February, and marked the first time (along with Pine Lake Estates, HTC #13232, HOME #1002029, presented at the same Board meeting) HUD had indicated that they would not continue the transaction unless the Department acquiesced and limited its loan repayment to 75% of surplus cash flow.

In the instance where the new structure occurred prior to closing any financing on another of the Sponsor's Developments, Merritt Hill Country, in October of 2016, HUD ultimately allowed TDHCA's position and allowed modification of the loan documents to be silent on the provision related to repayment limits of 75% surplus cash. From a review of all other 2016 Multifamily Direct Loan (MFDL) awards through posted underwriting reports, it also appears that no other Sponsors sought to utilize FHA insured mortgages in conjunction with their awards of Multifamily Direct Loan funds originally nor made an attempt to switch to obtaining FHA insured mortgages following application. In this respect, the request is new and warranted a re-review under the Uniform Multifamily Rules and the new Multifamily Direct Loan Rule, which was added in 2017.

As part of that rule review, staff notes that while the Loan Structure and Underwriting Requirements in §13.8 included nearly the exact language as the prior year's rule (previously part of Subchapter D as §10.307(a)), the new Rule also states in §13.8(a) that "The interest rate, amortization period, and ***term*** for the loan will be ***fixed by the Board at Award***" (bold and italic emphasis added by staff for purposes of this discussion) and also newly states in §13.12(7) under Amendments to Direct Loan Terms that "An Applicant may request a change to the terms of a loan. ***Except for an award of funds to a Development that has had a Force Majeure event (and such an event necessitates an immediate change to the loan), such changes for federal awards will only be processed after the Development is reported to the federal oversight entity as completed.*** Requests for changes to the loan post closing will be processed as loan modifications and may require additional approval by the Department's Asset Management Division…." (bold and italic emphasis added by staff for purposes of this discussion). Given these sections of the Multifamily Direct Loan Rule, it appears that staff does not have the authority to make a change in term prior to initial loan closing unless, in this case, 'term' is interpreted by the Board to mean explicitly the loan term itself (which in this case was approved by the Board at a prior meeting) and not other terms of the loan such as the terms of repayment. 'Term' as it is used in either section of the rule is not further defined or explained in the applicable sections of the Rule, nor in §13.2 related to Definitions of terms within the Multifamily Direct Loan Rule.

Based on the prior Board approval of the change in loan term at the May 25, 2017, meeting; however, staff is presenting this request to the Board for its consideration and action to change the repayment terms from 100% surplus cash flow to 75% surplus cash flow. Staff is persuaded by the fact that the Department and its Board (through several Board Action Requests and resulting discussions) have been aware since February of the changes in HUD's policy concerning FHA insured mortgages, and the Board approved the change in term for the subject Development prior to initial HOME closing at the May 25th meeting knowing it was an FHA insured mortgage that precipitated the change. In consideration of the additional risk posed to the

Department and its funding pool, consideration that this particular transaction may be allowed to move forward should not set precedence, and any other transaction seeking amendment to its Direct Loan terms should be considered by the Board only on a case by case basis until clarification or changes to the Multifamily Direct Loan rules are adopted or a reversion and acceptance to the HUD guidelines on subordinate debt repayment is made. Staff reasons that this consideration would still allow FHA refinances to come to the Board for consideration and evaluation of individual risk under the current rulemaking if the Board so chooses, but would have the effect of limiting the risk to the Department and its funding pool as addressed in this action.

The Owner's Legal Counsel, to the extent any waiver of rules is required, has included with their request an argument for good cause associated with such waiver. As such, in the event the Board decides to grant a waiver of the Multifamily Direct Loan Rule provision in §13.12(7), which is permitted under §10.207(a), the rule requires under 10.207(a)(2) that the "request must establish that the waiver is necessary to address ***circumstances beyond the Applicant's control*** and how, if the waiver is not granted, ***the Department will not fulfill some specific requirement of law***" (bold and italic emphasis added by staff for purposes of this discussion). To this requirement, the Owner's Legal Counsel asserts that the good cause and necessity for such a waiver includes allowing owners of affordable housing properties to access the favorable debt sources provided by FHA, along with the pursuit of consistency with federal authority.

In the event the Board approves this request, staff recommends making such approval subject to the following conditions: 1) The Owner's ability to meet the additional conditions imposed on the 2016 loan commitment as stated in the latest underwriting report for this Development, and 2) The Owner's agreement, based on general staff concerns regarding timing for its 9% placed in service requirement, that neither Force Majeure nor an Extension to the Placed in Service deadline or waiver of any Carryover Agreement provision will be sought for this Development given the late date of this request and the Development's loan closing. Staff believes this second condition is reasonable based on discussions with the Owner and General Contractor, who have assured the Department that the Development will be able to meet its original placed in service deadline of December 31, 2018.

Real Estate Analysis Division
August 25, 2017

Addendum to Underwriting Report

TDHCA Application #: **16185** Program(s): **MDL**

Merritt Heritage

Address/Location: SE Corner of Williams Dr. and Woodlake

City: Georgetown County: Williamson Zip: 78663

	APPLICATION HISTORY
Report Date	**PURPOSE**
08/25/17	**Direct Loan Closing**
05/22/17	New 2017 Direct Loan Application (#17504)
07/24/16	New Application - Initial Underwriting (LIHTC #16185)

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
2016 Direct Loan	$2,000,000	3.00%	30	18	**$2,000,000**	**3.00%**	**30**	**40**	**2nd**
CHDO Expenses	$50,000				**$50,000**				
LIHTC (Annual)	$1,194,724				**$1,194,724**				

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS

1 Receipt and acceptance before Direct Loan Closing

a: Substantially final construction contract with Schedule of Values.

Status: Satisfied

b: Updated term sheets with substantially final terms from all lenders

Status: Satisfied

c: Substantially final draft of limited partnership agreement.

Status: Satisfied

d: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a 1.15 DCR.

Status: Condition must be reflected in executed loan documents.

e: Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.

Status: Satisfied

2 **Additional conditions imposed on the 2016 loan commitment to be satisfied prior to Direct Loan Closing:**

a: Maximum loan amount must not exceed $26,900,000 and will be resized downward by the Underwriter if the final locked interest rate exceeds 4.25% (including MIP).

Status: Current budget supports the proposed $27.4M senior loan at a maximum 3.95% interest rate. If the closing interest rate exceeds 3.95% (not including 0.25% MIP), the transaction must be re-evaluated.

b: Any management fee exceeding 3% must be subordinate to debt service on the TDHCA loan and evidenced in the owner's partnership agreement.

Status: Condition must be reflected in executed Partnership Agreement

3 Receipt and acceptance by Commitment:

- Pursuant to §10.402(d)(7), a letter from Applicant's Attorney, "...identifying the statutory basis for the exemption and indicating that the exemption is reasonably achievable, subject to appraisal district review.

Comments: Applicant provided an acceptable letter from their attorneys, Locke Lord, dated 9/19/2016, that discusses the statutory basis and ownership structure in place to achieve the project's 50% property tax exemption.

Status: Condition Cleared.

4 Receipt and acceptance by Cost Certification:

a: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a 1.15 DCR.

b: Any management fee exceeding 3% must be subordinate to debt service on the TDHCA loan and evidenced in the owner's partnership agreement.

ANALYSIS

At previous review Applicant requested additional $1,000,000 Direct Loan along with substantial revisions to the operating budget, construction budget, and capital structure.

The additional loan request was not awarded; the term of the original $2.0M Direct Loan was extended to 40 years to match the senior debt; and the amount of the senior FHA debt was limited to $26.9M at the stated 4.25% interest rate.

Applicant now proposes to close at an estimated 3.85% interest rate, which allows for increased senior debt. The Underwriter concludes the proposed financing structure with $27.4M senior FHA loan can be supported up to a maximum 3.95% interest rate (excluding the 0.25% MIP). If the final interest rate exceeds 3.95% the transaction must be re-evaluated, and the amount of the TDHCA Direct Loan will be reduced to maintain the minimum 1.15 debt coverage.

As in the previous report, developer fee is held to the $3.66M value from the original underwriting.

FHA guidelines do not allow hard subordinate debt. As a result the TDHCA Direct Loan will be structured as payable from surplus cash flow. Furthermore, FHA only allows 75% of surplus cash flow to be dedicated to payment of subordinate debt. If the project is underwritten only allowing 75% of available cash for the TDHCA loan, debt coverage drops to 1.11 and the transaction would be considered infeasible.

Manager of Real Estate Analysis: *Thomas Cavanagh*

Director of Real Estate Analysis: *Brent Stewart*

STABILIZED PRO FORMA

Merritt Heritage, Georgetown, MDL #16185

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Applicant's comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.20	$1,028	$3,010,402	$3,004,392	$3,004,496	$3,105,742	$1,061	$1.24		-3.1%	($95,340)
Laundry							$11.85	$34,694	35,136							
Storage Units							$2.24	$6,570	18,000							
Garages & Carports							$23.98	$70,200	73,800							
Total Secondary Income							$38.07			58,560	$58,560	$20.00			90.3%	$52,904
POTENTIAL GROSS INCOME								$3,121,866	$3,131,328	$3,063,056	$3,164,302				-1.3%	($42,436)
Vacancy & Collection Loss							7.5% PGI	(234,140)	(234,850)	(229,729)	(237,323)	7.5% PGI			-1.3%	3,183
Rental Concessions								-	0	0	-				0.0%	-
EFFECTIVE GROSS INCOME								$2,887,726	$2,896,478	$2,833,327	$2,926,979				-1.3%	($39,253)
General & Administrative	$103,540	$424/Unit	134,904	$553	1.94%	$0.27	$230	$56,100	$81,685	$81,102	$81,102	$332	$0.39	2.77%	-30.8%	(25,002)
Management	$105,651	4.4% EGI	120,011	$492	3.00%	$0.41	$355	$86,632	$144,929	$141,666	$87,809	$360	$0.42	3.00%	-1.3%	(1,178)
Payroll & Payroll Tax	$320,185	$1,312/Unit	366,624	$1,503	10.74%	$1.48	$1,271	$310,080	$310,080	$311,515	$320,185	$1,312	$1.53	10.94%	-3.2%	(10,105)
Repairs & Maintenance	$151,627	$621/Unit	113,630	$466	2.80%	$0.39	$332	$80,959	$138,966	$146,400	$146,400	$600	$0.70	5.00%	-44.7%	(65,441)
Electric/Gas	$73,320	$300/Unit	46,359	$190	1.30%	$0.18	$154	$37,669	$39,469	$49,000	$46,359	$190	$0.22	1.58%	-18.7%	(8,690)
Water, Sewer, & Trash	$192,075	$787/Unit	102,456	$420	5.14%	$0.71	$608	$148,337	$148,337	$127,911	$102,456	$420	$0.49	3.50%	44.8%	45,881
Property Insurance	$69,230	$0.33 /sf	75,130	$308	2.37%	$0.33	$280	$68,320	$68,320	$66,573	$68,320	$280	$0.33	2.33%	0.0%	-
Property Tax (@ 50%) 2.3135	$173,292	$710/Unit	110,139	$451	6.96%	$0.96	$824	$201,051	$173,515	$190,581	$201,051	$824	$0.96	6.87%	0.0%	-
Reserve for Replacements	$68,079	$279/Unit	-	$0	2.53%	$0.35	$300	$73,200	$61,000	$61,000	$73,200	$300	$0.35	2.50%	0.0%	-
Cable TV			-	$0	0.00%	$0.00	$0	$0	$58,560	$58,560	$0	$0	$0.00	0.00%	0.0%	-
Supportive Services			-	$0	0.87%	$0.12	$102	$25,000	$0	$0	$25,000	$102	$0.12	0.85%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			-	$0	0.22%	$0.03	$26	$6,274	$6,036	$6,036	$6,274	$26	$0.03	0.21%	0.0%	-
TDHCA Bond Compliance Fee			-	$0	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Security			-	$0	0.07%	$0.01	$8	$2,000	$2,000	$2,000	$2,000	$8	$0.01	0.07%	0.0%	-
TOTAL EXPENSES					**37.94%**	**$5.23**	**$4,490**	**$ 1,095,622**	**$1,232,897**	**$1,242,344**	**$ 1,160,157**	**$4,755**	**$5.54**	**39.64%**	**-5.6%**	**$ (64,535)**
NET OPERATING INCOME ("NOI")					**62.06%**	**$8.55**	**$7,345**	**$1,792,104**	**$1,663,581**	**$1,590,983**	**$1,766,823**	**$7,241**	**$8.43**	**60.36%**	**1.4%**	**$ 25,281**
CONTROLLABLE EXPENSES							$2,595/Unit					$2,855/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Merritt Heritage, Georgetown, MDL #16185

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Applicant**	**TDHCA**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
FHA 221(d)4	0.25%	1.22	1.24	1,450,684	4.42%	40	40	$26,900,000	**$18,400,000**	**$18,400,000**	$27,400,000	40	40	3.95%	$1,432,475	1.23	64.5%
TDHCA Direct Loan		1.22	1.24		0.00%	0	40	$2,000,000	**$2,000,000**	**$2,000,000**	$2,000,000	40	30	3.00%	$101,185	1.15	4.7%
CASH FLOW DEBT / GRANTS																	
City of Georgetown		1.22	1.24		0.00%	0	0	$10	**$100**	**$10**	$10	0	0	0.00%		1.15	0.0%
				$1,450,684	**TOTAL DEBT / GRANT SOURCES**			**$29,900,010**			**$29,400,010**			**TOTAL DEBT SERVICE**	**$1,533,660**	1.15	69.2%
NET CASH FLOW		$316,138	$341,420								**TDHCA**	**NET OPERATING INCOME**		**$1,766,823**	**$233,163**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE						
						Prior Underwriting						Annual Credits		
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Applicant**	**TDHCA**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**per Unit**	**Allocation Method**	
RBC	LIHTC Equity	24.3%	$1,194,724	0.86	$10,332,296	$11,944,851	$11,944,851	$10,332,296	$0.8648	$1,194,724	24.3%	$4,896	Previous Allocation	
DDC Investments, Ltd	Deferred Developer Fees	8.3%	(71% Deferred)		$3,519,173	$1,016,060	$1,016,060	$2,748,886	(75% Deferred)		6.5%	**Total Developer Fee:**		**$3,656,788**
Additional (Excess) Funds Req'd		0.0%				$0	$0	$0			0.0%			
TOTAL EQUITY SOURCES		32.6%			$13,851,469	$12,960,911	$12,960,911	$13,081,182			30.8%			
TOTAL CAPITALIZATION					**$43,751,479**			**$42,481,192**				**15-Yr Cash Flow after Deferred Fee:**		**$3,490,828**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS						TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis				Prior Underwriting					Eligible Basis			
	Acquisition	**New Const. Rehab**	**Total Costs**		**Applicant**	**TDHCA**	**Total Costs**			**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition			$11,680 / Unit	$2,850,000	$2,850,000	$2,850,000	$2,850,000	$11,680 / Unit				0.0%	$0
Building Acquisition	$0		$ / Unit	$0	$0	$0	$0	$ / Unit			$0	0.0%	$0
Closing costs & acq. legal fees, Contract Extension Fees				$114,400	$35,000	$35,000	$114,400						$0
Off-Sites			$ / Unit	$0	$153,600	$153,600	$0	$ / Unit				0.0%	$0
Site Work		$2,583,096	$10,586 / Unit	$2,583,096	$1,657,309	$1,657,309	$3,616,044	$14,820 / Unit		$3,616,044		-28.6%	($1,032,948)
Site Amenities		$791,554	$3,244 / Unit	$791,554	$416,000	$416,000	$0	$ / Unit		$0		0.0%	$791,554
Building Cost		$19,813,599	$94.95 /sf	$81,532/Unit	$19,893,689	$15,570,000	$16,373,556	$18,218,951	$74,668/Unit	$86.96 /sf	$17,341,551	9.2%	$1,674,738
Contingency		$1,181,912	5.10%	5.10%	$1,185,917	$889,845	$889,845	$1,185,917	5.43%	5.64%	$1,181,912	0.0%	$0
Contractor Fees		$3,474,823	14.26%	14.26%	$3,486,596	$2,616,146	$2,616,146	$3,222,928	14.00%	14.00%	$3,099,531	8.2%	$263,668
Soft Costs	0	$2,616,191		$11,029 / Unit	$2,691,191	$1,727,725	$1,727,725	$2,691,191	$11,029 / Unit		$2,616,191	$0	0.0%	$0
Financing	0	$2,309,152		$14,163 / Unit	$3,455,876	$2,488,598	$2,488,598	$3,455,876	$14,163 / Unit		$2,309,152	$0	0.0%	$0
Developer Fee	$0	$4,927,075	15.04%	15.00%	$4,927,075	$3,656,788	$3,656,788	$3,656,788	11.78%	12.12%	$3,656,788	$0	34.7%	$1,270,287
Reserves				$7,263 / Unit	$1,772,085	$1,300,000	$1,264,631	$1,862,172	$7,632 / Unit				-4.8%	($90,087)
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BA	**$0**	**$37,697,402**		$179,309 / Unit	**$43,751,479**	**$33,361,011**	**$34,129,198**	**$40,874,267**	$167,517 / Unit		**$33,821,170**	**$0**	**7.0%**	**$2,877,212**
Acquisition Cost	$0				$0								
Contingency		$0			$0								
Contractor's Fee		($63,000)											
Interim Interest		$0											
Developer Fee	$0	($1,270,287)			($1,270,287)								
Reserves					$0								
ADJUSTED BASIS / COST	**$0**	**$36,364,115**		$174,103/unit	**$42,481,192**			**$40,874,267**	$167,517/unit		**$33,821,170**	**$0**	**3.9%**	**$1,606,925**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): **$42,481,192**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Merritt Heritage, Georgetown, MDL #16185

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$36,364,115	$0	$33,821,170
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$36,364,115	$0	$33,821,170
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$47,273,349	$0	$43,967,521
Applicable Fraction	50.00%	50.00%	50.00%	50.00%
TOTAL QUALIFIED BASIS	$0	$23,636,675	$0	$21,983,760
Applicable Percentage	3.39%	9.00%	3.39%	9.00%
ANNUAL CREDIT ON BASIS	$0	$2,127,301	$0	$1,978,538
CREDITS ON QUALIFIED BASIS	$2,127,301		$1,978,538	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8648	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$2,127,301	$18,397,471	----	----	----
Needed to Fill Gap	$1,512,578	$13,081,182	----	----	----
Previous Allocation	$1,194,724	$10,332,296	**$1,194,724**	**$0**	**$0**

Development Cost/SF

	Application	TDHCA
Acquisition & Hard Costs	$130.87	$125.26
Hard Costs	$118.47	$125.26
Building Costs	$96.72	$86.96
Total Points Claimed:	12	

BUILDING COST ESTIMATE

CATEGORY		FACTOR	UNITS/SF	PER SF	
Base Cost:	Combination		209,508 SF	$68.33	14,315,528
Adjustments					
Exterior Wall Finish		2.40%		1.64	$343,573
Elderly		5.00%		3.42	715,776
9-Ft. Ceilings		3.30%		2.25	472,412
Roof Adjustment(s)				0.43	90,805
Subfloor				(0.12)	(24,143)
Floor Cover				3.55	744,172
Breezeways		$28.05	0	0.00	0
Balconies		$27.68	27,613	3.65	764,346
Plumbing Fixtures		$990	180	0.85	178,200
Rough-ins		$485	488	1.13	236,680
Built-In Appliances		$1,725	244	2.01	420,900
Exterior Stairs		$2,280	24	0.26	54,720
Heating/Cooling				2.14	448,347
Enclosed Corridors		$50.98	40,611	9.88	2,070,319
Carports		$11.94	9,720	0.55	116,057
Garages		$68.33	15,428	5.03	1,054,184
Comm &/or Aux Bldgs		$68.33	7,168	2.34	489,784
Elevators		$77,500	3	1.11	232,500
Other:	Additional Bldg: Area (Laundry, Trash, Etc.)	$50.98	9628	2.34	490,828
Fire Sprinklers		$2.47	257,287	3.03	635,499
SUBTOTAL				**113.84**	**23,850,488**
Current Cost Multiplier		1.01		1.14	238,505
Local Multiplier		0.87		(14.80)	(3,100,563)
TOTAL BUILDING COSTS				**100.18**	**$20,988,429**
Plans, specs, survey, bldg permits		3.30%		(3.31)	($692,618)
Contractor's OH & Profit		11.50%		(11.52)	(2,413,669)
NET BUILDING COSTS			$73,287/unit	$85.35/sf	$17,882,142

Long-Term Pro Forma

Merritt Heritage, Georgetown, MDL #16185

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	$2,926,979	$2,985,519	$3,045,229	$3,106,134	$3,168,257	$3,498,011	$3,862,087	$4,264,056	$4,707,863	$5,197,861	$5,738,858	$6,336,163
TOTAL EXPENSES	3.00%	$1,160,157	$1,194,083	$1,229,010	$1,264,967	$1,301,984	$1,504,110	$1,737,884	$2,008,289	$2,321,097	$2,682,992	$3,108,568	$3,603,682
NET OPERATING INCOME ("NOI")		**$1,766,823**	**$1,791,436**	**$1,816,219**	**$1,841,167**	**$1,866,273**	**$1,993,901**	**$2,124,203**	**$2,255,767**	**$2,386,766**	**$2,514,869**	**$2,630,290**	**$2,732,481**
EXPENSE/INCOME RATIO		39.6%	40.0%	40.4%	40.7%	41.1%	43.0%	45.0%	47.1%	49.3%	51.6%	54.2%	56.9%
MUST -PAY DEBT SERVICE													
FHA 221(d)4		$1,432,475	$1,431,758	$1,431,012	$1,430,236	$1,429,429	$1,424,879	$1,419,338	$1,412,589	$1,404,369	$1,394,358	$1,382,164	$1,367,313
TDHCA Direct Loan		$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185
TOTAL DEBT SERVICE		$1,533,660	$1,532,943	$1,532,197	$1,531,421	$1,530,614	$1,526,064	$1,520,523	$1,513,774	$1,505,554	$1,495,543	$1,483,349	$1,468,498
DEBT COVERAGE RATIO		1.15	1.17	1.19	1.20	1.22	1.31	1.40	1.49	1.59	1.68	1.77	1.86
ANNUAL CASH FLOW		**$233,163**	**$258,493**	**$284,023**	**$309,746**	**$335,659**	**$467,837**	**$603,680**	**$741,993**	**$881,212**	**$1,019,326**	**$1,146,941**	**$1,263,983**
Deferred Developer Fee Balance		$2,515,723	$2,257,229	$1,973,207	$1,663,460	$1,327,801	$0	$0	$0	$0	$0	$0	$0

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August 10, 2017

VIA EMAIL: raquel.morales@tdhca.state.tx.us

Raquel Morales
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Merritt Heritage in Georgetown (the "**Development**")
(TDHCA No. 16185)
Amendment Request for HOME Loan

Dear Raquel:

We serve as counsel for DDC Merritt Heritage, Ltd., a Texas limited partnership (the "**Owner**"), which is developing and financing the Development. In 2016, the Owner received commitments for low-income housing tax credits, along with a HOME loan from the Texas Department of Housing and Community Affairs ("**TDHCA**") in the amount $2,000,000.00 (the "**HOME Loan**"). At the time of original award, it was contemplated that the Owner would utilize conventional debt as a first lien loan to finance the Development. Subsequently, the Owner advised TDHCA that it would be utilizing a construction and permanent loan from Dougherty Mortgage LLC, with mortgage insurance through the Federal Housing Administration ("**FHA**") pursuant to Section 221(d)(4) of the National Housing Act (the "**HUD Loan**").

The purpose of this amendment request (this "**Request**") is to provide repayment terms for the HOME Loan that are consistent with FHA requirements. Specifically, the National Housing Act and the HUD Multifamily Accelerated Processing Guide (the "**MAP Guide**") require the HOME Loan be subordinate to the HUD Loan and that repayments of any subordinate debt be limited to 75% of surplus cash from the Development. As you are aware, HUD has refused to provide any waivers with respect to this surplus cash limitation and is requiring strict compliance with the MAP Guide.

This letter provides the legal and procedural support for granting the Request, at the staff level or Board level, as applicable. To the extent any waiver of rules is required, we will show good cause for the waiver and mitigation of any risks associated with the Request.

FHA Financing and MAP Guide

Legal authority found in 24 CFR § 200.71 states that a development receiving FHA financing must be free and clear of all liens, except for certain permitted inferior liens:

> *§ 200.71 Liens.*
>
> The project must be free and clear of all liens other than the insured mortgage, except that the property may be subject to an inferior lien as provided by terms and conditions established by the Commissioner for an inferior lien:
>
> (a) Made or held by a Federal, State or local government instrumentality;

Thus, the HOME Loan for the Development is a permitted inferior lien to the HUD Loan. HUD regulations further restrict an inferior loan as to repayment:

> *§ 200.85 Covenant against liens.*
>
> (a) The mortgage shall contain a covenant against the creation by the mortgagor of liens against the property superior or inferior to the lien of the mortgage except for such inferior lien as may be approved by the Commissioner in accordance with provisions of § 200.71; and
>
> (b) A covenant against repayment of a Commissioner approved inferior lien from mortgage proceeds **other than surplus cash** or residual receipts, except in the case of an inferior lien created by an operating loss loan insured pursuant to section 223(d) of the Act, or a supplemental loan insured pursuant to section 241 of the Act. (emphasis added)

These regulatory requirements (the "**Surplus Cash Regulations**") are further defined in the MAP Guide.

The MAP Guide is promulgated by HUD "to establish national standards for approved lenders to prepare, process and submit loan applications for Federal Housing Administration (FHA) multifamily mortgage insurance." The most recent version of the MAP Guide was published in January 2016. Section 1.1 of the MAP Guide states:

> Statutory authority for the implementation of MAP is contained in the basic insuring authority for each of the programs covered in MAP, pursuant to the National Housing Act, Sections 220, 221(d)(4), 231, 241(a), 223(a)(7), and 223(f). Additionally, Section 211 of the National Housing Act and Section 7(d) of the Department of HUD Act authorizes the Secretary to make such rules and regulations as may be necessary to carry out the provisions of the Act.

Thus, under its statutory authority to implement the Surplus Cash Regulations, HUD has provided the following in the MAP Guide at Section 14.14(A)(1):

> Payments on all secondary debt are restricted to 75% or less of the annual surplus cash, or from the proceeds of a sale or refinancing of the property. (See 24 CFR 200.85(b).) This limit applies cumulatively to all secondary debt, private and public, to ensure that at least 25% of the surplus cash remains as an incentive to the owner. Owners may make additional payments on the debt out of their remaining 25% of cash flow, or from other sources.

It should be noted that this restriction on payment of secondary debt from 75% of surplus cash has been part of the MAP Guide since the version published in August 2011.

Legal Considerations

Structuring a direct loan from TDHCA in order to comply with FHA requirements has been addressed in 10 TAC § 13.8(c)(2) which states:

> If the first lien mortgage is a federally insured HUD or FHA mortgage . . . , the Department may approve a loan structure **with annual payments payable from surplus cash flow** provided that the debt coverage ratio, inclusive of the loan, continues to meet the requirements of this subchapter. (emphasis added)

While 10 TAC § 13.8(c)(2) does not explicitly address limiting direct loan payments to a specified percentage of surplus cash flow, the Texas Government Code addresses TDHCA's oversight of federal programs and the need for consistency with federal authority. Section 2306.1111(a) of the Government Code says:

> Notwithstanding any other state law **and to the extent consistent with federal law**, the department shall establish uniform application and funding cycles for all competitive single-family and multifamily housing programs administered by the department under this chapter . . . . (emphasis added)

The mandate to operate within applicable federal program requirements is further recognized at 10 TAC § 13.1(a):

> Notwithstanding anything in this Chapter to the contrary, loans and grants issued to finance the Development of multifamily rental housing are subject to the requirements of the laws of the State of Texas, including but not limited to Tex. Gov't Code, Chapter 2306, and federal law pursuant to the requirements of Title II of the Cranston-Gonzalez National Affordable Housing Act and the implementing regulations 24 CFR Part 91, Part 92, and Part 93, as they may be applicable to a specific fund source. The Department is authorized to administer HOME funds

> pursuant to Tex Gov't Code, §2306.111. Tex Gov't Code Chapter 2306, Subchapter I, Housing Finance Division.

Further, the intent to comply with federal programmatic requirements is evident in 10 TAC §13.1(c):

> In no instance will the Department consider a waiver request that would violate **federal program requirements** or state or federal statute. (emphasis added)

At the time TDHCA approved the rule at 10 TAC § 13.8(c)(2) with regard to payment of direct loans from surplus cash, TDHCA was aware of the MAP Guide requirement that subordinate loans should be paid from no more than 75% of surplus cash. The MAP Guide requirement had been in place since August 2011. Given the statutory and regulatory direction that TDHCA operate its programs in a manner consistent with federal law and federal program requirements, it is therefore reasonable that TDHCA interpret its rules in a manner consistent with the MAP Guide. 10 TAC § 13.8(c)(2) requires that the payment come "from surplus cash flow." If the Owner uses 75% of its surplus cash to pay the HOME Loan, that payment is coming *from surplus cash flow*. To the extent the language must be interpreted in any way, legal authority favors an interpretation that is consistent with federal authority, not an interpretation that flies in the face of well-known federal authority.

Mitigation

TDHCA has expressed concern that limiting repayment of the HOME Loan to 75% of the surplus cash flow generated by the Development increases the risk associated with the HOME Loan. Repayment allows TDHCA to re-program the funds for other affordable housing activities. In February 2017, TDHCA's Board considered and approved a modification of a HOME Loan to be repaid out of 75% of surplus cash flow for Sunrise Townhomes in Fredericksburg. To assist with mitigating the risk associated with this Request, DDC Investments, Ltd. ("**DDC**"), an affiliate of the Owner, is willing to establish a guaranty for repayment of the HOME Loan, similar to the one established for Sunrise Townhomes. The Owner believes this mitigation gives TDHCA sufficient assurance that the HOME Loan will be paid, in the same manner as if repayment were not dependent upon a certain percentage of surplus cash flow. However, the Owner is open to discussing other mitigation if TDHCA's Board so requires.

Conclusion

Mortgage financing through FHA is viewed as highly desirable for the development and preservation of affordable housing, with lower interest rates and longer amortization periods. We are seeing an increase in the use of this financing tool. Owners are working with FHA, both for development financing and for refinancing of existing affordable housing properties.

In February 2017, we appeared before TDHCA's Board to seek approval for a change in HOME loan repayment for two different developments (including Sunrise Townhomes, referenced

above) that were refinancing existing first lien debt with FHA insured loans. Both needed to change the HOME loan repayment terms to provide for the 75% of surplus cash flow limitation. At the time, we made it clear that the Board would be seeing this request again and again. If TDHCA declines to cooperate with HUD's mandate, a variety of owners will be denied the opportunity to pursue this favorable financing.

We believe that TDHCA's governing statute and rules indicate that consistency with federal law and programs is necessary and appropriate for the implementation of TDHCA's programs. To the extent any rule waivers are required, the good cause and necessity for such waivers include allowing owners of affordable housing properties to access the favorable debt sources provided by FHA, along with the pursuit of consistency with federal authority, as described above.

We also believe that limiting repayment of the HOME Loan to 75% of the surplus cash flow will not present a significant economic risk to TDHCA. DDC is affiliated with the ownership and operation of a large portfolio of low-income housing communities and has maintained an exemplary compliance record with TDHCA. Furthermore, many of the communities within this portfolio are located within the same region as the Development and have an occupancy rate approaching 100%. These factors, together with the willingness of DDC to provide a guaranty for repayment of the HOME Loan should provide sufficient mitigation of TDHCA's economic risk.

Time is of the essence in this Request. The Owner has been working with TDHCA for approximately 5 months to implement a financing structure that will be feasible in the face of escalating costs. Per the tax credit award, the Development must be placed into service by December 31, 2018. In a recent meeting, the Owner's builder has confirmed that construction can be completed by that date, but imminent closing is necessary. The Owner requests staff recommendation, in support of this Request, to be considered at the TDHCA Board meeting on September 7, 2017.

Pursuant to 10 TAC § 10.901, an amendment under the Direct Loan program does not require payment of a fee for consideration.

If you require any additional information to process this Request, please feel free to contact us or our client. Thank you.

Sincerely,

Cynthia L Bast

Cynthia L. Bast

cc: Laura DeBellas
Marni Holloway
Colby Denison
Mona Amin

Joyce McDonald
Susan Kinel
Jeff Rogers
Michelle Snedden
(via email)

Real Estate Analysis Division
May 22, 2017

Addendum to Underwriting Report

TDHCA Application #: **17504** Program(s): **MDL**

Merritt Heritage

Address/Location: SE Corner of Williams Dr. and Woodlake

City: Georgetown County: Williamson Zip: 78663

	APPLICATION HISTORY
Report Date	**PURPOSE**
05/22/17	**New 2017 Direct Loan Application**
07/24/16	New Application - Initial Underwriting (LIHTC #16185)

ALLOCATION

	Request (*)				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
2017 Direct Loan	$1,000,000	0.00%	30	40	**$0**	**N/A**	**N/A**	**N/A**	**N/A**
2016 Direct Loan	$2,000,000	0.00%	40	40	**$2,000,000**	**3.00%**	**30**	**40**	**2nd**

* Request also included a request to defer payment to maturity on each loan.

NOT RECOMMENDED DUE TO THE FOLLOWING

- 2017 $1M loan request not feasible pursuant to §10.302(i)(5) as the DCR does not meet the 1.15 times requirement.
- REA does not recommend changes to terms on 2016 commitment based on the 2016 NOFA except for the term, extended to 40 years, which is consistent with accommodations made for FHA senior financing.
- Additionally, REA does not recommend a deferred payment structure other than cash flow payment structure required by FHA.

CONDITIONS

1 Receipt and acceptance before Direct Loan Closing

a: Substantially final construction contract with Schedule of Values.

b: Updated term sheets with substantially final terms from all lenders

c: Substantially final draft of limited partnership agreement.

d: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a 1.15 DCR.

e: Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.

2 **Additional conditions imposed on the 2016 loan commitment to be satisfied prior to Direct Loan Closing:**

a: Maximum loan amount must not exceed $26,900,000 and will be resized downward by the Underwriter if the final locked interest rate exceeds 4.25% (including MIP).

b: Any management fee exceeding 3% must be subordinate to debt service on the 2016 award and evidenced in the owner's partnership agreement.

3 Receipt and acceptance by Commitment:

- Pursuant to §10.402(d)(7), a letter from Applicant's Attorney, "...identifying the statutory basis for the exemption and indicating that the exemption is reasonably achievable, subject to appraisal district review.

Comments: Applicant provided an acceptable letter from their attorneys, Locke Lord, dated 9/19/2016, that discusses the statutory basis and ownership structure in place to achieve the project's 50% property tax exemption.

Status: Condition Cleared.

ANALYSIS

- Applicant awarded Housing Tax Credits of $1,194,724 and a $2M HOME loan for the construction of a 244-unit Senior development in Georgetown.
- Since original award, the LIHTC syndication market deteriorated. The credit pricing on this transaction decreased $.13 ($1.00 to $.865). This decline is consistent with that seen on other transactions.
- In addition to changes to the $2M loan awarded under the 2016-1 Direct Loan NOFA, the Applicant is requesting an additional $1M loan out of the 2017-1 NOFA.
- Total Development cost increased 27% while the Hard Cost increased 32%. This is in part due to increases in costs since March of 2016, some more costly design changes as well as the likely understatement of costs at original application. The Applicant was awarded points for submitting original costs below the $75/SF threshold. Current costs reviewed by the HUD lender are $87/SF.
- The cost increase, as submitted in the application, includes an increase to total Developer Fee of $1.3M over the original underwriting. The Underwriter is using a Developer Fee equal to that originally underwritten as agreed to by the Applicant. This reduction is part of a requirement by the Underwriter due to the extraordinary $8.5M increased senior debt.

Sources of Funds

Because of the lower syndication equity and higher costs, the Applicant restructured the debt component of the capital structure.

- Pursued a FHA financing which extended the amortization from 35 to 40 years. Interest rate on FHA loan at 4.25% (including MIP) is lower than the originally underwritten 5.5%.
- Increase the senior debt in front of the Direct Loan by $8.5M (current loan application by lender to HUD increases senior debt by $10.5M. The HUD application does not contemplate the additional $1M of TDHCA funding.

- Requested changes to the existing 2016 commitment by eliminating the interest rate with no debt service (deferral of payment till maturity) with a 40 year amortization. The Applicant also requested that all Direct Loan funds be advanced at closing.

- Requested additional Direct Loan Funds of $1M at the same terms. The additional Developer fee is $300K higher than this loan.

- As of this writing, the lender has not submitted the HUD application but expected soon. The numbers, subject to HUD underwriting are final and an important data point for analysis. The lender provided the application to the Underwriter and certain aspects of that application are used by the Underwriter.

- The HUD hard cost budget was reviewed by a third-party using substantially final plans and specifications. The Underwriter is using these costs in the analysis.

- Other costs are underwritten using the Applicant's budget or otherwise pursuant to REA rule. Reserves are sized equal to the HUD reserves.

- As of this writing, the lender has not submitted the HUD application but expected soon. The lender provided the application to the Underwriter and certain aspects of the application are used by the Underwriter.

Operating Pro Forma

Applicant submitted application with 2016 rents. Since that time, the 2017 higher rents were published by HUD. Underwriter's pro forma utilizes the 2017 rents.

Underwriter is using the maximum of the rents concluded by the market analyst or the HUD rents. This produces a gross potential rent greater than the Applicant's.

The Applicant includes substantial other income relating to carports, garages and storage. While not shown in the application, the Applicant has indicated additional cable TV revenue. The Underwriter is using $20/Unit which is consistent with rule. Because the cable revenue is not included in other income, the Underwriter has removed the associated expense from the pro forma.

The Underwriter's expense estimate is $79K higher than the Applicant's budget. This is due to repairs/maintenance and general/administrative costs. The Applicant's expense estimate is $137K lower than reported in the 2016 application. ($83K in general/administrative and maintenance).

The Applicant decreased management fee to 3%. In lieu of the reduction, the Underwriter will require that any fee above 3% be subordinate to TDHCA debt.

The analysis includes $25K/annually for supportive services. The Applicant now states that this should not be considered as HUD is requiring a $60K reserve for supportive services. The Underwriter is unable to reconcile the reserve to an ongoing annual expense.

Recommendation

Using the TDHCA pro forma pursuant to rule, the finance structure does not support the additional loan as the debt coverage ratio is 1.15 on the existing commitment. The recommendation does not include changes to the terms of the existing commitment. The analysis still supports the original tax credit award.

Underwriter:	*Diamond Unique Thompson*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Merritt Heritage, Georgetown, MDL #17504

LOCATION DATA	
CITY:	Georgetown
COUNTY:	Williamson
Area Median Income	$77,800
PROGRAM REGION:	7

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	24	9.8%	0	30%	13	5.3%
1	98	40.2%	0	40%	-	0.0%
2	122	50.0%	0	50%	50	20.5%
3	-	0.0%	0	60%	59	24.2%
4	-	0.0%	0	MR	122	50.0%
TOTAL	**244**	**100.0%**	**-**	**TOTAL**	**244**	**100.0%**

Applicable Programs
Direct Loan

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	50.00%
APP % Acquisition	3.39%
APP % Construction	9.00%
Average Unit Size	859 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TDHCA Direct Loan Program		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	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		Mrkt Analyst
TC 30%	$427	LH/50%	$712	1	0	1	605	$427	$67	$360	$0	$0.60	$360	**$360**	**$360**	$360	$0.60	$0	$1,025	$1.69	$1,025
TC 50%	$712			3	0	1	605	$712	$67	$645	$0	$1.07	$645	**$1,936**	**$1,936**	$645	$1.07	$0	$1,025	$1.69	$1,025
MR				16	0	1	605	$0	$67		NA	$1.62	$980	**$15,680**	**$16,400**	$1,025	$1.69	NA	$1,025	$1.69	$1,025
TC 30%	$427	LH/50%	$712	1	0	1	594	$427	$67	$360	$0	$0.61	$360	**$360**	**$360**	$360	$0.61	$0	$1,025	$1.73	$1,025
TC 50%	$712	LH/50%	$712	2	0	1	594	$712	$67	$645	$0	$1.09	$645	**$1,291**	**$1,291**	$645	$1.09	$0	$1,025	$1.73	$1,025
MR				1	0	1	594	$0	$67		NA	$1.65	$980	**$980**	**$1,025**	$1,025	$1.73	NA	$1,025	$1.73	$1,025
TC 30%	$458	LH/50%	$763	1	1	1	742	$458	$75	$383	$0	$0.52	$383	**$383**	**$383**	$383	$0.52	$0	$1,100	$1.48	$1,100
TC 50%	$763	HH/60%	$916	5	1	1	742	$763	$75	$688	$0	$0.93	$688	**$3,440**	**$3,440**	$688	$0.93	$0	$1,100	$1.48	$1,100
TC 50%	$763			7	1	1	742	$763	$75	$688	$0	$0.93	$688	**$4,817**	**$4,817**	$688	$0.93	$0	$1,100	$1.48	$1,100
TC 60%	$916			15	1	1	742	$916	$75	$841	$0	$1.13	$841	**$12,616**	**$12,616**	$841	$1.13	$0	$1,100	$1.48	$1,100
MR				30	1	1	742	$0	$75		NA	$1.35	$1,000	**$30,000**	**$33,000**	$1,100	$1.48	NA	$1,100	$1.48	$1,100
TC 30%	$458	LH/50%	$763	2	1	1	773	$458	$75	$383	$0	$0.50	$383	**$766**	**$766**	$383	$0.50	$0	$1,100	$1.42	$1,100
TC 50%	$763	HH/60%	$916	4	1	1	773	$763	$75	$688	$0	$0.89	$688	**$2,752**	**$2,752**	$688	$0.89	$0	$1,100	$1.42	$1,100
TC 60%	$916			9	1	1	773	$916	$75	$841	$0	$1.09	$841	**$7,570**	**$7,570**	$841	$1.09	$0	$1,100	$1.42	$1,100
MR				13	1	1	773	$0	$75		NA	$1.42	$1,100	**$14,300**	**$14,755**	$1,135	$1.47	NA	$1,100	$1.42	$1,100
TC 30%	$458	LH/50%	$763	1	1	1	884	$458	$75	$383	$0	$0.43	$383	**$383**	**$383**	$383	$0.43	$0	$1,170	$1.32	$1,170
TC 50%	$763	HH/60%	$916	3	1	1	884	$763	$75	$688	$0	$0.78	$688	**$2,064**	**$2,064**	$688	$0.78	$0	$1,170	$1.32	$1,170
TC 60%	$916			3	1	1	884	$916	$75	$841	$0	$0.95	$841	**$2,523**	**$2,523**	$841	$0.95	$0	$1,170	$1.32	$1,170
MR				5	1	1	884	$0	$75		NA	$1.33	$1,175	**$5,875**	**$5,850**	$1,170	$1.32	NA	$1,170	$1.32	$1,170
TC 30%	$549			3	2	1	920	$549	$94	$455	$0	$0.49	$455	**$1,365**	**$1,365**	$455	$0.49	$0	$1,450	$1.58	$1,450
TC 50%	$916	HH/60%	$1,099	8	2	1	920	$916	$94	$822	$0	$0.89	$822	**$6,576**	**$6,576**	$822	$0.89	$0	$1,450	$1.58	$1,450
TC 50%	$916			6	2	1	920	$916	$94	$822	$0	$0.89	$822	**$4,932**	**$4,932**	$822	$0.89	$0	$1,450	$1.58	$1,450
TC 60%	$1,099			19	2	1	920	$1,099	$94	$1,005	$0	$1.09	$1,005	**$19,096**	**$19,096**	$1,005	$1.09	$0	$1,450	$1.58	$1,450
MR				34	2	1	920	$0	$94		NA	$1.52	$1,400	**$47,600**	**$49,300**	$1,450	$1.58	NA	$1,450	$1.58	$1,450
TC 30%	$549	LH/50%	$916	1	2	2	1,041	$549	$94	$455	$0	$0.44	$455	**$455**	**$455**	$455	$0.44	$0	$1,750	$1.68	$1,750
TC 30%	$549			3	2	2	1,041	$549	$94	$455	$0	$0.44	$455	**$1,365**	**$1,365**	$455	$0.44	$0	$1,750	$1.68	$1,750
TC 50%	$916	HH/60%	$1,099	8	2	2	1,041	$916	$94	$822	$0	$0.79	$822	**$6,576**	**$6,576**	$822	$0.79	$0	$1,750	$1.68	$1,750
TC 60%	$1,099			10	2	2	1,041	$1,099	$94	$1,005	$0	$0.97	$1,005	**$10,050**	**$10,050**	$1,005	$0.97	$0	$1,750	$1.68	$1,750
MR				18	2	2	1,041	$0	$94		NA	$1.59	$1,650	**$29,700**	**$31,500**	$1,750	$1.68	NA	$1,750	$1.68	$1,750
TC 50%	$916	HH/60%	$1,099	4	2	2	1,142	$916	$94	$822	$0	$0.72	$822	**$3,288**	**$3,288**	$822	$0.72	$0	$1,750	$1.53	$1,750
TC 60%	$1,099			3	2	2	1,142	$1,099	$94	$1,005	$0	$0.88	$1,005	**$3,015**	**$3,015**	$1,005	$0.88	$0	$1,800	$1.58	$1,800
MR				5	2	2	1,142	$0	$94		NA	$1.53	$1,750	**$8,750**	**$9,000**	$1,800	$1.58	NA	$1,800	$1.58	$1,800
TOTALS/AVERAGES:				**244**			**209,508**				**$0**	**$1.20**	**$1,028**	**$250,867**	**$258,812**	**$1,061**	**$1.24**	**$0**	**$1,337**	**$1.56**	**$1,337**

ANNUAL POTENTIAL GROSS RENT:	**$3,010,402**	**$3,105,742**	

STABILIZED PRO FORMA

Merritt Heritage, Georgetown, MDL #17504

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES		APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT				$1.20	$1,028	$3,010,402	$3,004,392	$3,004,496	$3,105,742	$1,061	$1.24		-3.1%	($95,340)
Laundry					$11.85	$34,694	35,136							
Storage Units					$2.24	$6,570	18,000							
Garages & Carports					$23.98	$70,200	73,800							
Total Secondary Income					$38.07			58,560	$58,560	$20.00			90.3%	$52,904
POTENTIAL GROSS INCOME						$3,121,866	$3,131,328	$3,063,056	$3,164,302				-1.3%	($42,436)
Vacancy & Collection Loss					7.5% PGI	(234,140)	(234,850)	(229,729)	(237,323)	7.5% PGI			-1.3%	3,183
Rental Concessions						-	0	0	-				0.0%	-
EFFECTIVE GROSS INCOME						$2,887,726	$2,896,478	$2,833,327	$2,926,979				-1.3%	($39,253)
General & Administrative	$103,540	$424/Unit	1.94%	$0.27	$230	$56,100	$81,685	$81,102	$81,102	$332	$0.39	2.77%	-30.8%	(25,002)
Management	$105,651	4.4% EGI	3.00%	$0.41	$355	$86,632	$144,929	$141,666	$87,809	$360	$0.42	3.00%	-1.3%	(1,178)
Payroll & Payroll Tax	$320,185	$1,312/Unit	10.74%	$1.48	$1,271	$310,080	$310,080	$311,515	$310,080	$1,271	$1.48	10.59%	0.0%	-
Repairs & Maintenance	$151,627	$621/Unit	2.80%	$0.39	$332	$80,959	$138,966	$146,400	$146,400	$600	$0.70	5.00%	-44.7%	(65,441)
Electric/Gas	$73,320	$300/Unit	1.30%	$0.18	$154	$37,669	$39,469	$49,000	$49,000	$201	$0.23	1.67%	-23.1%	(11,331)
Water, Sewer, & Trash **Tenant Pays: W Or**	$192,075	$787/Unit	5.14%	$0.71	$608	$148,337	$148,337	$127,911	$127,911	$524	$0.61	4.37%	16.0%	20,426
Property Insurance	$69,230	$0.33 /sf	2.37%	$0.33	$280	$68,320	$68,320	$66,573	$68,320	$280	$0.33	2.33%	0.0%	-
Property Tax (@ 50%) 2.3135	$173,292	$710/Unit	6.96%	$0.96	$824	$201,051	$173,515	$190,581	$197,575	$810	$0.94	6.75%	1.8%	3,476
Reserve for Replacements	$68,079	$279/Unit	2.53%	$0.35	$300	$73,200	$61,000	$61,000	$73,200	$300	$0.35	2.50%	0.0%	-
Cable TV			0.00%	$0.00	$0	$0	$58,560	$58,560	$0	$0	$0.00	0.00%	0.0%	-
Supportive Services			0.87%	$0.12	$102	$25,000	$0	$0	$25,000	$102	$0.12	0.85%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			0.22%	$0.03	$26	$6,274	$6,036	$6,036	$6,274	$26	$0.03	0.21%	0.0%	-
TDHCA Bond Compliance Fee			0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Security			0.07%	$0.01	$8	$2,000	$2,000	$2,000	$2,000	$8	$0.01	0.07%	0.0%	-
TOTAL EXPENSES			**37.94%**	**$5.23**	**$4,490**	**$ 1,095,622**	**$1,232,897**	**$1,242,344**	**$ 1,174,672**	**$4,814**	**$5.61**	**40.13%**	**-6.7%**	**$ (79,051)**
NET OPERATING INCOME ("NOI")			**62.06%**	**$8.55**	**$7,345**	**$1,792,104**	**$1,663,581**	**$1,590,983**	**$1,752,307**	**$7,182**	**$8.36**	**59.87%**	**2.3%**	**$ 39,797**
CONTROLLABLE EXPENSES					$2,595/Unit					$2,928/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Merritt Heritage, Georgetown, MDL #17504

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Applicant**	**TDHCA**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
FHA 221(d)4	0.25%	1.21	1.24	1,450,684	4.42%	40	40	$26,900,000	**$18,400,000**	**$18,400,000**	$26,900,000	40	40	4.00%	$1,416,355	1.24	63.3%
2016 HOME Award		1.21	1.24		0.00%	0	40	$2,000,000	**$2,000,000**	**$2,000,000**	$2,000,000	40	30	3.00%	$101,185	1.15	4.7%
TDHCA		1.21	1.24		0.00%	30	40	$1,000,000			$0	40	40	3.25%		1.15	0.0%
CASH FLOW DEBT / GRANTS																	
City of Georgetown		1.21	1.24		0.00%	0	0	$10	**$100**	**$10**	$10	0	0	0.00%		1.15	0.0%
				$1,450,684	**TOTAL DEBT / GRANT SOURCES**			**$29,900,010**			**$28,900,010**			**TOTAL DEBT SERVICE**	**$1,517,540**	1.15	68.0%

NET CASH FLOW	$301,623	$341,420									**TDHCA**	**NET OPERATING INCOME**		**$1,752,307**	**$234,767**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE						
						Prior Underwriting								
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Applicant**	**TDHCA**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**	
RBC	LIHTC Equity	24.3%	$1,194,724	0.86	$10,332,296	$11,944,851	$11,944,851	$10,332,296	$0.8648	$1,194,724	24.3%	$4,896	Applicant Request	
DDC Investments, Ltd	Deferred Developer Fees	8.3%	(71% Deferred)		$3,519,173	$1,016,060	$1,016,060	$3,248,886	(89% Deferred)		7.6%	**Total Developer Fee:**		**$3,656,788**
Additional (Excess) Funds Req'd		0.0%				$0	$0	$0			0.0%			
TOTAL EQUITY SOURCES		32.6%			$13,851,469	$12,960,911	$12,960,911	$13,581,182			32.0%			

TOTAL CAPITALIZATION					**$43,751,479**			**$42,481,192**						**15-Yr Cash Flow after Deferred Fee:**			**$2,960,127**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS							TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis					Prior Underwriting					Eligible Basis			
	Acquisition	**New Const. Rehab**	**Total Costs**			**Applicant**	**TDHCA**	**Total Costs**			**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition			$11,680 / Unit	$2,850,000		$2,850,000	$2,850,000	$2,850,000	$11,680 / Unit				0.0%	$0
Building Acquisition	$0		$ / Unit	$0		$0	$0	$0	$ / Unit			$0	0.0%	$0
Closing costs & acq. legal fees, Contract Extension Fees				$114,400		$35,000	$35,000	$114,400						$0
Off-Sites			$ / Unit	$0		$153,600	$153,600	$0	$ / Unit				0.0%	$0
Site Work		$2,583,096	$10,586 / Unit	$2,583,096		$1,657,309	$1,657,309	$3,616,044	$14,820 / Unit		$3,616,044		-28.6%	($1,032,948)
Site Amenities		$791,554	$3,244 / Unit	$791,554		$416,000	$416,000	$0	$ / Unit		$0		0.0%	$791,554
Building Cost		$19,813,599	$94.95 /sf	$81,532/Unit	$19,893,689	$15,570,000	$16,373,556	$18,218,951	$74,668/Unit	$86.96 /sf	$17,341,551		9.2%	$1,674,738
Contingency		$1,181,912	5.10%	5.10%	$1,185,917	$889,845	$889,845	$1,185,917	5.43%	5.64%	$1,181,912		0.0%	$0
Contractor Fees		$3,474,823	14.26%	14.26%	$3,486,596	$2,616,146	$2,616,146	$3,222,928	14.00%	14.00%	$3,099,531		8.2%	$263,668
Soft Costs	0	$2,616,191	$11,029 / Unit		$2,691,191	$1,727,725	$1,727,725	$2,691,191	$11,029 / Unit		$2,616,191	$0	0.0%	$0
Financing	0	$2,309,152	$14,163 / Unit		$3,455,876	$2,488,598	$2,488,598	$3,455,876	$14,163 / Unit		$2,309,152	$0	0.0%	$0
Developer Fee	$0	$4,927,075	15.04%	15.00%	$4,927,075	$3,656,788	$3,656,788	$3,656,788	11.78%	12.12%	$3,656,788	$0	34.7%	$1,270,287
Reserves			$7,263 / Unit		$1,772,085	$1,300,000	$1,264,631	$1,862,172	$7,632 / Unit				-4.8%	($90,087)
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BA	**$0**	**$37,697,402**	$179,309 / Unit		**$43,751,479**	**$33,361,011**	**$34,129,198**	**$40,874,267**	$167,517 / Unit		**$33,821,170**	**$0**	**7.0%**	**$2,877,212**
Acquisition Cost	$0				$0									
Contingency		$0			$0									
Contractor's Fee		($63,000)												
Interim Interest		$0												
Developer Fee	$0	($1,270,287)			($1,270,287)									
Reserves					$0									
ADJUSTED BASIS / COST	**$0**	**$36,364,115**	$174,103/unit		**$42,481,192**			**$40,874,267**	$167,517/unit		**$33,821,170**	**$0**	**3.9%**	**$1,606,925**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$42,481,192**	

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Merritt Heritage, Georgetown, MDL #17504

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$36,364,115	$0	$33,821,170
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$36,364,115	$0	$33,821,170
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$47,273,349	$0	$43,967,521
Applicable Fraction	50.00%	50.00%	50.00%	50.00%
TOTAL QUALIFIED BASIS	$0	$23,636,675	$0	$21,983,760
Applicable Percentage	3.39%	9.00%	3.39%	9.00%
ANNUAL CREDIT ON BASIS	$0	$2,127,301	$0	$1,978,538
CREDITS ON QUALIFIED BASIS	$2,127,301		$1,978,538	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8648	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$2,127,301	$18,397,471	----	----	----
Needed to Fill Gap	$1,570,393	$13,581,182	----	----	----
Applicant Request	$1,194,724	$10,332,296	**$1,194,724**	**$0**	**$0**

Development Cost/SF

	Application	TDHCA
Acquisition & Hard Costs	$130.87	$125.26
Hard Costs	$118.47	$125.26
Building Costs	$96.72	$86.96
Total Points Claimed:	12	

BUILDING COST ESTIMATE

CATEGORY		FACTOR	UNITS/SF	PER SF	
Base Cost:	Combination		209,508 SF	$68.33	14,315,528
Adjustments					
Exterior Wall Finish		2.40%		1.64	$343,573
Elderly		5.00%		3.42	715,776
9-Ft. Ceilings		3.30%		2.25	472,412
Roof Adjustment(s)				0.43	90,805
Subfloor				(0.12)	(24,143)
Floor Cover				3.55	744,172
Breezeways		$28.05	0	0.00	0
Balconies		$27.68	27,613	3.65	764,346
Plumbing Fixtures		$990	180	0.85	178,200
Rough-ins		$485	488	1.13	236,680
Built-In Appliances		$1,725	244	2.01	420,900
Exterior Stairs		$2,280	24	0.26	54,720
Heating/Cooling				2.14	448,347
Enclosed Corridors		$50.98	40,611	9.88	2,070,319
Carports		$11.94	9,720	0.55	116,057
Garages		$68.33	15,428	5.03	1,054,184
Comm &/or Aux Bldgs		$68.33	7,168	2.34	489,784
Elevators		$77,500	3	1.11	232,500
Other:	Additional Bldg: Area (Laundry, Trash, Etc.)	$50.98	9628	2.34	490,828
Fire Sprinklers		$2.47	257,287	3.03	635,499
SUBTOTAL				**113.84**	**23,850,488**
Current Cost Multiplier		1.01		1.14	238,505
Local Multiplier		0.87		(14.80)	(3,100,563)
TOTAL BUILDING COSTS				**100.18**	**$20,988,429**
Plans, specs, survey, bldg permits		3.30%		(3.31)	($692,618)
Contractor's OH & Profit		11.50%		(11.52)	(2,413,669)
NET BUILDING COSTS			$73,287/unit	$85.35/sf	$17,882,142

Long-Term Pro Forma

Merritt Heritage, Georgetown, MDL #17504

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	$2,926,979	$2,985,519	$3,045,229	$3,106,134	$3,168,257	$3,498,011	$3,862,087	$4,264,056	$4,707,863	$5,197,861	$5,738,858	$6,336,163
TOTAL EXPENSES	3.00%	$1,174,672	$1,209,034	$1,244,410	$1,280,829	$1,318,322	$1,523,050	$1,759,840	$2,033,742	$2,350,604	$2,717,200	$3,148,224	$3,649,654
NET OPERATING INCOME ("NOI")		**$1,752,307**	**$1,776,485**	**$1,800,820**	**$1,825,305**	**$1,849,935**	**$1,974,961**	**$2,102,247**	**$2,230,314**	**$2,357,258**	**$2,480,661**	**$2,590,634**	**$2,686,509**
EXPENSE/INCOME RATIO		40.1%	40.5%	40.9%	41.2%	41.6%	43.5%	45.6%	47.7%	49.9%	52.3%	54.9%	57.6%
MUST -PAY DEBT SERVICE													
FHA 221(d)4		$1,416,355	$1,415,660	$1,414,936	$1,414,183	$1,413,399	$1,408,973	$1,403,570	$1,396,972	$1,388,916	$1,379,080	$1,367,070	$1,352,406
2016 HOME Award		$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185
TOTAL DEBT SERVICE		$1,517,540	$1,516,845	$1,516,121	$1,515,368	$1,514,584	$1,510,158	$1,504,755	$1,498,157	$1,490,101	$1,480,265	$1,468,255	$1,453,591
DEBT COVERAGE RATIO		1.15	1.17	1.19	1.20	1.22	1.31	1.40	1.49	1.58	1.68	1.76	1.85
ANNUAL CASH FLOW		**$234,767**	**$259,640**	**$284,698**	**$309,938**	**$335,351**	**$464,803**	**$597,492**	**$732,157**	**$867,157**	**$1,000,396**	**$1,122,379**	**$1,232,918**
Deferred Developer Fee Balance		$3,014,119	$2,754,480	$2,469,781	$2,159,844	$1,824,492	$0	$0	$0	$0	$0	$0	$0

APPLICATION SUMMARY

REAL ESTATE ANALYSIS DIVISION
July 24, 2016

PROPERTY IDENTIFICATION	
Application #	16185
Development	Merritt Heritage
City / County	Georgetown / Williamson
Region/Area	7 / Urban
Population	Elderly Limitation
Set-Aside	General
Activity	New Construction

RECOMMENDATION						
TDHCA Program	Request	Approved				
LIHTC (9% Credit)	$1,194,724	$1,194,724	$4,896/Unit		$1.00	
	Amount	Rate	Amort	Term	Lien	
Private Activity Bonds						
MDLP (Repayable)	$2,000,000	3.00%	30	18	2nd	
CHDO Expenses	$50,000					

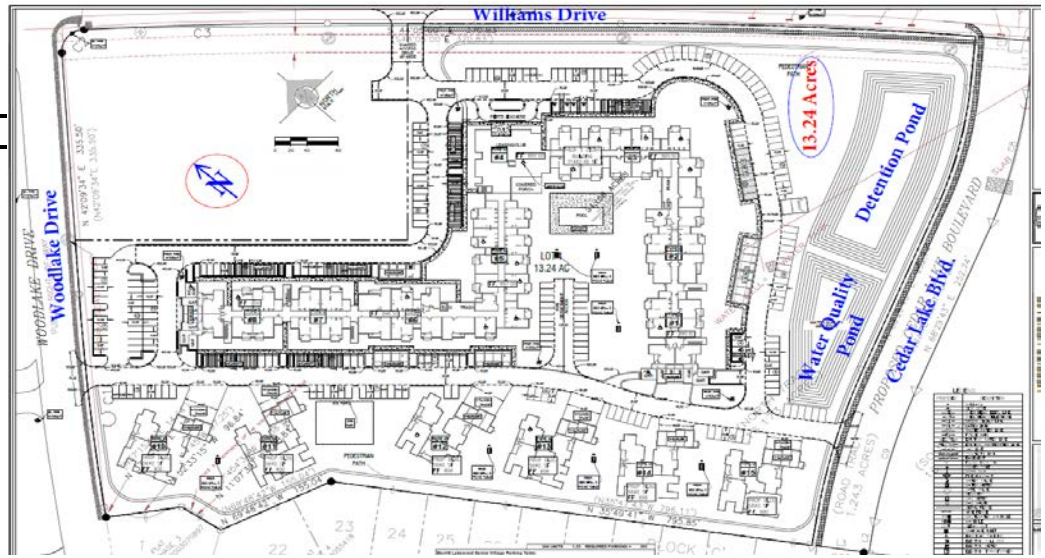
KEY PRINCIPAL / SPONSOR		
General Partner(s)		
DDC Merritt HeritageGP, LLC		
Colby Denison		
Developer(s)		
DDC Investments / Frameworks Community Dev.		
Colby Denison / Joyce McDonald		
Related-Parties	Contractor -	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	24	10%	30%	13	5%
1	98	40%	40%	-	0%
2	122	50%	50%	50	20%
3	-	0%	60%	59	24%
4	-	0%	MR	122	50%
TOTAL	244	100%	TOTAL	244	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.29	Expense Ratio	42.6%
Breakeven Occ.	80.5%	Breakeven Rent	$887
Average Rent	$1,026	B/E Rent Margin	$139
Property Taxes	$711/unit	Exemption/PILOT	50%
Total Expense	$5,053/unit	Controllable	$2,945/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)			2.4%
Highest Unit Capture Rate	9%	2 BR/60%	33
Dominant Unit Cap. Rate	9%	2 BR/60%	33
Premiums (↑60% Gross)	Yes		$348/Avg.
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY			
Costs Underwritten	Applicant's Costs		
Avg. Unit Size	859 SF	Density	18.4/acre
Acquisition		$12K/unit	$2,885K
Building Cost	$74.28/SF	$64K/unit	$15,570K
Hard Cost		$77K/unit	$18,687K
Total Cost		$137K/unit	$33,361K
Developer Fee	$3,657K	(28% Deferred)	Paid Year: 3
Contractor Fee	$2,616K	30% Boost	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Citi Bank	18/35	5.50%	$18,400,000	1.40
TDHCA	18/30	3.00%	$2,000,000	1.29
TOTAL DEBT (Must Pay)			$20,400,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
City of Georgetown	0/0	0.00%	$10	1.29
CASH FLOW DEBT / GRANTS			$10	

EQUITY / DEFERRED FEES	
Source	Amount
RBC	$11,944,851
DDC Investments, Ltd	$1,016,150
TOTAL EQUITY SOURCES	$12,961,001
TOTAL DEBT SOURCES	$20,400,010
TOTAL CAPITALIZATION	$33,361,011

CONDITIONS

1 Receipt and acceptance before Direct Loan Closing

a: Substantially final construction contract with Schedule of Values.

b: Updated term sheets with substantially final terms from all lenders

c: Substantially final draft of limited partnership agreement.

d: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a 1.15 DCR.

e: Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.

2 Receipt and acceptance by Commitment:

- Pursuant to §10.402(d)(7), a letter from Applicant's Attorney, "...identifying the statutory basis for the exemption and indicating that the exemption is reasonably achievable, subject to appraisal district review.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

BOND RESERVATION / ISSUER

Issuer	
Expiration Date	
Bond Amount	
BRB Priority	
Expected Close	
Bond Structure	

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Gross Capture Rate of 2.4%, with unit capture rates
▫	Elderly HTC deals in PMA are 98% occupied
▫	43% expense ratio with a 1.29 DCR
▫	Attractive architectural design should compete well in market
▫	Experienced LIHTC developer/operator

WEAKNESSES/RISKS	
▫	50% of units (122) subject to market risk
▫	369 LIHTC units and 85 market units proposed within 2
▫	Feasibility depends on 50% CHDO property tax

AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
July 24, 2016

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **16185** Program(s): **9% HTC/MDL**

Merritt Heritage

Address/Location: SE Corner of Williams Dr. and Woodlake

City: Georgetown County: Williamson Zip: 78663

Population: Elderly Limitation Program Set-Aside: General Area: Urban

Activity: New Construction Building Type: Modified Wrap / Fourplex Region: 7

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
Multifamily Direct Loan (Repayable)	$2,000,000	3.00%	30	18	**$2,000,000**	**3.00%**	**30**	**18**	**2nd**
CHDO Expenses	$50,000				**$50,000**				
LIHTC (9% Credit)	$1,194,724				**$1,194,724**				

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS

1 Receipt and acceptance before Direct Loan Closing

a: Substantially final construction contract with Schedule of Values.

b: Updated term sheets with substantially final terms from all lenders

c: Substantially final draft of limited partnership agreement.

d: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a 1.15 DCR.

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Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	13
50% of AMI	50% of AMI	50
60% of AMI	60% of AMI	59

TDHCA SET-ASIDES for TDHCA HOME LURA		
Income Limit	Rent Limit	Number of Units
50% of AMFI	Low HOME	7
60% of AMFI	High HOME	27

DEAL SUMMARY

The proposed Merritt Heritage Elderly Limitation apartments will be located near the intersection of Williams Drive (Ranch Road 2238) and Wood Lake Drive within the city limits of Georgetown. Subject is situated less than 1 mile east of Lake Georgetown, 4 miles northwest of IH35, 5 miles northwest of downtown and less than 6 miles northwest of St. David's Georgetown Hospital, offering close access to restaurants, retail, medical facilities, grocery stores and pharmacies. .

Project will consist of 244 units, including efficiency, one and two bedroom floor plans. Elevator served, 4-story modified wrap building (divided into 5 building configurations) houses 220 units and clubhouse/leasing facility. Single story fourplex component comprised of 6 buildings houses 24 two-bedroom units with attached garages.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Gross Capture Rate of 2.4%, with unit capture rates only ranging from 1 to 9%
▫	Elderly HTC deals in PMA are 98% occupied
▫	43% expense ratio with a 1.29 DCR
▫	Attractive architectural design should compete well in market
▫	Experienced LIHTC developer/operator

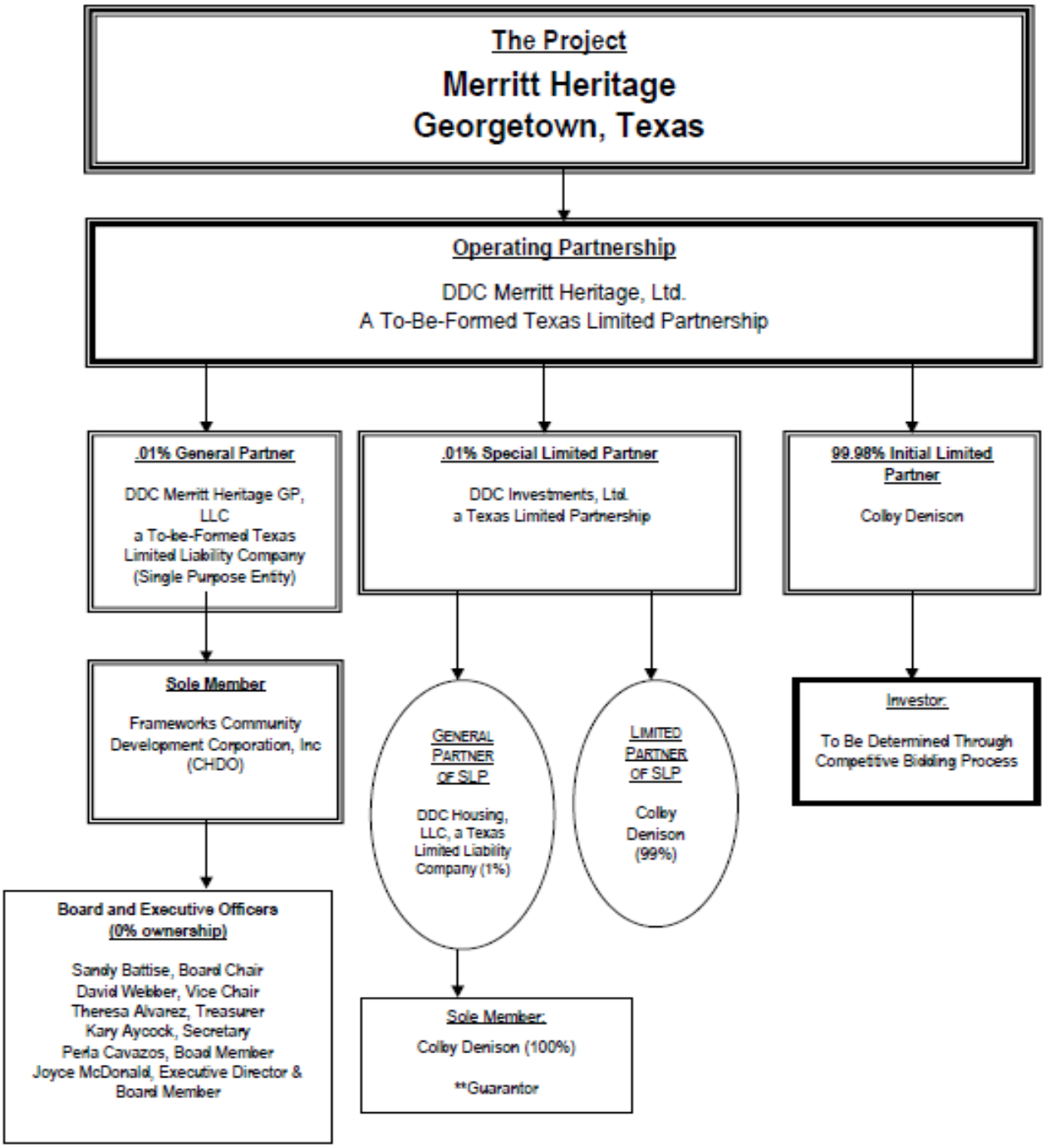
WEAKNESSES/RISKS	
▫	50% of units (122) subject to market risk
▫	369 LIHTC units and 85 market units proposed within 2 miles of each other for the 2016 9% cycle.
▫	Feasibility depends on 50% CHDO property tax exemption
▫	
▫	

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	Colby Denison	Name:	Joyce McDonald
Phone:	(512) 732-1226	Phone:	(512) 385-1500
Relationship:	Applicant/Developer	Relationship:	Co-Developer

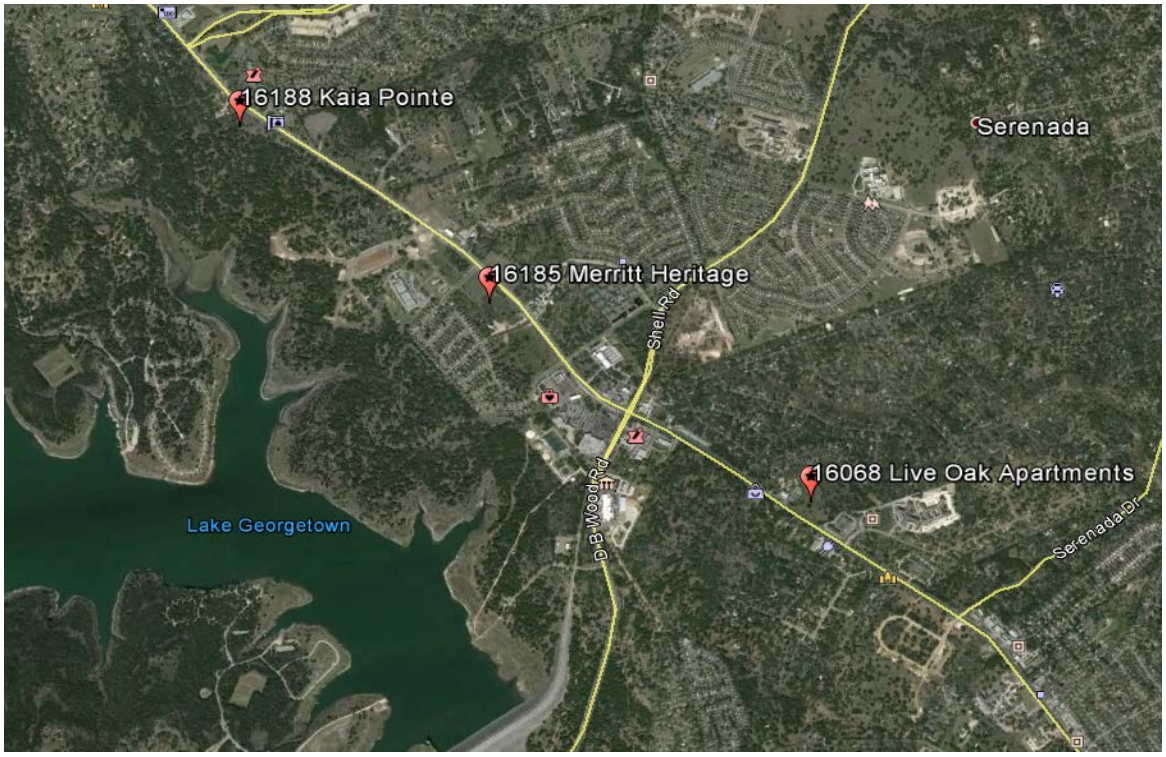
OWNERSHIP STRUCTURE



- Applicant, Developer, Property Manager and Supportive Services Provider are related entities.

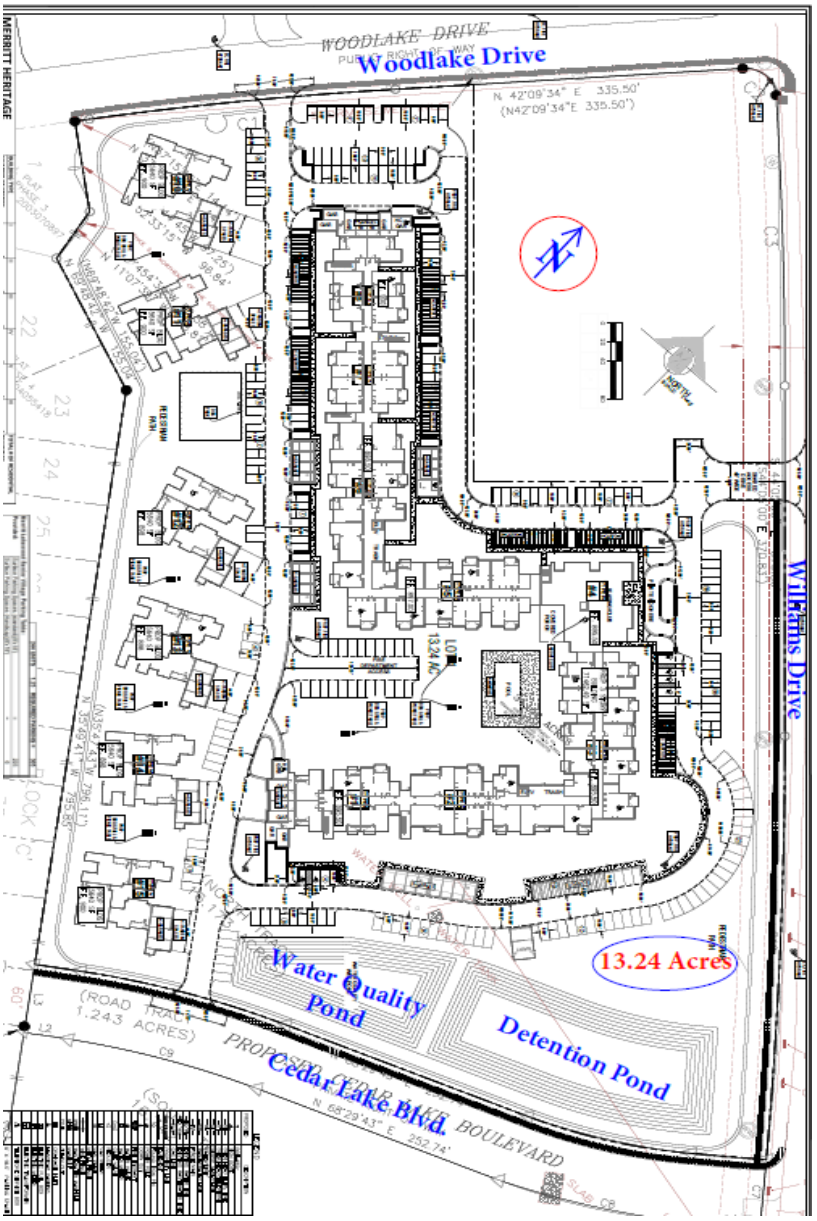
DEVELOPMENT SUMMARY

PROPOSED 2016 DEALS IN GEORGETOWN



AERIAL OF SUBJECT SITE

SITE PLAN



Comments:

Site is relatively flat, wooded grassland sloping from west to east. It lies within the Edward's Aquifer Recharge Zone and also within the City of Georgetown's watershed protection jurisdiction. A water quality pond is proposed on-site, designed to meet required standards. In conjunction, an on-site storm water detention pond is also planned to capture runoff via an on-site sewer system. All wet and dry utilities are readily available. An off-site extension to connect with the sanitary sewer main is anticipated.

Parking	No Fee		Tenant-Paid		Total	
Open Surface	256	*1.0/unit*	0	--	256	*1.0/unit*
Carport	0	--	60	*0.2/unit*	60	*0.2/unit*
Garage	0	--	58	*0.2/unit*	58	*0.2/unit*
Total Parking	**256**	*1.0/unit*	**118**	*0.5/unit*	**374**	*1.5/unit*

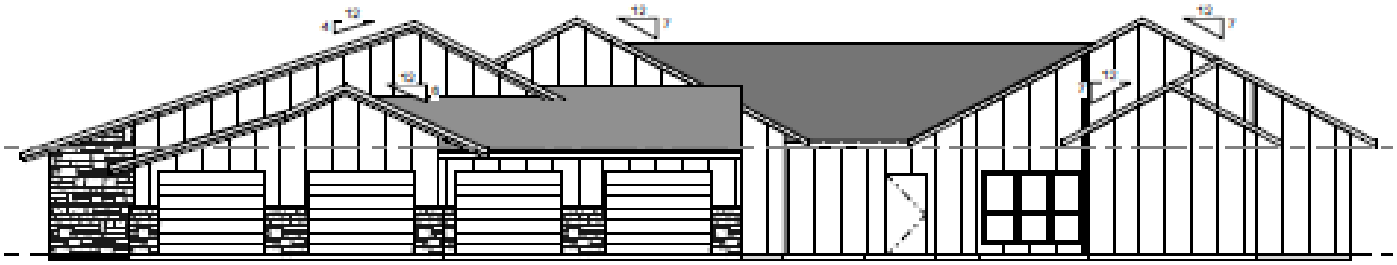
Comments:

Two (2) points of ingress/egress will be situated off of Old Decatur Road. Parking lot corresponds to building layout. Adequately parked at 278 open, no-fee spaces (2.2/unit vs. Code requirement of 2.1/unit). Primary entrance will be on Williams Drive with secondary access points on both Woodlake Drive and Cedar Lake Blvd. Lot encircles main building and provides convenient access to all units. At 1.5/unit, parking exceeds City requirement for senior multifamily projects (1.0/unit plus 5% for visitors). No fee parking meets City requirement.

TYPICAL 4-STORY BUILDING ELEVATION

Comments:
Average construction quality, elevator served, 4-story modified wrap building with flat roof. Enclosed corridors run lengthwise down the middle.

TYPICAL 1-STORY FOURPLEX ELEVATION



Comments:
Single story fourplex component comprised of 6 buildings (24 two-bedroom units) with attached garages.

BUILDING CONFIGURATION

Building Type	1	2	3	4	5	6							**Total Buildings**
Floors/Stories	4	4	4	4	4	1							
Number of Bldgs	2	2	2	1	1	6							**14**
Units per Bldg	24	28	44	12	16	4							
Total Units	48	56	88	12	16	24							**244**

Avg. Unit Size (SF)	**859 sf**	**Total NRA (SF)**	**209,626**	**Common Area (SF)**	**7,186**

SITE AND ACQUISITION

Site Acreage: Total Size: 13.24 acres Density: 18.4 units/acre

Site Control: 13.24 **Site Plan:** 13.24 **Appraisal:** N/A **ESA:** 16.17

Control Type: Commercial Contract - Unimproved Property Contract Expiration: 1/0/1900

Development Site: 13.24 acres Cost: $2,850,000 $11,680 per unit

Seller: Oryx Capital, LLC

Buyer: Denison Development & Construction, Inc. or Assigns

Assignee: Pending

Related-Party Seller/Identity of Interest: No

Comments:

Oryx Capital, LLC ("Oryx") is not the owner of the property but is under contract to acquire 16.74 acres from current landowner, Andice Development Company, for $2,734,480 ($163,350/acre). Simultaneously, Oryx is contracted to sell 13.24 acres (subject site) out of the tract purchased to Denison Development & Construction, Inc. (or Assigns) for $2,850,000 ($215,257/acre). Oryx will retain 3.5 acres of the corner tract at the intersection of Williams Drive and Woodlake Drive suitable for resale or commercial/retail development. Given the anticipated use, it is likely more valuable per acre than subject site.

While Oryx is not related to Applicant, the principals have been involved as the Seller on a number of Applicant's previous projects using a similar simultaneous site purchase/sale strategy.

GENERAL INFORMATION

Flood Zone:	Zone X	Scattered Site?	No
Zoning:	C-1 & OF	Within 100-yr floodplain?	No
		Re-Zoning Required?	Yes
Year Constructed:	N/A	Utilities at Site?	Yes
		Title Issues?	No

Surrounding Uses:

Northeast: Williams Drive / undeveloped land / business park / retail / single family.

Southeast: Cedar Lake Blvd. / undeveloped land.

Northwest: Woodlake Drive / Kid's Zone (daycare and pre-school) / Ford Elementary School.

Southwest: Single family.

Other Observations:

Required zoning is MF1 and MF2 with a variance to allow more than 24 units per building structure.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: ECS Texas, LLP Date: 2/8/2016

Recognized Environmental Conditions (RECs) and Other Concerns:

- None.

Comments:

ESA covers the entire 16 acre parent tract being acquired under the Oryx Contract.

MARKET ANALYSIS

Provider: Affordable Housing Analysts Date: 3/25/2016

Contact: Bob Coe Phone: 281-387-7552

Primary Market Area (PMA): 240 sq. miles 9 mile equivalent radius

The irregular PMA consists of 21 census tracts located around Georgetown. I-35 bisects the PMA vertically. East of I-35, the PMA extends two miles north of Jarrel, 7-11 miles west of I-35 and south to County Road 107. West of I-35, the northern border is formed by Hwy 195 and Berry Creek; the western border is Williams Drive, County Road 258, Ronald Reagan Blvd., and County Road 175. The southern border is formed by FM 1431.

ELIGIBLE HOUSEHOLDS BY INCOME								
Williamson County Income Limits								
HH	30% of AMI		40% of AMI		50% of AMI		60% of AMI	
size	min	max	min	max	min	max	min	max
1	$9,672	$16,140	---	---	$16,128	$26,900	$19,368	$32,280
2	$10,368	$18,450	---	---	$17,280	$30,750	$20,736	$36,900
3	$12,456	$20,760	---	---	$20,760	$34,600	$24,912	$41,520

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
	None				0	
Other Affordable Developments in PMA since 2012						
16188	Kaia Pointe		new	general	n/a	102
16068	Live Oak Apts		new	general	n/a	108
13407	The Gateway Northwest		new	General	n/a	177
15228	Northwest Apts		A/R	general	n/a	24
15083	Georgetown Square Apts		A/R	general	n/a	55
12084	San Gabriel Apts		A/R	General	n/a	136
Stabilized Affordable Developments in PMA (pre-2012)					Total Units	753
					Total Developments	6

Proposed, Under Construction, and Unstabilized Comparable Supply:

Live Oak Apartments (#16068) is a proposed family development that appears to be competitive in the 2016 9% application cycle. This project is located less than two miles, on the same road, from the Subject. Kaia Pointe (#16188) is a proposed family development that appears to be competitive in the 2016 9% application cycle. This project is located less than one mile, on the same road, from the Subject. The Gateway Northwest (#13407) is an awarded 2013 bond family deal; they started pre-leasing in February 2015 and are still only 63% leased. None of these developments are competitive with Subject because they do not target the senior population.

The other three developments listed are all family rehabs and will not be competitive with the Subject.

OVERALL DEMAND ANALYSIS

	Market Analyst		Underwriter	
Total Households in the Primary Market Area	39,071		39,071	
Senior Households in the Primary Market Area	20,082		20,082	
Potential Demand from the Primary Market Area	4,227		5,153	
Potential Demand from Other Sources	0		0	
GROSS DEMAND	4,227		5,153	
Subject Affordable Units	122		122	
Unstabilized Comparable Units	0		0	
RELEVANT SUPPLY	122		122	
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**2.9%**		**2.4%**	

Population:	**Elderly Limitation**	**Market Area:**	**Urban**	**Maximum Gross Capture Rate:**	**10%**

Demand Analysis:

Minimum eligible income is calculated at 50% rent to income for Elderly deals. Gross demand includes all household sizes and both renter and owner households. The stated Gross Capture Rate and Unit Capture Rates only reflect the demand for the 122 affordable units at the Subject property and do not consider any of the 122 market units in the analysis.

The Gross Capture Rate and all Unit Capture Rates are well under the allowable maximums showing there is enough senior demand in the PMA for the 122 affordable Subject units.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE								
	Market Analyst				Underwriter			
Unit Type	Demand	Subject Units	Comp Units	Unit Capture Rate	Demand	Subject Units	Comp Units	Unit Capture Rate
0 BR/30%	141	2	0	1%	197	2	0	1%
0 BR/50%	72	6	0	8%	380	6	0	2%
0 BR/60%	342	1	0	0%	180	1	0	1%
1 BR/30%	383	6	0	2%	417	6	0	1%
1 BR/50%	721	21	0	3%	888	21	0	2%
1 BR/60%	632	25	0	4%	519	25	0	5%
2 BR/30%	375	5	0	1%	260	5	0	2%
2 BR/50%	280	23	0	8%	626	23	0	4%
2 BR/60%	1281	33	0	3%	370	33	0	9%

Market Analyst Comments:

A significant amount of both new residential and commercial construction has taken place in the subject neighborhood over the past few years. The general consensus among real estate professionals is that growth is expected to be steady into the near future. (p. 34)

The primary market area had an estimated 2016 average household income of $93,495 with a median household income of $73,632. (p. 37)

...the total percentage of households eligible on an income basis in the subject's primary market is 21.89%. (p. 72)

There is one Seniors conventional property proposed or under construction, The Delaney with 120 independent living units, 54 assisted care units, and 32 memory care units. The Delaney isn't completed, and already has 43 units leased. Due to their significantly higher rental rates and range of services offered, the Delaney is not considered comparable to the proposed subject. (p. 87)

Underwriter Comments:

The two elderly affordable deals in the PMA are 98% occupied. Other recent affordable elderly developments in the area have leased-up quickly.

Trails at Carmel Creek (13201) is an elderly deal located outside the PMA in Hutto (22 miles away). The property started leasing in December 2015; it is currently 98% leased with 100% pre-leased occupancy. This calculates to 12 units/mo lease-up. Carmel Creek reports attaining full 60% rents, $960 for 1B market units, and $1250 for 2B market units. While not in the PMA, this does show demand for senior affordable units in the suburbs of Austin.

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$1,663,581	Avg. Rent:	$1,026	Expense Ratio:	42.6%
Debt Service:	$1,286,917	B/E Rent:	$887	Controllable Expenses:	$2,945
Net Cash Flow:	$376,664	UW Occupancy:	92.5%	Property Taxes/Unit:	$711
Aggregate DCR:	1.29	B/E Occupancy:	80.5%	Program Rent Year:	2015

Restricted unit rents are projected at max program while unrestricted units are essentially budgeted to achieve concluded market study rents. With indicated demand and 50% of the units being unrestricted, assumed rents are thought to be achievable. Furthermore, budget assumption is supported by actual rents being collected at Applicant's Leander Station Senior Village (TDHCA #09138). Unrestricted rents can decline by 7.5% without affecting feasibility conclusion.

Ownership structure includes Frameworks Community Development Corporation, Inc., a recognized CHDO. As such, Applicant has assumed a 50% CHDO property tax exemption, contributing to the low expense ratio and healthy DCR. Without the exemption, the DCR would fall below the 1.15 feasibility threshold.

Average rent with 1 month concession on 60% and market rate units exceeds break-even by $68, but the need for concessions is diminished by the underwritten rent structure offering a combined 21% discount to concluded market study rents.

As underwritten, breakeven occupancy occurs with 48 units vacant (underwritten at 18).

Projected 15 year residual cash flow is $7M with DCR remaining above 1.29 for over 35 years .

Revisions to Rent Schedule:	3	Revisions to Annual Operating Expenses:	1

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$215,257/ac	$11,680/unit	**$2,885,000**	Contractor Fee	**$2,616,146**
Off-site + Site Work		$9,127/unit	**$2,226,909**	Soft Cost + Financing	**$4,216,323**
Building Cost	$74.28/sf	$63,811/unit	**$15,570,000**	Developer Fee	**$3,656,788**
Contingency	5.00%	$3,647/unit	**$889,845**	Reserves	**$1,300,000**
Total Development Cost	$136,725/unit	**$33,361,011**		**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	High Opportunity Index [9% only]

Off-site:

Certified estimate of $154K ($630/unit) to extend sanitary sewer.

Site Work:

Certified estimate of $2.1M ($8.5K/unit) includes Site Amenities. Site Work budget of $1.7M ($6.8K/unit) covers typical grading, concrete, paving, utilities and detention, including $40K allocated to an existing water well. Site amenities of $416K include $1268K for landscaping, $120K for the pool and decking and $28K for fencing.

Building Cost:

Applicant's building cost budget is $804K (5%) less than Underwriter's general estimate of $78.11/sf. If Underwriter's estimate proves to be more accurate, Applicant would still have enough Developer Fee left to feasibly defer and enough Contingency to cover the additional costs.

Ineligible Costs:

Cost for garages and carports is excluded from eligible basis.

Soft Costs:

At $2.1K/unit (2%), A&E costs are lower than average. Furthermore, at $7.1K/unit (5%), total soft costs are also lower than typical.

Comments:

At $74.28/sf, Applicant's budgeted Building Cost is just under the applicable $75/sf threshold for maximum scoring.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$33,361,011	$27,270,302	$1,595,313

Revisions to Development Cost Schedule:	0

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Citi Bank	Conventional Loan	$24,500,000	4.50%	329%
TDHCA	Multifamily Direct Loan	$2,000,000	0.00%	27%
RBC	HTC	$2,388,970	$1.00	32%
DDC Investments, Ltd	Deferred Fee	$3,056,996		41%
City of Georgetown	In- Kind Contribution	$10		0%
		$7,445,976	Total Sources	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Citi Bank	$18,400,000	5.50%	35	18	$18,400,000	5.50%	35	18	55%
TDHCA	$2,000,000	3.00%	30	18	$2,000,000	3.00%	30	18	6%
City of Georgetown	$100				$10				0%
Total	$20,400,100				$20,400,010				

Comments:

TDHCA's Multifamily Direct Loan requires a match component provided by the Applicant. In this case, it is constituted by the following:

- $4,186,435 representing the NPV of abated property taxes by Williamson County as a result of the 50% CHDO exemption.

Pursuant to §11.9(d)(2) application received one scoring point for Commitment of Development Funding by Local Political Subdivision. The application included a Resolution of the City Council of Georgetown stating that it will provide "a grant, reduced fee, or contribution of other value for the benefit of the development in the amount of $10".

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	Amount	Rate	% Def	Amount	Rate	% TC	% Def
RBC	$11,944,851	$1.00		$11,944,851	$1.00	36%	
DDC Investments, Ltd	$1,016,060		28%	$1,016,150		3%	28%
Total	$12,960,911			$12,961,001			
				$33,361,011	Total Sources		

Credit Price Sensitivity based on current capital structure	
$1.085	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.779	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	$33,361,011
Permanent Sources	$20,400,010
Gap in Permanent Financing	$12,961,001

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	$15,949,936	$1,595,313
Needed to Fill Gap in Financing	$12,961,001	$1,296,359
Requested by Applicant	$11,944,851	$1,194,724

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	**$11,944,851**	**$1,194,724**

	Amount	Interest Rate	Amort	Term	Lien
TDHCA Multifamily Direct Loan	**$2,000,000**	**3%**	**30**	**18**	**2nd**

Deferred Developer Fee	**$1,016,150**	**(28% deferred)**
Repayable in	**3 years**	

Comments:

Credit allocation is limited to $1,194,724 as requested by Applicant.

The proposed capital structure would support an annual credit request of $1.3M, which is $102K greater than the requested credits. The additional credits would have generated an additional $1M in syndication proceeds.

If the Direct Loan funds are not awarded, debt coverage would increase to 1.40 times, exceeding the maximum acceptable DCR. The Underwriter would assume an increase in the primary debt to $19,200,000. This would require deferral of $2,216,060 of the developer fee, which could be repaid within 5 years of operation.

Applicant has also requested $50,000 CHDO Operating Expense funds. These funds are a one-time operating subsidy. They are not a source of funds for the development, and are not considered in the underwriting analysis.

Underwriter:	*Gregg Kazak*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Merritt Heritage, Georgetown, 9% HTC/MDL #16185

LOCATION DATA	
CITY:	Georgetown
COUNTY:	Williamson
PROGRAM REGION:	7

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	24	9.8%	0	30%	13	5.3%
1	98	40.2%	0	40%	-	0.0%
2	122	50.0%	0	50%	50	20.5%
3	-	0.0%	0	60%	59	24.2%
4	-	0.0%	0	MR	122	50.0%
TOTAL	**244**	**100.0%**	**-**	**TOTAL**	**244**	**100.0%**

Applicable Programs
9% Housing Tax Credits
Direct Loan

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	50.00%
APP % Acquisition	3.37%
APP % Construction	9.00%
Average Unit Size	859 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TDHCA Direct Loan Program		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	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%	$403	LH/50%	$672	1	0	1	605	$403	$67	$336	($0)	$0.56	$336	**$336**	**$336**	$336	$0.56	$0	$1,000	$1.65	$1,000
TC 50%	$672			4	0	1	605	$672	$67	$605	($0)	$1.00	$605	**$2,420**	**$2,421**	$605	$1.00	$0	$1,000	$1.65	$1,000
MR				11	0	1	605	$0	$67		NA	$1.65	$1,000	**$11,000**	**$11,000**	$1,000	$1.65	NA	$1,000	$1.65	$1,000
TC 30%	$403	LH/50%	$672	1	0	1	563	$403	$67	$336	($0)	$0.60	$336	**$336**	**$336**	$336	$0.60	$0	$1,000	$1.78	$980
TC 50%	$672	LH/50%	$672	2	0	1	563	$672	$67	$605	($0)	$1.07	$605	**$1,210**	**$1,211**	$605	$1.08	$0	$1,000	$1.78	$980
TC 60%	$807			1	0	1	563	$807	$67	$740	($0)	$1.31	$740	**$740**	**$740**	$740	$1.31	$0	$1,000	$1.78	$980
MR				4	0	1	563	$0	$67		NA	$1.78	$1,000	**$4,000**	**$4,000**	$1,000	$1.78	NA	$1,000	$1.78	$980
TC 30%	$432			4	1	1	742	$432	$75	$357	($0)	$0.48	$357	**$1,428**	**$1,428**	$357	$0.48	$0	$1,100	$1.48	$1,100
TC 50%	$720	HH/60%	$834	4	1	1	742	$720	$75	$645	($0)	$0.87	$645	**$2,580**	**$2,580**	$645	$0.87	$0	$1,100	$1.48	$1,100
TC 50%	$720			10	1	1	742	$720	$75	$645	($0)	$0.87	$645	**$6,450**	**$6,451**	$645	$0.87	$0	$1,100	$1.48	$1,100
TC 60%	$864			18	1	1	742	$864	$75	$789	($0)	$1.06	$789	**$14,202**	**$14,203**	$789	$1.06	$0	$1,100	$1.48	$1,100
MR				34	1	1	742	$0	$75		NA	$1.48	$1,100	**$37,400**	**$37,400**	$1,100	$1.48	NA	$1,100	$1.48	$1,100
TC 30%	$432	LH/50%	$720	1	1	1	765	$432	$75	$357	($0)	$0.47	$357	**$357**	**$357**	$357	$0.47	$0	$1,100	$1.44	$1,100
TC 50%	$720	HH/60%	$834	4	1	1	765	$720	$75	$645	($0)	$0.84	$645	**$2,580**	**$2,580**	$645	$0.84	$0	$1,100	$1.44	$1,100
TC 60%	$864			4	1	1	765	$864	$75	$789	($0)	$1.03	$789	**$3,156**	**$3,156**	$789	$1.03	$0	$1,100	$1.44	$1,100
MR				7	1	1	765	$0	$75		NA	$1.44	$1,100	**$7,700**	**$7,700**	$1,100	$1.44	NA	$1,100	$1.44	$1,100
TC 30%	$432	LH/50%	$720	1	1	1	884	$432	$87	$345	$0	$0.39	$345	**$345**	**$345**	$345	$0.39	$0	$1,100	$1.24	$1,170
TC 50%	$720	HH/60%	$834	3	1	1	884	$720	$87	$633	$0	$0.72	$633	**$1,899**	**$1,899**	$633	$0.72	$0	$1,100	$1.24	$1,170
TC 60%	$864			3	1	1	884	$864	$87	$777	$0	$0.88	$777	**$2,331**	**$2,331**	$777	$0.88	$0	$1,100	$1.24	$1,170
MR				5	1	1	884	$0	$87		NA	$1.24	$1,100	**$5,500**	**$5,500**	$1,100	$1.24	NA	$1,100	$1.24	$1,170
TC 30%	$519			4	2	1	933	$519	$94	$425	($0)	$0.46	$425	**$1,700**	**$1,700**	$425	$0.46	$0	$1,400	$1.50	$1,400
TC 50%	$865			7	2	1	933	$865	$94	$771	($0)	$0.83	$771	**$5,397**	**$5,397**	$771	$0.83	$0	$1,400	$1.50	$1,400
TC 50%	$865	HH/60%	$1,050	7	2	1	933	$865	$94	$771	($0)	$0.83	$771	**$5,397**	**$5,397**	$771	$0.83	$0	$1,400	$1.50	$1,400
TC 60%	$1,038			18	2	1	933	$1,038	$94	$944	($0)	$1.01	$944	**$16,992**	**$16,993**	$944	$1.01	$0	$1,400	$1.50	$1,400
MR				34	2	1	933	$0	$94		NA	$1.50	$1,400	**$47,600**	**$47,600**	$1,400	$1.50	NA	$1,400	$1.50	$1,400
TC 30%	$519	LH/50%	$865	1	2	2	1,041	$519	$94	$425	($0)	$0.41	$425	**$425**	**$425**	$425	$0.41	$0	$1,700	$1.63	$1,700
TC 50%	$865	HH/60%	$1,050	8	2	2	1,041	$865	$94	$771	($0)	$0.74	$771	**$6,168**	**$6,168**	$771	$0.74	$0	$1,700	$1.63	$1,700
TC 60%	$1,038			10	2	2	1,041	$1,038	$94	$944	($0)	$0.91	$944	**$9,440**	**$9,440**	$944	$0.91	$0	$1,700	$1.63	$1,700
MR				21	2	2	1,041	$0	$94		NA	$1.63	$1,700	**$35,700**	**$35,700**	$1,700	$1.63	NA	$1,700	$1.63	$1,700
TC 50%	$865	HH/60%	$1,050	1	2	2	1,142	$865	$113	$752	$0	$0.66	$752	**$752**	**$752**	$752	$0.66	$0	$1,700	$1.49	$1,750
TC 60%	$1,038			5	2	2	1,142	$1,038	$113	$925	$0	$0.81	$925	**$4,625**	**$4,625**	$925	$0.81	$0	$1,700	$1.49	$1,750
MR				6	2	2	1,142	$0	$113		NA	$1.49	$1,700	**$10,200**	**$10,200**	$1,700	$1.49	NA	$1,700	$1.49	$1,750
TOTALS/AVERAGES:				**244**			**209,626**				**($0)**	**$1.19**	**$1,026**	**$250,366**	**$250,375**	**$1,026**	**$1.19**	**$0**	**$1,304**	**$1.52**	**$1,309.34**
ANNUAL POTENTIAL GROSS RENT:														**$3,004,392**	**$3,004,496**						

STABILIZED PRO FORMA

Merritt Heritage, Georgetown, 9% HTC/MDL #16185

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Other		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.19	$1,026	$3,004,392	$3,004,496	$1,026	$1.19		0.0%	($104)
Laundry, App Fees, Late Fees							$12.00	$35,136						
Carports (In Addition to Required)							$6.15	$18,000						
Garages (In Addtion to Required)							$25.20	$73,800						
Total Secondary Income							$43.35		$58,560	$20.00			116.8%	$68,376
POTENTIAL GROSS INCOME								$3,131,328	$3,063,056				2.2%	$68,272
Vacancy & Collection Loss							7.5% PGI	(234,850)	(229,729)	7.5% PGI			2.2%	(5,120)
Rental Concessions								-	-				0.0%	-
EFFECTIVE GROSS INCOME								$2,896,478	$2,833,327				2.2%	$63,151
General & Administrative	$103,796	$425/Unit	$81,102	$332	2.82%	$0.39	$335	$81,685	$81,102	$332	$0.39	2.86%	0.7%	583
Management	$110,775	3.9% EGI	$109,293	$448	5.00%	$0.69	$594	$144,929	$141,666	$581	$0.68	5.00%	2.3%	3,263
Payroll & Payroll Tax	$311,515	$1,277/Unit	$341,450	$1,399	10.71%	$1.48	$1,271	$310,080	$311,515	$1,277	$1.49	10.99%	-0.5%	(1,435)
Repairs & Maintenance	$157,517	$646/Unit	$132,522	$543	4.80%	$0.66	$570	$138,966	$146,400	$600	$0.70	5.17%	-5.1%	(7,434)
Electric/Gas	$70,951	$291/Unit	$49,000	$201	1.36%	$0.19	$162	$39,469	$49,000	$201	$0.23	1.73%	-19.5%	(9,531)
Water, Sewer, & Trash	$199,042	$816/Unit	$127,911	$524	5.12%	$0.71	$608	$148,337	$127,911	$524	$0.61	4.51%	16.0%	20,426
Property Insurance	$66,573	$0.32 /sf	$67,926	$278	2.36%	$0.33	$280	$68,320	$66,573	$273	$0.32	2.35%	2.6%	1,747
Property Tax (@ 50%) 2.313529	$193,708	$794/Unit	$176,115	$722	5.99%	$0.83	$711	$173,515	$190,581	$781	$0.91	6.73%	-9.0%	(17,066)
Reserve for Replacements	$87,911	$360/Unit	$61,537	$252	2.11%	$0.29	$250	$61,000	$61,000	$250	$0.29	2.15%	0.0%	-
Cable TV			$37,961	$156	2.02%	$0.28	$240	$58,560	$58,560	$240	$0.28	2.07%	0.0%	-
Supportive Services			$31,159	$128	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			$8,199	$34	0.21%	$0.03	$25	$6,036	$6,036	$25	$0.03	0.21%	0.0%	-
Security			$7,007	$29	0.07%	$0.01	$8	$2,000	$2,000	$8	$0.01	0.07%	0.0%	-
Other			$46,540	$191	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TOTAL EXPENSES			**$1,277,722**		**42.57%**	**$5.88**	**$5,053**	**$ 1,232,897**	**$1,242,344**	**$5,092**	**$5.93**	**43.85%**	**-0.8%**	**$ (9,447)**
NET OPERATING INCOME ("NOI")					**57.43%**	**$7.94**	**$6,818**	**$1,663,581**	**$1,590,983**	**$6,520**	**$7.59**	**56.15%**	**4.6%**	**$ 72,599**
CONTROLLABLE EXPENSES							$2,945/Unit			$2,934/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Merritt Heritage, Georgetown, 9% HTC/MDL #16185

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Citi Bank		1.34	1.40	1,185,732	5.50%	35	18	$18,400,000	$18,400,000	18	35	5.50%	$1,185,732	1.40	55.2%
TDHCA		1.24	1.29	101,185	3.00%	30	18	$2,000,000	$2,000,000	18	30	3.00%	$101,185	1.29	6.0%
CASH FLOW DEBT / GRANTS															
City of Georgetown		1.24	1.29	0	0.00%	0	0	$100	$10	0	0	0.00%		1.29	0.0%
				$1,286,917		**TOTAL DEBT / GRANT SOURCES**		**$20,400,100**	**$20,400,010**			**TOTAL DEBT SERVICE**	**$1,286,917**	1.29	61.1%

NET CASH FLOW	$304,066	$376,664							**APPLICANT**	**NET OPERATING INCOME**		**$1,663,581**	**$376,664**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE						
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**	
RBC	LIHTC Equity	35.8%	$1,194,724	1.00	$11,944,851	$11,944,851	$1.00	$1,194,724	35.8%	$4,896	Needed to Fill Gap	
DDC Investments, Ltd	Deferred Developer Fees	3.0%	(28% Deferred)		$1,016,060	$1,016,150	(28% Deferred)		3.0%	**Total Developer Fee:**		**$3,656,788**
Additional (Excess) Funds Req'd		0.0%			$0	$0			0.0%			
TOTAL EQUITY SOURCES		38.9%			$12,960,911	$12,961,001			38.9%	**15-Year Cash Flow:**		**$8,044,914**

TOTAL CAPITALIZATION					**$33,361,011**	**$33,361,011**				**15-Yr Cash Flow after Deferred Fee:**			**$7,028,764**		

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis								Eligible Basis			
	Acquisition	**New Const. Rehab**		**Total Costs**			**Total Costs**		**New Const. Rehab**	**Acquisition**	%	$
Land Acquisition				$11,680 / Unit	$2,850,000	$2,850,000	$11,680 / Unit				0.0%	$0
Building Acquisition	$0			$ / Unit	$0	$0	$ / Unit			$0	0.0%	$0
Closing costs & acq. legal fees					$35,000	$35,000						$0
Off-Sites		$0		$630 / Unit	$153,600	$153,600	$630 / Unit		$0		0.0%	$0
Site Work		$1,657,309		$6,792 / Unit	$1,657,309	$1,657,309	$6,792 / Unit		$1,657,309		0.0%	$0
Site Amenities		$386,000		$1,705 / Unit	$416,000	$416,000	$1,705 / Unit		$386,000		0.0%	$0
Building Cost		$15,120,000	$74.28 /sf	$63,811/Unit	$15,570,000	$16,373,556	$67,105/Unit	$78.11 /sf	$16,040,273		-4.9%	($803,556)
Contingency		$858,165	5.00%	5.00%	$889,845	$889,845	4.78%	4.75%	$858,165		0.0%	$0
Contractor Fees		$2,523,006	14.00%	14.00%	$2,616,146	$2,616,146	13.42%	13.32%	$2,523,006		0.0%	$0
Soft Costs	0	$1,707,725		$7,081 / Unit	$1,727,725	$1,727,725	$7,081 / Unit		$1,707,725	$0	0.0%	$0
Financing	0	$1,461,100		$10,199 / Unit	$2,488,598	$2,488,598	$10,199 / Unit		$1,461,100	$0	0.0%	$0
Developer Fee	$0	$3,556,996	15.00%	15.00%	$3,656,788	$3,656,788	14.52%	14.44%	$3,556,996	$0	0.0%	$0
Reserves				$5,328 / Unit	$1,300,000	$1,264,631	$5,183 / Unit				2.8%	$35,369
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$27,270,302**		$136,725 / Unit	**$33,361,011**	**$34,129,198**	$139,874 / Unit		**$28,190,575**	**$0**	**-2.3%**	**($768,187)**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		$0										
Interim Interest		$0										
Developer Fee	$0	$0			$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$27,270,302**		$136,725/unit	**$33,361,011**	**$34,129,198**	$139,874/unit		**$28,190,575**	**$0**	**-2.3%**	**($768,187)**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$33,361,011**	

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Merritt Heritage, Georgetown, 9% HTC/MDL #16185

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$27,270,302	$0	$28,190,575
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$27,270,302	$0	$28,190,575
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$35,451,392	$0	$36,647,748
Applicable Fraction	50.00%	50.00%	50.00%	50.00%
TOTAL QUALIFIED BASIS	$0	$17,725,696	$0	$18,323,874
Applicable Percentage	3.37%	9.00%	3.37%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,595,313	$0	$1,649,149
CREDITS ON QUALIFIED BASIS	$1,595,313		$1,649,149	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9998	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,595,313	$15,949,936	----	----	----
Needed to Fill Gap	$1,296,359	$12,961,001	----	----	----
Applicant Request	$1,194,724	$11,944,851	**$1,194,724**	**$0**	**$0**

Development Cost/SF

	Application	TDHCA
Acquisition & Hard Costs	$101.62	$105.46
Hard Costs	$101.62	$105.46
Building Costs	$74.28	$78.11
Total Points Claimed:		12

BUILDING COST ESTIMATE

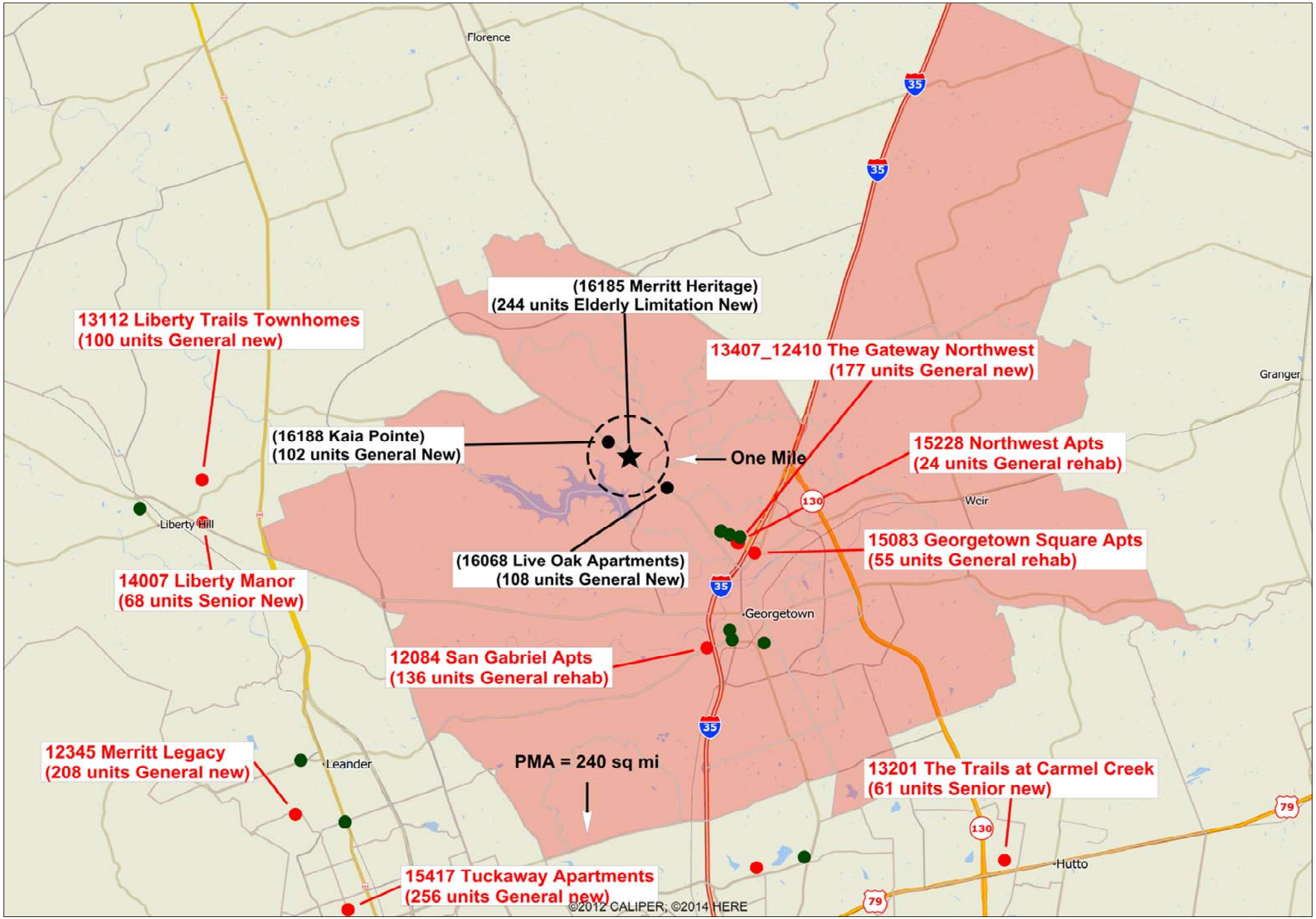
CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost: Modified Wrap / Fourplex		209,626 SF	$65.71	13,773,642
Adjustments				
Exterior Wall Finish	2.12%		1.39	$292,229
Elderly	3.00%		1.97	413,209
9-Ft. Ceilings	3.27%		2.15	449,738
Roof Adjustment(s)			0.43	90,805
Subfloor			(0.12)	(24,129)
Floor Cover			3.55	744,592
Breezeways	$28.05	0	0.00	0
Balconies	$27.68	27,613	3.65	764,346
Plumbing Fixtures	$990	180	0.85	178,200
Rough-ins	$485	488	1.13	236,680
Built-In Appliances	$1,725	244	2.01	420,900
Exterior Stairs	$2,250	24	0.26	54,000
Heating/Cooling			2.14	448,600
Enclosed Corridors	$48.90	40,611	9.47	1,985,707
Carports	$11.94	9,720	0.55	116,057
Garages	$21.61	15,436	1.59	333,572
Comm &/or Aux Bldgs	$65.71	7,186	2.25	472,162
Elevators	$77,500	3	1.11	232,500
Other: Additional Bldg. Area (Laundry, Trash, Etc.)	$48.90	9,628	2.25	470,769
Fire Sprinklers	$2.47	257,423	3.03	635,835
SUBTOTAL			**105.38**	**22,089,413**
Current Cost Multiplier	0.99		(1.05)	(220,894)
Local Multiplier	0.88		(12.65)	(2,650,730)
TOTAL BUILDING COSTS			**91.68**	**$19,217,789**
Plans, specs, survey, bldg permits	3.30%		(3.03)	($634,187)
Contractor's OH & Profit	11.50%		(10.54)	(2,210,046)
NET BUILDING COSTS		$67,105/unit	$78.11/sf	$16,373,556

Long-Term Pro Forma

Merritt Heritage, Georgetown, 9% HTC/MDL #16185

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$2,896,478	$2,954,408	$3,013,496	$3,073,766	$3,135,241	$3,461,560	$3,821,842	$4,219,622	$5,143,696	$5,679,056
TOTAL EXPENSES	3.00%	$1,232,897	$1,268,435	$1,305,009	$1,342,652	$1,381,393	$1,592,755	$1,836,880	$2,118,893	$2,821,239	$3,267,693
NET OPERATING INCOME ("NOI")		**$1,663,581**	**$1,685,973**	**$1,708,487**	**$1,731,114**	**$1,753,848**	**$1,868,805**	**$1,984,962**	**$2,100,729**	**$2,322,457**	**$2,411,363**
MUST -PAY DEBT SERVICE											
Citi Bank		$1,185,732	$1,185,732	$1,185,732	$1,185,732	$1,185,732	$1,185,732	$1,185,732	$1,185,732	$1,185,732	$1,185,732
TDHCA		$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185	$101,185
TOTAL DEBT SERVICE		$1,286,917	$1,286,917	$1,286,917	$1,286,917	$1,286,917	$1,286,917	$1,286,917	$1,286,917	$1,286,917	$1,286,917
ANNUAL CASH FLOW		**$376,664**	**$399,056**	**$421,570**	**$444,197**	**$466,931**	**$581,888**	**$698,045**	**$813,813**	**$1,035,540**	**$1,124,446**
CUMULATIVE NET CASH FLOW		$376,664	$775,721	$1,197,291	$1,641,488	$2,108,419	$4,787,195	$8,044,914	$11,882,967	$21,257,037	$26,711,783
DEBT COVERAGE RATIO		1.29	1.31	1.33	1.35	1.36	1.45	1.54	1.63	1.80	1.87
EXPENSE/INCOME RATIO		42.6%	42.9%	43.3%	43.7%	44.1%	46.0%	48.1%	50.2%	54.8%	57.5%
Deferred Developer Fee Balance		$639,485	$240,429	$0	$0	$0	$0	$0	$0	$0	$0

16185 Merritt Heritage PMA Map



Disclaimer: This map is not a survey. Boundaries, distance and scale are approximate only.

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

MAY 25, 2017

Presentation, Discussion, and Possible Action regarding an Award of Direct Loan funds from the 2017-1 Multifamily Direct Loan Notice of Funding Availability

RECOMMENDED ACTION

WHEREAS, the Department has received a total of thirty-five applications for Multifamily Direct Loan funds under the 2017-1 Multifamily Direct Loan Notice of Funding Availability ("NOFA");

WHEREAS, Application #17504, which is requesting $1,000,000 in Direct Loan funds for Merritt Heritage, is a Priority 1 application under the 2017-1 NOFA that has received complete reviews for compliance with program and underwriting requirements and has been deemed a Medium Portfolio Category 1;

WHEREAS, the applicant is requesting a waiver of the amortization and repayment provisions in 10 TAC §13.8(a), a change in the terms of the previously awarded $2 million in HOME funds, and a waiver of the HOME loan disbursement policy in 10 TAC §13.11(p);

WHEREAS, 10 TAC §10.207(a)(2) states that a "waiver request must establish how it is necessary to address circumstances beyond the Applicant's control and how, if the waiver is not granted, the Department will not fulfill some specific requirement of law;"

WHEREAS, while circumstances beyond the Applicant's control do exist, staff has not identified a specific requirement of law that will not be fulfilled if the waiver requests are not granted; and

WHEREAS, staff has determined this application to be financially infeasible under both the terms required in the 2016-1 Multifamily Direct Loan NOFA and 2017-1 Multifamily Direct Loan NOFA as well as the more accommodative terms requested in conjunction with the above-referenced waiver requests;

NOW, therefore, it is hereby

RESOLVED, that the requested $1,000,000 in additional Direct Loan funds from the 2017-1 NOFA for Merritt Heritage is hereby denied in the form presented at this meeting and

FURTHER RESOLVED, that no modifications are being made to the terms of the previously awarded $2 million in HOME funds under the 2016-1 Multifamily

Direct Loan NOFA, except for extending the term to 40 years in accordance with 10 TAC §10.307(a)(2) of the 2016 Uniform Multifamily Rules.

BACKGROUND

On December 15, 2016, the Board approved the 2017-1 Multifamily Direct Loan NOFA with $32,549,905 in funds with up to $4,000,000 in the Supportive Housing/ Soft Repayment Set-Aside, $4,723,589, in the CHDO Set-Aside, and $23,826,316 in the General Set-Aside. The NOFA was amended at last month's Board meeting to include $2,299,235 in additional TCAP Repayment Funds, all of which was programmed under the General Set-Aside, thereby increasing the General Set-Aside to $26,125,551, and the overall NOFA amount to $34,849,140.

Staff is recommending the Board deny Merritt Heritage application (17504) for Direct Loan funds totaling $1,000,000 under the CHDO Set-Aside and not make any changes to the previously awarded $2,000,000 in Direct Loan funds under the CHDO Set-Aside. The applicant has noted that the equity pricing decrease ($1.00 to 86.5 cents) and building cost increase of approximately $5.9 million (32%) since award of 2016 Competitive Housing Tax Credit and Direct Loan awards has led them to request additional HOME funds under the 2017-1 NOFA, while also requesting a change in terms for the previously awarded HOME funds under the 2016-1 NOFA. Staff is not aware of authority to waive the terms of the 2016-1 NOFA, as that NOFA is now closed.

The Applicant is also requesting that the $1 million requested under the 2017-1 NOFA be awarded with terms that are not permissible under the NOFA and rules (10 TAC Chapter 10 and 10 TAC Chapter 13). Specifically, the applicant is requesting that the previously awarded $2 million at 3.0% interest and 30 year amortization be modified to 0% interest rate and 40 year amortization with all payment on the loan deferred until year 40. These are the same terms that have been requested for the current $1 million request. Rather than using developer fee and the ability to defer developer fee as a bulwark against rising construction costs, the applicant has increased developer fee approximately $1.3 million (32.4%), which has prompted the applicant to request changes to both the request for $1 million under the 2017-1 NOFA and the request for change to the $2 million awarded under the 2016-1 NOFA.

Staff was able to maintain the terms of the previously awarded $2 million by reducing the management fee from 5% to 3%, holding developer fee constant with what was previously approved in connection with the 2016 9% HTC and Direct Loan award, using the recently published 2017 HTC rents which increased income, and reducing overstated cable television expenses. Additionally, staff limited the amount of first lien debt from what the applicant has indicated. As a result of making these adjustments, the applicant can move forward with the 2016 Direct Loan award and continue to meet the feasibility requirements of 10 TAC Chapter 10.

The Applicant has stated that the changes in the equity market, construction pricing, and interest rates are outside of its control and that there are FHA financing requirements that justify the waiver request in order to "fulfill some specific requirement of law" as required in 10 TAC §10.207(a)(2). Staff acknowledges that there have been circumstances beyond the applicant's control but does not agree that the FHA financing requirements would dictate the terms of the Department's HOME funds beyond the maturity date. The Department has provided subordinate financing for dozens of transactions with FHA insured first lien loans where the Department's funds were not required to be deferred payable upon maturity.

Further, the Applicant has requested waiver of 10 TAC §13.11(p)(3) "At least 50 percent of the funds will be withheld from the initial disbursement of loan funds to allow for periodic disbursements" and 10 TAC §13.11(p)(9) which limits subsequent disbursement to the percentage of completion and imposes specific requirements for final draw. The Applicant has requested that the full amount of HOME funds be disbursed at loan closing. If the Applicant receives all of the HOME funds at closing, the Department will be at significant risk for completion of all regulatory requirements and therefore at risk of repayment to HUD.

While staff and the Board have previously signaled a willingness to work with 2016 9% Housing Tax Credit awardees that have experienced and can document a loss in prospective equity attributable to a decline in syndication rates, the waiver requests made in connection with this application go far beyond staff's ability to recommend.

EARAC considered this Application and the accompanying Real Estate Analysis report on May 15, 2017, and unanimously voted to recommend denial of the Application and to not make any changes to the previously awarded HOME funds, except for extending the term to 40 years to conform with the FHA-insured senior debt.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY DIRECT LOAN
2016-1 NOTICE OF FUNDING AVAILABILITY (NOFA)

1) **Summary.** The Texas Department of Housing and Community Affairs (the "Department") announces the availability of up to **$23,109,096** in Multifamily Direct Loan funding for the development of affordable multifamily rental housing for low-income Texans. The availability and use of these funds are subject to 10 TAC Chapters 1 ("Administration"), 2 ("Enforcement"), and 10 ("Uniform Multifamily Rules"), and Chapter 2306 of the Texas Government Code. Applications will be subject to the Department of Housing and Urban Development ("HUD'') HOME regulations governing the HOME program found at 24 CFR Part 92 ("HOME Final Rule"). Other Federal regulations that apply to HOME funds include, but are not limited to fair housing (42 U.S.C. 3601-3619), environmental requirements (42 U.S.C. 4321; and 24 CFR part 50 or part 58 depending on the type of activity), Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and HUD Handbook 1378, Section 104(d) of Housing and Community Development Act of 1974, and Davis-Bacon and Related Labor Acts for labor standards (40 U.S.C. §3141-3144 and 3146-3148, 24 CFR §92.354, and HUD Handbook Federal Labor Standards Compliance in Housing and Community Development Programs). HOME-funded developments must comply with HUD Section 3 requirements (24 CFR Part 135). Section 3 requires HOME funded housing and community development activities to give, to the greatest extent feasible (and consistent with existing Federal, State and local laws and regulations) job training, employment, contracting and other economic opportunities to Section 3 residents and business concerns.

   All Applicants, but particularly Applicants with Development Sites located outside Participating Jurisdictions, should assume that HOME funds will be awarded and should likewise be prepared to comply with the applicable regulations. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules that govern the program. If HOME funds are used and Federal regulations or subsequent guidance imposes additional requirements, such Federal regulations or guidance shall govern.

2) **Sources of Multifamily Direct Loan Funds.** Multifamily Direct Loan funds are made available through program income generated from prior year HOME allocations, de-obligated funds from prior HOME allocations, the 2015 Grant Year HOME allocation, and loan repayments from the Tax Credit Assistance Program ("TCAP Repayment funds" or "TCAP RF"). The Department may amend this NOFA or the Department may release a new

NOFA upon receiving its 2016 HOME allocation from HUD or additional TCAP loan repayments. These funds have been programmed for multifamily activities including acquisition and/or refinance of affordable housing involving new construction or rehabilitation.

3) Set-Asides. All funds will be subject to the Regional Allocation Formula ("RAF", located in Attachment A) until January 29, 2016, and then available on a statewide basis within each set-aside until June 1, 2016, at which time any remaining funds which have not been requested in the form of an application responsive to this NOFA will be available on a statewide basis regardless of set-aside. Applications under any and all set-asides ma**y** or may not be layered with 9% or 4% Housing Tax Credits ("HTC"). The funds made available under this NOFA are available under four set-asides:

Set-Aside	**Amount**
CHDO	$3,236,344
Deferred Forgivable Loan	$3,000,000
4% HTC Layered New Construction	$4,000,000
General	$12,872,752

a. **CHDO Set-Aside.** At least **$3,236,344** in HOME funds are set aside for eligible Community Housing Development Organizations ("CHDO") meeting the requirements of the definition of Community Housing Development Organization found in 24 CFR §92.2 and the requirements of this NOFA. Applicants under the CHDO Set-Aside must be proposing to develop housing in Development Sites located outside Participating Jurisdictions.

b. **Deferred Forgivable Loan Set-Aside.** Funds under this set-aside are intended to increase the number of 30% rent-restricted units and occupy them with households with an annual income of 30% Area Median Income ("AMI") or less who are not currently receiving any type of rental assistance. To achieve that goal, up to **$3,000,000** in TCAP Repayment and/or HOME funds are set aside for applications that meet the underwriting requirements in Subchapter D of the 2016 Uniform Multifamily Rules (the "Underwriting and Loan Policy") and:

   i. The definition of Supportive Housing in 10 TAC §10.3(a) in the 2016 Uniform Multifamily Rules including the other underwriting consideration for Supportive Housing developments Section 10.302(g)(3) of the Underwriting and Loan Policy, *or*

   ii. The requirements below in A-D:

      A) All units assisted with HOME/TCAP RF must be leased to households earning 30% AMI or less as defined in 10 TAC §10.1005 and have rents no higher than the 30% rent limits published by the Department.

      B) No units assisted with HOME/TCAP RF may also be receiving project-based rental assistance.

      C) All floating units assisted with HOME/TCAP RF may not have tenants with tenant-based voucher or rental assistance except if there are no available units within the development that the voucher-holder may occupy. This criteria does not apply for fixed HOME/TCAP units.

D) All units assisted with HOME/TCAP RF may not have any other income or rent restrictions as a result of another income or rent restricting source of funds to the 30% level or below (e.g., 9% HTC units restricted to households earning and with rents not exceeding 30% of the AMI).

c. **4% HTC Layered Set-Aside.** At least **$4,000,000** in TCAP RF and/or HOME funds are set aside for applications layered with 4% HTC that are proposing new construction and do not qualify under the CHDO or Deferred Forgivable Loan Set-Asides. This set-aside will be available under at least $4,000,000 in funds under this set-aside are awarded or until May 31, 2016, whichever occurs first.

d. **General Set-Aside.** All remaining TCAP Repayment and HOME funds available (currently anticipated to be approximately $12,872,752).

4) Priorities for Awards

Awards will be made subject to hard closing deadlines established at the time of award by the Department's Governing Board and which can only be extended by additional Board action on the basis of evidence of delays caused by circumstances outside the control of the applicant or non-HUD or non-USDA lender. When determining the date an application is received, staff will only assign a date that corresponds with a business day and will not assign a time. Applications received after 5pm Austin Local Time will be determined to have been received on the following business day. Applications will be determined to have been received at the time all required third party reports and application fee(s), in addition to the application, are submitted to the Department. Applications that are unable to progress on the timelines described herin due to incomplete information or lack of responsiveness will be given notice and a five day period to cure the incomplete information or non-responsiveness. Failure to cure the notice will result in a reestablishment of the application submission date to the date at which the cure to the notice was provided. As such, an applicant could be de-prioritized in favor of another application received prior to the new application submission date. **All Applications layered with 2016 Competitive (9%) HTCs will be considered to have been received not earlier than April 1, 2016, but must be provided to the Department as part of their 2016 Competitive (9%) HTC application.** Applications will be prioritized for an award as described below to the extent that funds remain available.

a. Any complete applications received during the period of the RAF will be prioritized to the extent that funds are available both in the region and in the set-aside under which the application is received. If multiple applications are received in a region, then score will be used as the determining factor affecting the priority of the application. If insufficient funds exist in a region to fund all applications then the oversubscribed applications will wait for the collapse of funds by region be combined with other applications received by the deadlines and as described by the additional priority levels below.

b. **Priority 1**: Applications not layered with 2016 9% HTC that are received by March 31, 2016. Priority 1 applications will be prioritized on a first come first served basis. Awards of Priority 1 applications are anticipated to be recommended for approval by or before the Board meeting on May 26, 2016.

c. **Priority 2**: Applications layered with 2016 9% HTC will be further prioritized based on being recommended for a 2016 HTC allocation. All Priority 2 applications will receive an April 1, 2016, received date. Awards of Priority 2 applications are anticipated to be

recommended for approval at the Board meeting on July 28, 2016. Applications that will be recommended for HTC and remain tied for HOME/TCAP RF under the scoring criteria below will be further prioritized for funding based upon the scoring and award criteria in 10 TAC Chapter 11 (the "QAP").

d. **Priority 3**: Applications that are received between April 2, 2016 and ~~May~~ August 31, 2016. Awards of Priority 3 applications are anticipated to be recommended for approval no later than the Board meeting on ~~September 8~~October 13, 2016.

5) Scoring Criteria. Applications will be scored based on the scoring criteria below to the extent that other applications were received on the same date *and* within the same set-aside and prioritization based on information as of the Application submission date.

a. All applications will have the opportunity to score points in i. through iv., below:
   i. Eligibility for points under 10 TAC §11.9(c)(4) related to the Opportunity Index based on the scale provided in 10 TAC §11.9(c)(4), for a maximum of seven points.
   ii. Owners that have committed to providing at least ten 811 units under the 2015 811 Request for Proposals ("RFP") to be published November 2015 (committed units may not count for points under any other program) or applicants whose proposed Development site is not within the targeted areas of the 2015 811 NOFA, but is willing to set aside at least 5 percent of the total Units for Persons with Special Needs in accordance with §11.9(c)(7)(C) of the 2016 Qualified Allocation Plan (committed units may not count for points under any other program) (1 point).
   iii. An application that caps the per unit subsidy limit for all unit sizes at:
      A) $100,000 per HOME/TCAP RF unit (1 point).
      B) $80,000 per HOME/TCAP RF unit (2 points).
      C) $60,000 per HOME/TCAP RF unit (4 points).
   iv. An application that provides Match in the amount of:
      A) 5.1% to 9.0% of the HOME/TCAP RF requested (3 points).
      B) 9.1% or more of the HOME/TCAP RF requested (5 points).
      C) Match provided in an area where HUD has waived match requirements (5 points).

b. Only applications proposing rehabilitation will have the opportunity to score points in i. through vi., for a maximum of six points:
   i. An existing USDA 515 loan that matures January 4, 2021 or earlier (1 point).
   ii. At least 80% of the units are Rental Assistance units (1 point).
   iii. The Capital Needs Assessment estimates at least $30,000 per unit in rehabilitation costs (1 point).
   iv. The past six months' rent rolls indicate at least 95% occupancy in all of the last 6 months for all in-service units (1 point).
   v. The development is composed of 36 units or less (2 points).

vi. The development will not be acquired by another entity as part of the transaction and the developer fee is capped at:

A) 10% of total development cost (1 points).

B) 5% of total development cost (2 points).

6) Maximum Funding Requests

a. The maximum funding request for all applications proposing new construction in all set-asides except the Deferred Forgivable Loan Set-Aside, regardless of HOME or TCAP Repayment funds and regardless of layering, shall be $2,000,000.

b. The maximum funding request for all applications proposing rehabilitation or applications in the Deferred Forgivable Loan Set-Aside proposing either rehabilitation or new construction, regardless of HOME or TCAP Repayment Funds and regardless of layering, shall be $1,000,000.

7) Maximum Per Unit Subsidy Limits. The following are the maximum per unit subsidy limits that an applicant may use to determine the amount of HOME/TCAP funds they may request. Stricter per unit subsidy limits are allowable and incentivized as point scoring items in the Scoring Criteria section of this NOFA. Per unit subsidy limits as well as subsidy layering analysis – ensuring that the amount of HOME/TCAP units as a percentage of total units is greater than the percentage of HOME/TCAP funds requested as a percentage of total development costs – will determine the amount of HOME/TCAP units required.

a. 0 bedroom (efficiency): $75,000
b. 1 bedroom: $90,000
c. 2 bedrooms: $110,000
d. 3 bedrooms or more: $135,000

8) Loan Structure

a. Except for deferred forgivable loans, all Multifamily Direct Loans awarded under this NOFA will be structured as fully repayable (must pay) at not less than a 3.0% interest rate and 30 year amortization with a term that matches the term of any superior loans (within 6 months) and an ultimate interest rate that when underwritten by the Department meets a 1.15 to 1.35 debt coverage ratio. The Board may amend this NOFA to adjust the minimum rate as market conditions change.

b. Any material changes to the total development cost and/or other sources of funds from the publication of the Underwriting Report to the time of loan closing must be reevaluated by Real Estate Analysis staff and may cause changes to principal amount and/or repayment structure for the Multifamily Direct Loan such that the Department is able to mitigate any increased risk.

9) Application Submission Requirements

a. Applications under this NOFA will be accepted starting January 4, 2016.

b. All Application materials including manuals, NOFAs, program guidelines, and HOME rules, will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the requirements in effect at the time of the Application submission including any requirements of the HOME Final Rule and subsequent guidance provided by HUD.

c. An Applicant may have only one active Application per Development at a time and may only apply under one set-aside at a time.
d. All applicants will be subject to the 2016 Uniform Multifamily Rules, except as it relates to interest rate and amortization in 10 TAC §10.307, and must use the 2016 Uniform Multifamily Application and Certifications as applicable.
e. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department. Applicants must submit the Application materials as detailed in the Multifamily Programs Procedures Manual ("MPPM") in effect at the time the Application is submitted. All scanned copies must be scanned in accordance with the guidance provided in the MPPM in effect at the time the Application is submitted.
f. Applicants must complete the 2016 CHDO Certification Packet for Applicants applying under the CHDO Set-Aside.
g. All 4% HTC-layered applications must have a certificate of reservation at the time of Multifamily Direct Loan application submission.
h. Applications for funds on developments that received an award of Department assistance – not including HOME or TCAP Repayment funds – within the past three years may be submitted but may be terminated if it is determined that federal regulations would prohibit the Department to invest HOME or TCAP Repayment funds in the Development.
i. Based on the availability of funds, Applications may be accepted until 5pm Austin Local Time on ~~May~~ August 31, 2016.
j. The request for project funds may not be less than $500,000, regardless of the set-aside under which an application is being submitted.
k. Each CHDO that is awarded HOME funds may also be eligible to receive a grant of up to $50,000 for CHDO Operating Expenses, which are defined in 24 CFR §92.208 as including salaries, wages, and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; and equipment, materials, and supplies.
l. Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $1,000.00 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. Section 2306.147(b) of the Texas Government Code requires the Department to waive Application fees for private nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not a reimbursable cost under the Multifamily Direct Loan Program.
m. Applications must be sent via overnight delivery, or delivered by hand to:

Multifamily Finance Division
Texas Department of Housing and Community Affairs
Attn: Andrew Sinnott
221 East 11th Street
Austin, TX 78701-2410

or via the U.S. Postal Service to:

Multifamily Finance Division
Texas Department of Housing and Community Affairs
Attn: Andrew Sinnott
Post Office Box 13941
Austin, TX 78711-3941

10) **Post Award Requirements.** Applicants are strongly encouraged to review the applicable Post Award requirements in 10 TAC §10, Subchapter E, as well as the Compliance Monitoring requirements in 10 TAC §10, Subchapter F.
   a. Applicants who receive an award of HOME funds must submit all required environmental clearance documentation to environmental@tdhca.state.tx.us within 30 days of approval by TDHCA's Governing Board.
   b. Awarded applicants may, at the Department's discretion, be charged fees for underwriting, asset management, and ongoing monitoring.
   c. All Applicants will be required to record a Land Use Restriction Agreement limiting residents' income and rent for the amount of units required by the HOME/TCAP RF Unit Calculation Tool for the term of the loan.
   d. Applicants must provide documentation of compliance with the Affirmative Marketing requirements in the Fair Housing Act and will be required to comply with 10 TAC §10.617.
   e. All Developments awarded HOME funds will be required to meet applicable Property Standards in 24 CFR §92.251. Applicants will also be required to submit written cost estimates and construction documents at closing in order that TDHCA can determine if costs are reasonable and if state and local codes will be met. In addition, progress inspections will be conducted to ensure that work is done in accordance with applicable codes and construction documents. Owners of Rehabilitation projects will also be required to meet the requirements in 10 TAC §10.101 (b)(3)(D)(i-iv).
   f. The HOME/TCAP RF units must be occupied by eligible tenants within six months following completion of construction. For any housing unit that has not been rented to eligible tenants within 18 months after completion of construction, repayment of the HOME/TCAP funds is required.
   g. All applicants must be registered in the federal System for Award Management (SAM) prior to execution of a HOME/TCAP RF contract and have a current Data Universal Numbering System (DUNS) number. Applicants may apply for a DUNS number (dnb.com). Once you have the DUNS number, you can register with the SAM.

11) **Miscellaneous**
   a. This NOFA does not include text of the various applicable regulatory provisions pertinent to the HOME Program. For proper completion of the application, the Department strongly encourages potential applicants to review the State and Federal regulations, and contact the HOME Division for guidance and assistance.
   b. All Applicants must comply with public notification requirements in 10 TAC §10.203.
   c. Applicants proposing developments located outside Participating Jurisdictions, must include language in the Purchase Contract or Site Control Agreement to address choice

limiting activities prior to completing the environmental review process such as the following: “Notwithstanding any other provision of this Contract, Purchaser shall have no obligation to purchase the Property, and no transfer of title to the Purchaser may occur, unless and until TDHCA has provided Purchaser and/or Seller with a written notification that: (1) it has completed a federally required environmental review and its request for release of federal funds has been approved and, subject to any other Contingencies in this Contract, (a) the purchase may proceed, or (b) the purchase may proceed only if certain conditions to address issues in the environmental review shall be satisfied before or after the purchase of the property; or (2) it has determined that the purchase is exempt from federal environmental review and a request for release of funds is not required. TDHCA shall use its best efforts to conclude the environmental review of the property expeditiously.”

d. The Board may on a case by case basis, or in whole, waive provisions of this NOFA where such waiver or exception to the provision(s) are warranted and documented and where such exception is not in violation with any state or federal requirement(s).
e. For questions regarding this NOFA, please contact Andrew Sinnott, Multifamily Loan Program Administrator, at andrew.sinnott@tdhca.state.tx.us.

Attachment A

Regional Allocation Formula Amounts
Available Until 5pm Austin Local Time on January 29, 2016

Urban Sub-Regions	HOME	TCAP RF	Total Sub-Region Amounts
Region 1	$150,862	$261,458	$412,320
Region 2	$55,426	$94,737	$150,163
Region 3	$1,890,442	$2,530,723	$4,421,165
Region 4	$463,781	$223,693	$687,474
Region 5	$208,253	$154,846	$363,099
Region 6	$472,833	$2,215,570	$2,688,403
Region 7	$1,194,119	$854,882	$2,049,001
Region 8	$170,076	$274,786	$444,862
Region 9	$376,561	$925,767	$1,302,328
Region 10	$280,388	$258,411	$538,799
Region 11	$415,831	$1,135,707	$1,551,538
Region 12	$258,944	$180,156	$439,100
Region 13	$444,922	$538,105	$983,027
TOTAL URBAN	**$6,382,436**	**$9,648,838**	**$16,031,274**

Rural Sub-Regions	HOME	TCAP RF	Total Sub-Region Amounts
Region 1	$489,226	$143,811	$633,037
Region 2	$375,590	$112,693	$488,283
Region 3	$414,969	$120,514	$535,483
Region 4	$1,074,373	$310,681	$1,385,054
Region 5	$637,247	$187,753	$825,000
Region 6	$261,967	$80,532	$342,499
Region 7	$128,692	$40,419	$169,111
Region 8	$377,855	$115,020	$492,875
Region 9	$334,590	$95,837	$430,427
Region 10	$396,212	$115,230	$511,442
Region 11	$658,933	$186,234	$845,167
Region 12	$282,688	$79,544	$362,232
Region 13	$44,318	$12,894	$57,212
TOTAL RURAL	**$5,476,660**	**$1,601,162**	**$7,077,822**

found one that everybody can live with. So thanks to staff.

MR. GOODWIN: Thank you for your comments. No other comments?

(No response.)

MR. GOODWIN: All in favor, say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: It is approved.

MS. HOLLOWAY: Our next direct loan item is application 17504. This is Merritt Heritage. This is a request for $1 million in direct loan funds.

The Applicant is also requesting waiver of the amortization and repayment provisions at 10 TAC 13.8(a). A change in the terms of the previously awarded $2 million in HOME funds and a waiver of the HOME loan disbursement policy at 10 TAC 13.11(p).

This is a 2016 application that is coming back for additional funds. The Applicant has experienced an equity pricing decrease from $1 to 86-1/2 cents. And a building cost increase of approximately of $5.9 million. That is about 32 percent since the 2016 award was underwritten.

They have also increased developer fee

approximately 1.3 million. That is 32.4 percent. All of which has led them to request additional HOME funds under the 2017-1 NOFA, while also requesting a change in terms for the previously awarded HOME funds.

Specifically, the Applicant has requested that the terms of this 2016 $2 million award of HOME CHDO funds be modified. That award was made at 3 percent interest and 30-year amortization, which met underwriting requirements at the time of the award.

They are now requesting that the terms be modified to a zero interest 40-year term with all payments deferred until year 40. They are requesting the same terms for the present $1 million request. Staff is not aware of authority to waive the terms of the 2016-1 NOFAs. That NOFA is now closed.

The Real Estate Analysis Division was able to reach a feasibility conclusion without using the funds requested in the current application, and holding the 2016 HOME award to its original terms.

REA was able to accomplish this by -- was able to maintain the terms of the previously awarded 2 million by reducing the management fee from 5 percent to 3 percent, holding developer fee constant with what was previously approved in connection with the 2016 award.

Using the recently published 2017 revs, which

increased income and reducing an overstated cable television expense, additionally, staff limited the amount of first lien debt from what the Applicant has indicated.

As a result of making these adjustments, the Applicant can move forward with the 2016 direct loan award and continue to meet the feasibility requirements of 10 TAC Chapter 10 without any modifications.

The Applicant has also requested waiver of the HOME loan disbursement requirement, so that the full amount of HOME funds can be disbursed at loan closing. If the Applicant receives all of the HOME fund at closing, the Department will be at significant risk for completion of all regulatory requirements, and therefore, at risk of repayment to HUD.

EARAC has considered this application and unanimously voted to recommend denial of the application and to not make any changes to the previously awarded HOME funds. Staff recommends that the requested $1 million in additional direct loan funds from the 2017-1 NOFA for Merritt Heritage be denied.

We further recommend that no modifications be made to the terms of the 2016 HOME award, except for extending the term to 40 years, to match the now FHA senior debt, which is allowed under our rules. We are also requesting that the, recommending that the request

for waiver of the HOME disbursement rule also be denied.

MR. GOODWIN: Okay. Easy for you to say.

MS. HOLLOWAY: Yes.

MS. BINGHAM ESCAREÑO: Yes. I was going to say, I may need you to go back over that. Okay, so which part are you recommending denial?

MS. HOLLOWAY: We are recommending denial of the current application.

MS. BINGHAM ESCAREÑO: Of the $1 million?

MS. HOLLOWAY: We are recommending denial of the request to modify the previous award, and we are recommending denial of the request for waiver of the disbursement rules.

MS. BINGHAM ESCAREÑO: So what you are recommending is just changing the terms of the previous --

MS. HOLLOWAY: Of the previous award, which is allowed under our rules: If they have an FHA first lien debt, we can go to the 40 years to match the FHA rules.

MR. GOODWIN: Okay.

MS. BINGHAM ESCAREÑO: You guys got so aggressive with the reworking it that you got all the way to the cable bill?

MS. HOLLOWAY: So there are questions about the underwriting. I'm going to make --

(General laughter.)

MS. BINGHAM ESCAREÑO: I don't have any more questions.

MR. GOODWIN: Do I have a motion?

MS. BINGHAM ESCAREÑO: I am going to go ahead and make a motion to approve staff's recommendation, knowing that there are people to speak.

MR. GOODWIN: Okay. Do I hear a second?

MR. BRADEN: Second.

MR. GOODWIN: Okay. Discussion?

(No response.)

MR. GOODWIN: Comments?

MR. IRVINE: Could I make a comment before we hear from Colby?

MR. GOODWIN: Sure.

MR. IRVINE: You know, under HUD rules, we have to state in our plan how we are going to make our funds available. And we make our funds available in NOFAs.

And NOFAs have very specific terms. And while we do have latitude to make certain concessions and changes, we cannot go outside of the scope of what was permitted in a NOFA.

MS. BINGHAM ESCAREÑO: I have got you.

MR. DENISON: Hi. My name is Colby Denison and I am the Applicant. And welcome, new Board members. You

are getting quite an introduction today. I have been doing this since 2003.

Gosh, this was a really interesting meeting, because this was the first year in the history that I have ever gotten an application terminated. And this year, I got an application terminated for similar reasons that I just heard you all overturn over and over again.

So I have noticed a really seismic shift in kind of how this is -- how tax credit programs worked. And I would say, I used to be scared during application season, and now I am terrified. But anyway, it is a hard program, very complicated.

But I wanted to say, I wanted to bridge that conversation with this, in that, as soon as we heard that Trump got elected, my good friend Dan calls me and says, well, all that equity that we had promised you is gone, and it has declined by 20 percent.

All of this -- I live in Austin, Texas. I don't know if you all noticed any of the cranes. But at the same time, Austin, Texas, is booming, and construction costs are off, out of control. I have a ton of friends in town, in development and construction.

I am finishing up a project that is $2 million over budget because none of the subs would hold on to their subcontracts. So there is inflation here like

crazy. And so in one fell swoop, I get crushed by a 20 percent decline in equity and on the other side, I have got construction costs going up.

And as my sisters like to say, I am not really slow to action. So I immediately started trying to solve the problem.

Last year, I had a similar problem in Midland with the 2015 allocation where oil prices collapsed and HUD blacklisted Midland. And that was the only way I could do the deals, is to get FHA financing. That whole -- nothing happened.

TDHCA, their staff didn't want me to redo the deal and take away market rate units and do that. So we went through a whole appeal process with you all and you all granted me a reduction of units, to get rid of the market rate units. So I kind of have a history of that.

So in this, I was like, well, the only way I could make this deal work with the facts that I have given you all, is to have better HOME terms. And to go from 3 percent to zero percent. And 30 percent AM to 40 percent AM.

And just so you all know, I was in the business honors program at the University of Texas. I tutored calculus. I understand math and finance. I was an equity research analyst. I know the numbers.

The other thing is, I turned my applications for this and the next item on March 6th. It has been almost three months. The first time I have really collaborated with Brent Stewart was last Friday. He sent me his number, saying this is what you do.

And so within ten minutes, I sent him a list of seven items to say these are all the things that could -- that I have worked on in the last three months. And I think this will all work. And you will get where you want to be. And I will get with what you want to be.

But he said he couldn't use the information because they didn't request it. And I would love to collaborate with staff on this, but I will say, you are going to hear from Dan Kearse that the recommendation that is coming before you all, the equity is not going to show up.

And the deal is almost completely permitted. We are submitting to HUD tomorrow. Equity is in place. The deal is in place. We need TDHCA to help out on the HOME funds. That is the only way to make this deal work.

And it is a phenomenal mixed use deal with 50 percent market rate units. It is a mixed income deal. It is in a booming economy with great things going on.

So anyway, I hope you all will understand that

I would love to work with you all and get this deal to where it will close and get placed in service by the placed in service dates. So thank you all so much.

MR. GOODWIN: Any questions?

(No response.)

MR. GOODWIN: There is somebody else wants to speak to this? Okay.

MR. KEARSE: Hi. Good afternoon. I am Dan Kearse with RBC Capital Markets. We are a large national syndicator and very active here in Texas. So we are the investor here for this particular deal.

And so I felt it important for me to be here today. This is an important project. This is a great community. We want to see this built.

In the market, we have currently seen equity pricing dropping dramatically. Deals are falling apart, left right and center. And there is very limited resources that the state has to allocate to these deals.

And you know, I applaud staff, in doing everything they can to try and help deals. But honestly, there is not additional credits. There is not additional soft funds that we can give to these deals.

In this particular case, you do have that opportunity to make a change, and to help this deal along. We have raised the equity in a very difficult market.

And we feel so strongly about this deal and about Colby, that we are actually utilizing our own balance sheet to tie up about $5 million of our own money to bridge.

Because this is FHA financing, it requires a lot of equity in up front, which investors hate. So we are having to do that for them. But we have got this deal ready to go. It is ready to go. And we can get this thing done.

And so we do need this waiver. That helps us finish the underwriting. It helps us make the deal pencil out. But with the waiver request, this deal works, and we can get it done. We have got the equity lined up and ready to go. Thank you.

MR. GOODWIN: Any other questions?

MS. BAST: Thank you. And now, Good afternoon. Cynthia Bast, representing the Applicant in this matter.

The bottom line here is that, this Applicant would like to get to yes, just like we did with Reserve at Dry Creek, the immediately preceding agenda item. That agenda item shows that modifications can be made as necessary to accommodate these unexpected events of changes in credit pricing and changes in the construction market.

Ms. Holloway has suggested that the Applicant

requested three things. One being an adjustment to the terms of the 2016 loan that was already awarded. To the award of the 2017 loan with some adjustments to those terms. And three, being a waiver of the rule regarding disbursement.

We can take the waiver of the rule regarding disbursement off the table. And since waivers have a higher standard of review, I believe that no waivers now are required for this particular item.

We also understand that the uniformity of rules place constraints on staff as to what they can and cannot recommend. And while I certainly hear what Mr. Irvine is saying with regard to a NOFA, I also look at Section 13.12 of your direct loan rules, adopted in January of 2017, that say, the Executive Director or authorized designee may approve amendments to loan terms.

And then it gives you a list. And on that list are changes to the loan amortization or interest rate. And so I believe this empowers the Executive Director to allow for changes both to the 2016 loan and for how the 2017 loan is both underwritten and recommended.

With regard to underwriting, we also have rules that constrain our staff. And in fact, Section 13.8(a) of the direct loan rule says that multifamily direct loans will be underwritten as fully repayable for one thing.

And then also, with certain interest rate and 30-year amortization.

So beyond that, it says if the Department determines that the development does not support this structure, the Department may recommend an alternative that makes the development feasible. So that is what we are seeking to do, is to work within your rules, and the discretion provided, to resolve a problem.

We think that is consistent with the opening statement in your underwriting rules, that say, due to the unique characteristics of each development, the interpretation of the rules and guidelines described in this subchapter is subject to the discretion of the Department and final determination by the Board. So taken all together, we believe that the rules do allow us to find a solution for a deal that may not fit squarely within the box.

And we request the Board to provide a determination that will allow us to get to yes with your staff. Thank you very much.

MR. ECCLES: A quick question. You cited 10 TAC 13.12 that went into effect in January of this year.

MS. BAST: Yes, sir. Yes.

MR. ECCLES: That rule was not in effect at the time of the 2016 award. Correct?

MS. BAST: No. But it was in effect at the time that the Applicant requested the amendment. And so it says the Executive Director or authorized agents may approve amendments to loan terms prior to closing.

MR. ECCLES: And that is in effect here? That timing that is laid out in the rule?

MS. BAST: Well, we have not closed the 2016 loan.

MR. ECCLES: Okay.

MS. BAST: So yes. I believe it is, sir.

MR. ECCLES: Okay.

MS. BAST: Thank you.

MR. GOODWIN: Questions?

MR. ECCLES: Marni has a 15 degree head tilt.

MS. HOLLOWAY: I don't have the rule right in front of me, but my guess would be that that flexibility to change loan terms is about workout. And it is not about awards.

And you know, we need to be able to get to work out on these federally funded deals. And I think that Brent can absolutely speak to the feasibility of this.

MR. GOODWIN: Brent, would you mind coming up and --

MR. STEWART: Brent Stewart, Real Estate Analysis. So this application came in with $2 million,

2016 loan. And the $1 million 2017 loan. Both without interest rate or repayment provisions.

When you drop the repayment provisions into the pro forma, the deal fell below the 115 DCR; infeasible under the REA rules. We then worked to try to get a solution which we then worked on the NOI of the property, including using the 2017 rents. Including using a 3 percent management fee in the pro forma, 2 percent, up to 2 percent could be subordinate to the debt.

We found out through discussions with Colby that there was an expense item, a $58,000 expense item in the operating statement related to cable expense. Normally, the way the cable works, is there is a revenue sharing with the cable company.

And so you would have, you would share income, of those other income. And then you would share the expense that you are paying down below. The other income wasn't there. Right. So we went ahead and took the expense out.

Once we did those things, with the debt service on the $2 million loan, we were able to get to that loan at a 115 coverage. We did not get -- you could not put, under the REA rules, you could not put any more debt on the property, with any kind of repayment term, without the DCR falling below 115. You know, costs went up.

Yes. Costs in Austin are up. We have had other deals in Austin that costs have been up. This one caught on a percentage basis, costs are up higher than what we have seen on some other deals.

We, in our analysis, are using the HUD costs. HUD or the lender, Dougherty, has had the HUD application put together. They have had a third party reviewer of the costs. That is the cost number we are using.

We had increased some of our market rent assumptions to match kind of the higher of the market, analysts or HUD. Our gross revenue, our gross potential rent is actually higher than the Applicant's. I feel like we have worked this transaction pretty good, to get back to a loan that he had, that was approved.

The 115 DCR is not a rule waivable by the Executive Director. It would be under the REA rule. I guessing, waivable by the Board.

I don't know. I haven't ever had that situation before. You know, part of the DCR problem is, that the FHA loan is $8-1/2 million higher than the loan that we originally underwrote.

And we appreciate costs. We appreciate the equity markets. We appreciate all of that. We are at 115 coverage. And I feel like we worked in way to get back to the original loan.

MR. GOODWIN: Okay. So no future time of working this. You just don't see an avenue of how to work it out to do this in the future?

MR. STEWART: You know, the math is pretty easy.

MR. GOODWIN: Okay.

MR. STEWART: You know, the big issue would be those -- I sent results of our analysis on Friday afternoon. As Colby indicated, he quickly fired some comments back. That is when the cable issue came up.

The REA rules say that we use $20 a unit; that's what we have applied for years and years. It is a box -- part of a box that we drive deals through, to make sure that we are fair with everybody across the board. HUD has their box; Dan has his; everybody has got a box.

And they are not -- they don't always line up. We acknowledge that. But our box shows a $20 in other income. So the cable income didn't help. We had $20 a door.

So that was the only thing out of the -- there are a couple of other items. But this is the only thing of significance that if you count it as other income, might make a difference in that $1 million loan.

MR. GOODWIN: Other questions?

MR. VASQUEZ: Just to clarify something that

you said. The $8.5 million, interest senior debt, that was after the 2016 award was made?

MR. STEWART: That is right.

MR. VASQUEZ: So when the Board was making that decision for that award, the $8.5 million wasn't part of the deal.

MR. STEWART: That is correct.

MR. VASQUEZ: Okay.

MR. GOODWIN: Any other questions?

(No response.)

MR. GOODWIN: I think that Colby wants to talk again. Brent. Thank you, Brent.

MR. DENISON: Gosh, that sounds so bad.

MR. GOODWIN: It does.

MR. DENISON: This is really, really technical stuff on the QAP. But the QAP has a cost per square foot scoring mechanism, that we all as developers have to put in. And it is grossly off at application from reality.

And that is just what it costs to build in Austin, Texas, versus what cost of construction per square foot is in the QAP, are just not aligned. I think is a one size fit all thing. But the other thing I would like to say is, I would love to collaborate with staff.

I sent seven opportunities that have changed in three months for income and expenses, like the water,

sewer and trash number, that they are using to underwrite is grossly exaggerated and high. He is -- the underwriting staff is constrained by this $20 per unit cable income thing, which is about a $60,000 to $70,000 income change.

RBC and FHA, HUD, they have all approved this deal as being feasible. And Dan, tell me, if this doesn't go through, do you think the equity is going to be there to do the deal?

MR. KEARSE: Thank you. Quite honestly, as Brent said, you know, we all have our separate boxes. I mean, ultimately, at the end of the day, this is the last stop.

So if we don't have an investor that will agree to do it, the deal dies. And so based on the underwriting that we have with the additional loan amount and the terms that were asked for in the waiver, the deal works, and we can get it closed. If the waiver is denied, I mean, pretty much the deal dies.

And I wanted to say that, because rent increases have occurred, from 2016 to 2017. They have been the biggest that we have seen in a really long time. Revenues came up.

We had originally, when I turned it in three months ago, the deal looked like it would not work unless

we had no payment to HOME. Now, according to our new numbers, I think we could be in there, actually, I know we can be in under 115, in your box, and have the repayment terms at zero percent and 40 years, just like you all did on that prior deal.

I just, you know, I think the collaboration that we had with Brent happened like on Friday of last week. And it is just a very complicated 40 million-some-odd dollar project.

MR. GOODWIN: So it is another 30 days to collaborate, kill the deal or --

MR. KEARSE: No, sir.

MR. GOODWIN: Do you see any benefit of another 30 days to collaborate, Brent? At this point?

MR. STEWART: The issue with this deal is DCR. There is no way that income can move. We have got maximum tax credit rents and we are using high market rents that we under our rule can get to.

MR. GOODWIN: Yes. In our box, the rules for that can't change.

MR. STEWART: It could be waived. You can't waive the tax credit rents, but you can waive other income, I guess. You can do some of those things. We wholeheartedly disagree with some of the expense things that Colby is talking about.

We have got a database of properties that report what expenses are. We go in and look at specific properties in that database. We don't use a big swath. We did take a look at some of Colby's other transactions.

And while the numbers are smaller, they are smaller projects. So the per unit numbers are not too far off. We do underwrite to a $600 a unit maintenance and repair number. His number was around $300. So there are some issues between there.

The second loan based on that and a wide -- first off, let's be real clear on what we approved on the other deal. One, we didn't approve any changes to the 2016 loan, except for the term. We didn't change the amortization. We didn't change the interest rates. The recommendation on Colby's deal does the same thing. It extends that term to 40 years. Secondly, the secondary loan on that transaction was underwritten within a 115. We did reduce the loan because of that.

But we used a 35-year amortization. We used some of the waiver ability that we had on that secondary loan. We don't have it on the first lien, and there is no second -- the 2016 award.

And because there is no room for any 2017 award, there was no need to modify the -- to make it

happen, there would need to be a waiver or something as it relates to the $20 per unit in other income, to get income up so the DCR would come up to support additional debt. It is pretty simple math.

MR. GOODWIN: Other questions?

MR. ECCLES: But under our adopted underwriting rules, it doesn't get there with this deal?

MR. STEWART: That is correct.

MR. GOODWIN: So another 30 days just kicks it down the road. We are back to having the same discussion we just as well had today. In your opinion?

MR. STEWART: Other than the income side, I don't know where we would go.

MR. GOODWIN: Right. Okay.

MR. VASQUEZ: Another question. If we had another $1 million in actual equity, rather than our loans, make the deal work? Rather than us give free money with no repayment for 40 years?

MR. STEWART: Yeah. I mean, any time there is a better rate. This is not a sources-and-uses problem. This is not GAAP; it's not that there is not an ability to have -- you have got debt.

You have got our debt. You have got the equity. And you have got the deferred developer fee. And those are the sources of funds. And our analysis shows

that if you do all of that, without that $1 million loan, it works.

I can appreciate what Dan is saying. That he has got a box. His own balance sheet or a fund, or something that the deal is going into. And clearly, any time you have got more subordinate debt on a transaction, you know, the better it is for equity in the senior debt.

MR. GOODWIN: Okay. Any other questions?

MS. BAST: Thank you for your time. Cynthia Bast. I think what we are going to hear is what is the will of this Board as to helping the 2016 transactions that find themselves in a ditch because of this change in economics.

And as Brent said, there may be some waivers that may be required. There may be some hard decisions that are a little bit out of the box, that may be required.

I would like to point out that because this Applicant is using FHA financing, HUD requires that the loan be repaid below the line from available cash flow. From 75 percent of available cash flow. So that loan, according to HUD, is only repaid to the extent there is cash flow to repay it.

But yet, under 13.8(a), it is being

underwritten to a 115 debt service coverage, as if it is fully repayable, not subject to cash flow. That is the rule.

But as I quoted in my prior remarks, the rule also says that if the development does not support this structure, the Department may recommend an alternative that makes the development feasible. So I think that is the question.

Is on this kind of loan that is set to be repayable out of cash flow? Anyway. Are we going to get tripped up with underwriting rules that say you have to be repaid above the line at a 115 debt service coverage.

It seems to me that if you could show that there is sufficient cash flow produced to repay this loan from 75 percent of cash flow, below the line, there may be a different consideration.

MR. VASQUEZ: And excuse me. Did I just hear you say that don't worry about this, we are not going to pay the FHA back, anyway.

MS. BAST: No. That is not what I said. I said --

MR. VASQUEZ: Basically, because --

MS. BAST: FHA is a first lien loan that is being repaid.

MR. VASQUEZ: Yes. But if there is not enough

money to pay it back, oh, it is not going to be paid back, don't count that against us.

MS. BAST: No. That is not what I am saying. What I am saying is --

MR. VASQUEZ: It actually is.

MS. BAST: What I am saying is that a 115 debt service coverage requires that all of your debt be repaid at a greater than breakeven. And what I am saying is, that if we can show we have sufficient cash flow to support this loan, then should that be a consideration for this Board. That is the question I presented.

MR. GOODWIN: Any other questions?

(No response.)

MR. GOODWIN: Do you have another statement you want to make?

MR. DENISON: Just one thing about time. I mean, I did submit within ten minutes of receiving Brent's email. I sent seven items, that I said, these have changed on the income and expense side. And they are really considerable changes.

And his response was, we can't consider these things, because we didn't request them. And I am like, they are in three months of time had passed. We have locked in construction financing.

We have locked into everything. All the

expenses. They have been underwritten by HUD. They have been underwritten by RBC. And I don't think you all have underwritten those numbers.

And I would love for 30 days to be able to say, look at RBC's numbers. Look at Dougherty and HUD's numbers, and at least get the exact right numbers. And I think it will be above the 115 that you all have.

It is just that a lot of things have changed. And the only time I have had to collaborate was Friday and Monday, I believe.

MR. STEWART: As it relates to that comment about sending information on Friday, the Board posting was last Thursday. We have been working on this transaction for a bit.

There were phone conversations prior to last week, talking about this transaction. We had an underwriting report to get published, in part, to get them to be able to get to this Board and make the case to you guys.

Otherwise, the underwriting report would not have been published. There would have been nothing in front of you today in terms of the underwriting report. And it would have been punted for 30 days.

The second thing is, as it relates to the 115 coverage, 75 percent cash flow, how we underwrite these

loans. We very much underwrite these loans as if we were underwriting a fully repayable loan.

Why? If it messes up and something happens, we owe the money back to HUD. This is not simply oh my goodness, we are just going to grant some of it. Right. We owe the money back to HUD, and so we do underwrite it at the 115.

As it relates to the 75 percent cash flow, that is a relatively new thing that we have experienced, because we had a deal cut with HUD, that that was not the case. It is a bad deal for us. It is a problem for us, that we haven't figured out a way around.

We absolutely underwrite them at a 115. If this, if these funds were a grant, it would come out of basis. That wouldn't hurt him, because he has got so much extra cost, that his basis is there.

But at the same time, you know, that -- granting the money gets him away from the 115 coverage. But yes, we underwrite loans to a 115 and not -- that is important.

MR. GOODWIN: Okay. So we have a motion I think, in front of us, that is to take staff's recommendation and deny --

MS. HOLLOWAY: The staff recommendation is to deny.

MR. GOODWIN: Is to deny. Any other discussion?

MS. RESÉNDIZ: What type of impact would this have on jobs in total? You all have secured projects right now. You mentioned that you have -- your developer is ready to build.

MR. DENISON: Yes. I mean, these deals are like, permitted.

MS. RESÉNDIZ: Okay.

MR. DENISON: I mean, this deal is like permitted and ready to go. And architects and engineers need to get paid.

MS. RESÉNDIZ: So it is on hold?

MR. DENISON: Well, it is proceeding forward. It is all proceeding. We just need the financing. I mean, it is about a $1 million of predevelopment funding that we have already put into the deal.

It is in Austin, Texas. It is the safe -- and by the way, I have 100 percent full senior deal in Georgetown. My whole portfolio has thousands of people on the waiting list. I can't see the risk associated with this.

MS. RESÉNDIZ: So just for my clarification, have you participated, or has your company participated in a loan of this magnitude?

MR. DENISON: Yes.

MS. RESÉNDIZ: Okay.

MR. DENISON: Yes. We have. We have. Every single one. By the way, our company has a stellar compliance record with you all. We have never defaulted on a loan. We have had no problems, in fact.

Our portfolio in Austin and San Antonio has just performed beautifully. And as far as the expenses and income, I mean, our whole portfolio is here.

I mean, our -- the water and sewer numbers that I was mentioning, the comparable is about two miles away from this property, that we use the same water and sewer from the City of Georgetown. But yes, this is a big deal.

MR. GOODWIN: Colby, you keep saying this project is in Austin, but it is listed here as being in Georgetown.

MR. DENISON: Sorry, Austin MSA. Our whole portfolio is in the suburbs of the Austin --

MR. GOODWIN: So it's in Georgetown, Texas.

MR. DENISON: Yes, sir. Sorry.

MR. GOODWIN: Okay. Any other questions?

(No response.)

MR. GOODWIN: Okay. We have got a motion and staff's recommendation is to deny.

MS. HOLLOWAY: Yes.

MR. GOODWIN: Okay.

MS. HOLLOWAY: Absolutely.

MR. GOODWIN: No other questions?

(No response.)

MR. GOODWIN: No other comments?

(No response.)

MR. GOODWIN: All in favor, say aye.

(A chorus of ayes.)

MR. GOODWIN: Those opposed?

(A chorus of ayes.)

MR. GOODWIN: I'm sorry. Those in favor, say aye.

MR. VASQUEZ: Just to clarify something.

MR. GOODWIN: This is not going to happen if you say aye.

MR. VASQUEZ: He's making the motion to deny.

MS. HOLLOWAY: Okay. And what that motion accomplishes is denying the present application for the 2017 dollars.

MR. VASQUEZ: For the extra million dollars.

MS. HOLLOWAY: For the extra million dollars. And no changes to the 2016 award. So the 2016 award is still there. It is still available according to REA's analysis. They can still close and move forward with that transaction.

This is just about the 2017 award. We are also not approving waiver of the disbursement requirements, which Cynthia took off the table earlier.

MR. GOODWIN: Right.

MR. ECCLES: But it also increases the term, doesn't it?

MS. HOLLOWAY: To 40 years, which is allowed under our rules.

MR. GOODWIN: To the 40?

MR. ECCLES: Yes.

MR. GOODWIN: Yes. Okay. So once again, who is in favor of staff's recommendation by saying aye.

(A chorus of ayes.)

MR. GOODWIN: Those opposed?

(No response.)

MR. GOODWIN: Okay. Staff's recommendation is upheld.

MS. HOLLOWAY: Okay.

MR. GOODWIN: The next project, Marni?

MS. HOLLOWAY: Is 17505. Do you wish to move forward with this one today?

MR. DENISON: Can we push that to next month?

MS. HOLLOWAY: If you would like us to pull it from the agenda, we can do that.

MR. DENISON: Please.

MS. HOLLOWAY: Okay.

MR. GOODWIN: Okay. So let's move forward.

MR. DENISON: I believe you have the next --

MS. HOLLOWAY: I don't know. I can't tell you standing right here that we will be here for the June meetings, because we are right in the middle of 9 percent housing, but yes, I think we need to work through the rest of it with REA.

MR. GOODWIN: Okay.

MS. HOLLOWAY: All right.

MR. GOODWIN: Item 3(f) regarding waiver of the multifamily direct loan rule.

MS. HOLLOWAY: Andrew gets to talk to talk again.

MR. GOODWIN: Andrew has the easy one.

MR. SINNOTT: Good afternoon. Andrew Sinnott, Multifamily Loan Programs Administrator. Item 3(f) is presentation, discussion and possible action on a waiver of 10 TAC 13.11(b) of the 2017 multifamily direct loan rule. This item accompanies item 1(j) that was on the consent agenda earlier, which was the ownership transfer for Santa Rita Senior Village.

Santa Rita Senior Village received an award of 9 percent Housing Tax Credits and HOME funds in July of 2016. As you all know and as others have mentioned today,

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Southwest Multifamily Region
801 Cherry Street, Unit #45, Suite 2500
Fort Worth, TX 76102

Multifamily Customer Service Telephone Line 1-800-568-2893
www.hud.gov

August 18, 2017

Bruce Minchey
SVP/FHA Chief Underwriter
16775 Addison Road, Suite 470
Addison, TX 75001

SUBJECT: **Merritt Heritage**
115-35798
221(D)(4)
Georgetown, TX 78628

Dear Mr. Minchey:

Enclosed is the original of the Commitment to Insure Upon Completion for the subject project in the amount of **$28,293,700**. Also enclosed are forms HUD-92264, Multifamily Summary Appraisal Report; HUD-92264-A, Supplement to Project Income Analysis; HUD-92329, Property Insurance Schedule; and HUD- 92447, Property Insurance Requirements.

Please acknowledge receipt and acceptance of this Commitment with the signature of both the mortgagor and mortgagee. The fully executed copy must be returned to the Closing Coordinator's mailbox listed below within ten business days, along with the lender's attorney contact information. Amendment and extension requests, if any, must also be forwarded to the Closing Coordinator's mailbox prior to submitting your closing documents.

Closing Coordinator - Southwest Region
U.S. Dept. of HUD - Multifamily Housing
801 Cherry St., Unit #45, Suite 2500
Fort Worth, TX 76102

Within three business days you will be contacted by your assigned Closing Coordinator to discuss next steps and the logistics of the closing process. We look forward to the Initial/Final Endorsement of this project. If you have any questions, please email Tiffoney Pierre at tiffoney.a.pierre@hud.gov

Sincerely,
Christie Peshouse for
Mary V. Walsh
Director, Office of Multifamily Housing
Southwest Multifamily Region

COMMITMENT for Insurance of Advances (Sections 207, 220, 221, 241(a) and 231)

OFFICE OF HOUSING
Multifamily Production

U.S. Department of Housing and Urban Development

WARNING: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to: 18 U.S.C. 1001, 1010, 1012; 13 U.S.C. 3729, 3802, 24 C.F.R. Parts 25, 28 and 30, and 2 C.F.R. Parts 180 and 2424.

FHA Project No.:	**115-35798**
Project Name:	Merritt Heritage
Project Address:	Sec Williams Dr. & Woodlake Dr. Georgetown, TX 78628

Dougherty Mortgage, LLC	DDC Merritt Heritage, Ltd.
("Lender")	**("Borrower")**
16755 Addison Road, Suite 470 Addison, TX 75001	1904 W. 35th Street Austin, TX 78703
("Lender Address")	**("Borrower Address")**

We understand that you, as Lender, have agreed to make a loan to Borrower (the **"Loan"**) in an amount not exceeding the Maximum Loan Amount (defined below), evidenced by a note (the **"Note"**) to be secured by a security instrument (the **"Security Instrument"**) covering real property as shown on the legal description of the property attached hereto as **Exhibit A** (**"Project"**).

It is your intention to present the said Note and Security Instrument to the U.S. Department of Housing and Urban Development (**"HUD"**) for mortgage insurance under the provisions set forth in Section(s) 221D4 NC/SR of the National Housing Act (**"NHA"**) (collectively, the **"Section of the Act"**) and the Regulations thereunder now in effect (the "**Regulations**").

HUD hereby agrees to insure said Note and Security Instrument under the provisions of the NHA and Regulations upon the following conditions, all of which must be satisfied before this commitment letter (hereinafter referred to as the **"Commitment"**) is enforceable against HUD.

Lender and Borrower expressly acknowledge and agree that each numbered item contained in this Commitment, including those in **Exhibit B**, is an independent condition that must be satisfied before HUD is legally obligated to accept the Note and Security Instrument for mortgage insurance. The HUD act that signifies its acceptance of said Note and Security Instrument for mortgage insurance is the **"Initial Endorsement"** (initial Loan closing for insured advances) or **"Final Endorsement"** (final Loan closing for insured advances).

The conditions contained herein may include various references to the *Multifamily Accelerated Processing Guide* (the **"MAP Guide"**), the *Federal Housing Administration Multifamily Program Closing Guide* (the **"FHA Closing Guide"**), and HUD **"Program Obligations"** (as defined in the Security Instrument). All applicable requirements of the MAP Guide, FHA Closing Guide, and Program Obligations are hereby incorporated by reference.

The definition of each capitalized term used in this Commitment is indicated with quotation marks, and preceded or followed by data, information, narrative, or reference to another document.

FHA Project No.	**115-35798**	
"Firm Commitment Effective Date"	**August 18, 2017**	
"Firm Commitment Term"	**60**	*Days.*
"Maximum Loan Amount"	**$28,293,700**	
	Twenty-Eight Million Two Hundred Ninety-Three Thousand Seven Hundred	

"Initial MIP Payment Amount"	$141,469	
"MIP Percentage Rate"	.25%	% Per Annum
"Section 50 Signatories"	Colby Denison, Guarantor and Managing Member of SLP (DDC Investments, Ltd.) 2. DDC Merritt Heritage GP, LLC (General Partner of the Mortgagor) By: Joyce McDonald, Executive Director of Frameworks Community Development Corporation, Inc., Sole Member of GP	

"Permanent Financing"		
"Permanent Interest Rate"	4.00%	% Per Annum
"Amortization Period"	480	Months
"Initial Principal Payment Month"	22nd	Months after Date of Note Endorsement
"Principal and Interest Payment Amount"	$118,250.26	Per Month

"Secondary Financing"		
"Secondary Financing Source(s)"	NA	[NUMERIC DOLLAR AMOUNT OR N/A]
"Bridge Loan"	NA	[NUMERIC DOLLAR AMOUNT OR N/A]

"Construction Terms"		
"Construction Contract Amount"	$25,272,855	
"Construction Term"	19	Months
"Surety Bond Amounts"	$25,272,855	
"Construction Period Interest Rate"	4.00%	% Per Annum
"Cost Certification"	Required	

"Drawing and Specifications"	Spring Architects, Inc./Andrea Freiburger, AIA	
	3/17/2017	

"Deferred Drawing & Specifications"	NA
"Survey"	3/30/2017
	All Points Surverying/Roger Way

"Current Davis-Bacon Wage Decision"	
[COUNTY]	Williamson
[STATE]	TX
[#]	TX170019
[#]	0

"Reserves, Insurance and Escrows"		
"Initial Reserve for Replacement Deposit Amount"	NA	*Prior to Closing*
"Annual Reserve for Replacement Amount"	$73,200	*Per Year*
"Monthly Reserve for Replacement Payment Rate"	$6,100	*Per Month*

"Inspection Fee Amount"	$141,469
"Exam Fee Amount"	$84,881
"Flood Insurance"	NA
"Property Insurance Coverage Amount"	$21,498,362
"Estimated Replacement Cost Value"	$32,593,386
"Required Property Insurance Deductible"	$25,000

"Working Capital Deposit Escrow Amount"	$1,131,748	
"Additional Project Capital"	$4,334,086	
"Maximum Contractor's Fee"	NA	
"Off-site Improvement Cost"	$60,000	
"Assurance of Completion for Off-Site Improvements"	NA	
"Demolition Cost"	NA	
"Initial Operating Deficit Deposit"	$1,862,172	
"Operating Deficit Period"	15	*Months after the date of Final Endorsement*

"ADDITIONAL & DEAL-SPECIFIC CONDITIONS"	
Additional & Deal-Specific Conditions are identified in Exhibit B	**SEE EXHIBIT B**

I. UNIFORM CONDITIONS - FIRM COMMITMENT

1. **Firm Commitment Acceptance**. The Borrower's and Lender's acceptance of the Commitment must be evidenced by the return of a fully executed copy to HUD on or before ten (10) business days from the "Firm Commitment Effective Date."

2. **Firm Commitment Term**. This Commitment shall expire after the "Firm Commitment Term" unless extended by HUD, excepting any conditions that must be satisfied prior to Final Endorsement, as discussed below. Upon such expiration, all rights and obligations of the respective parties shall cease, and pursuant to 24 C.F.R. § 200.47, HUD shall not insure the Note and Security Instrument. Prior to any extension of this Commitment, HUD may, at its option, reexamine this Commitment to determine whether it shall be extended in the same amount, or shall be amended to include a lesser amount. The Firm Commitment Term shall commence as of the date HUD executed this Commitment.

   (a) **Reopening of Expired Firm Commitment**. A request for the reopening of this Commitment received within ninety (90) days of its expiration must be accompanied by the reopening fee of $.50 per $1,000 of the amount of the expired commitment.

3. **No Material Adverse Change.** Prior to Initial Endorsement the Lender must certify that there has been no material adverse change to the: (a) underwriting assumptions stated on the attachments to this Commitment; (b) financial condition or creditworthiness of the Borrower, or principals thereof; (c) Borrower's ability to perform its obligations or responsibilities under the loan documents; or (d) Project; and no event has occurred or circumstances exist that may result in such material adverse effect.

4. **Third Party Updates.** HUD may require submission of updated third-party reports and underwriting, which will be subject to HUD review and approval, to extend this Commitment beyond its original expiration. HUD may elect to not insure the Note and Security Instrument as a consequence of any material adverse change to such reports or underwriting.

5. **Compliance with Laws and HUD Requirements.** The Borrower, Lender, and Project comply with all applicable federal housing statutes and regulations. All certificates, documents and agreements required by this Commitment and required for closing are on HUD forms or, if no HUD form is available, must be approved by HUD. The closing procedures and requirements in the FHA Closing Guide are followed, including procedures for changes to closing documents when requested. To the extent any condition references a specific form number, HUD may require the use of any renumbered, successor, or otherwise formally updated version.

6. **HUD Review.** HUD reserves the right to examine the Lender's file materials related to the underwriting of the Note and Security Instrument at any time during the ten (10) -year period following Initial or Initial/Final (as applicable) Endorsement. If there is evidence of fraud or misrepresentation by the Lender, HUD reserves its legal rights under the contract of mortgage insurance and Mortgagee Review Board requirements. The Lender agrees to retain, in accessible files, all materials related to the underwriting of the Note and Security Instrument for a period of ten (10) years, even though the Note and Security Instrument itself may be sold to another entity.

7. **Draft Closing Documents**. Draft closing documents, conforming to the terms of this Commitment, must be submitted not less than fifteen (15) business days prior to Initial Endorsement. After review, the place and date of the closing will be designated, at which time the documents and exhibits in final form shall be delivered to HUD for approval. This Commitment and exhibits referred to herein, and the statute and applicable regulations constitute the entire agreement among the parties, and the signature of the Borrower and Lender below hereof evidences acceptance of the terms.

8. **Closing Statement Certification**. Upon closing, the Lender must submit a certified loan closing statement signed by the Lender and Borrower that itemizes the disbursement of Loan proceeds and Borrower's cash contribution, if any. The statement regarding the disbursements must be specific and list the amounts to be paid to satisfy the Borrower's obligations for: (1) existing or other indebtedness in a refinancing transaction, (2) repairs, (3) discounts, (4) financing fees, (5) legal expenses, (6) organizational expenses, (7) title and recording costs, and (8) any Lender required escrows for GNMA, taxes, or insurance. The certified closing statement signed by the Borrower and Lender must include the following certification:

   WARNING: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to: 18 U.S.C. 1001, 1010, 1012; 13 U.S.C. 3729, 3802, 24 C.F.R. Parts 25, 28 and 30, and 2 C.F.R. Parts 180 and 2424.

9. **Assurance of Permanent Financing.** Prior to endorsement, the Lender must provide HUD with a commitment for a permanent loan or other firm written assurance demonstrating that permanent financing will be available at the rate shown in the firm commitment application. The form of assurance must address, but is not limited to the: (1) source of financing; (2) term; (3) interest rate; (4) extension provisions; (5) dates for delivery of the permanent mortgage; and (6) any conditions that are, will be part of, or will impact on the permanent financing arrangements.

10. **Electronic Documents.** Acceptance of this Commitment includes the Lender's agreement to provide, within five (5) business days after closing, a CD or USB flash drive containing electronic copies of the fully executed and otherwise collected closing documents. The CD

or USB flash drive should be submitted to the assigned HUD closing coordinator and the HUD closing attorney.

UNIFORM CONDITIONS - SECURITY

11. **Form of the Note and Security Instrument**. The Note and Security Instrument to be insured shall be in the form prescribed by HUD for use in connection with loans insured under the NHA in the locality in which the property is situated.

12. **First Lien Security Interest**. The Borrower and Lender, as applicable, shall provide a security agreement, UCC financing statements, and such other documents as required under State law, granting Lender and HUD a perfected first lien security interest in the UCC Collateral (as that term is defined in the Security Instrument, form HUD-94000M) (OMB Control number 2502-0598) for the duration of the insured Note and Security Instrument (subject only to liens for taxes and assessments that are not delinquent).

13. **Title Policy.** Prior to Initial Endorsement, the Borrower shall present to HUD an ALTA Loan title policy and title policy endorsements in conformity with the FHA Closing Guide in effect on the date of this Commitment which shows title to the property (or, if approved by HUD, a leasehold estate therein) vested in the Borrower free of all exceptions to title (either junior or prior to said Security Instrument except said Security Instrument and such other exceptions to title as are specifically determined to be acceptable by HUD) on the date of Initial or Initial/Final Endorsement (as applicable). Said title policy shall (i) by its terms inure to the benefit of the Lender and/or the U.S. Department of Housing and Urban Development, as their interests may appear.

14. **Survey**. If required by HUD prior to Initial Endorsement, and again prior to Final Endorsement, the Borrower shall present to HUD an ALTA/NSPS Survey of the Project and Surveyor's Report dated within 120 days of the closing, in form and substance satisfactory to HUD.

15. **Principal &Interest Payments.** Upon Initial Endorsement, the Lender shall pay to HUD, in advance, the "Mortgage Insurance Premium Initial Payment," which is calculated by multiplying the "Mortgage Insurance Premium Percentage Rate (MIP Rate)" by the principal amount of the Loan. The effective MIP rate is published annually in the Federal Register. The Lender shall continue to make mortgage insurance premium payments thereafter as required by the aforesaid Regulations.

16. **Secondary Financing**. All financing arrangements (other than the Note and Security Instrument and any other note and security instrument insured by HUD), including repayment obligations and other secondary financing, and occupancy restrictions, must be fully disclosed to and approved in writing by HUD prior to the date of this Commitment, and must comply with HUD's legal and administrative secondary financing requirements applicable to loans insured under the Section of the NHA applicable to the Note and Security Instrument, and must also comply with all HUD closing forms for subordinate financing and use restrictions, as applicable.

17. **Changes in Tax Credit Allocation or Other Governmental Assistance**. Pursuant to Form HUD-2880 (OMB control number 2510-0011), this Commitment is based on Borrower certifications regarding the absence or use of Tax Credits or Other Government Assistance. Any change to the Borrower's financial position relating to Tax Credits or Other Government Assistance must be reflected in an updated Form HUD-2880. HUD reserves the right to unilaterally alter any and all of its underwriting determinations, and/or revise the terms of this Commitment or Regulatory Agreement in accordance with the change in Tax Credit Allocation or Other Governmental Assistance.

UNIFORM CONDITIONS - AUTHORITY & OWNERSHIP

18. **Borrower Authority.** The Borrower must possess the powers necessary for meeting all the requirements of HUD for insurance of the Note and Security Instrument. Prior to Initial or Initial/Final Endorsement (as applicable), there shall be delivered to HUD and the Lender (a) copies of ownership entity documentation that complies with applicable requirements of HUD, including a copy of the instrument under which the Borrower entity is created, together with copies of all instruments or agreements necessary under the laws of the applicable jurisdiction to authorize execution of the other closing documents, and (b) a Regulatory Agreement in the form prescribed by HUD for use in connection with loans insured under the NHA (the "Regulatory Agreement").

19. **Section 50 Signatory.** Section 50 of the Regulatory Agreement shall apply to the individuals or entities identified above as "Section 50 Signatories." It is a condition of this Commitment that none of the Section 50 Signatories may withdraw or be substituted without HUD's prior written approval. The continued involvement of the Section 50 Signatories shall be clearly documented as appropriate in the relevant organizational documents.

20. **Changes in Ownership/Financial Support**. HUD has materially relied on the representations made in the firm commitment application as to the identity of all ownership entities and Project Principals, and individuals related to the transaction. It is a condition of this Commitment that any change to such ownership entities, including principals thereof, requires a written request to HUD for written approval of the change. All changes to the ownership entity, and principals thereof, shall be subject to HUD's credit review and previous participation clearance prior to Initial or Initial/Final Endorsement, as applicable. Additionally, the withdrawal of any individual/firm relied on for financial capacity prior to Initial or Initial/Final Endorsement (as applicable) requires prior approval by HUD.

21. **Previous Participation (2530) Review.** Any individuals and entities in control of the Project are subject to a previous participation review as set forth in 24 C.F.R. part 200, as may be amended from time to time ("**Previous Participation**").

    Any individual or entity who is subject to the Previous Participation regulations but who has not already received Previous Participation approval or who may later become involved with the Project, is subject to said Previous Participation review, mortgage credit review, and Office of Foreign Assets Control (OFAC)/Terrorism checks and verifications as required by the U.S. Patriot Act, prior to Initial or Initial/Final Endorsement (as applicable).

A closing date shall not be set until appropriate clearance and HUD approval is obtained for all participants. Previous Participation Certifications may be submitted to HUD electronically via the Active Partners Performance System (APPS) or via paper form HUD-2530, or as directed by HUD. For those principals who opt to file a paper form HUD-2530, (OMB control number 2502-0118) these participants must register at Business Partner Registration HUD Multifamily and create a baseline in APPS prior to closing. To register, and for more information, please visit: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/apps/appsmfhm.

22. **Assignment & Transfer**. Attention is directed to the Regulations covering the assignment or the transfer of the insured Note and Security Instrument, in whole or in part, and the transfer of the rights, privileges, and obligations under the contract of mortgage insurance.

UNIFORM CONDITIONS - PROJECT

23. **Property Insurance Coverage**. Prior to issuance of the Permission to Occupy or prior to Endorsement as applicable, the Borrower must provide evidence of all required insurance in conformance with Program Obligations. Property insurance, including fire and other property insurance as required by the Security Instrument, shall be in full force and effect and coverage must equal the minimum "**Property Insurance Coverage Amount,**" which is the lesser of 80% of "**Estimated Replacement Cost Value**" or the balance of the insured mortgage with a deductible that equals the "**Required Property Insurance Deductible Amount.**" Upon Endorsement, the Borrower must be current with respect to all payments required by the Note and Security Instrument, including all deposits required to be made with the Lender for mortgage insurance premiums, fire and other property insurance premiums, ground rents, water rates, taxes and other assessments.

24. **Flood Insurance.** If the property is located in an area of special flood hazards in which flood insurance is available under the National Flood Insurance Act, evidence of flood insurance is required prior to Initial Endorsement.

25. **Reserve for Replacement**. The Regulatory Agreement shall provide, among other things, for the establishment of a reserve fund for replacements (the "**Reserve Fund for Replacements**") under the control of the Lender by payment of the **"Annual Reserve Fund for Replacement Amount,"** to be accumulated monthly at the **"Monthly Reserve Fund for Replacement Payment Rate,"** commencing on the date of the first payment to principal as established in the Note and Security Instrument, unless a later date is agreed upon by HUD. In addition to the Annual Reserve Fund for Replacement Amount, there shall be an initial deposit in the amount of not less than the "**Initial Reserve for Replacement Deposit Amount**" made to the Reserve Fund for Replacements by the Borrower at the time of Initial or Initial/Final Endorsement, as applicable. If applicable, attached hereto as **Exhibit D**, is the Reserve for Replacement Funding Schedule which supports the per annum and initial deposits to the Reserve for Replacements. The Annual Reserve Fund for Replacement Amount shall be subject to change in accordance with Program Obligations.

26. **Capital Needs Assessment.** In connection with the Reserve Fund for Replacements, the Lender shall obtain a new Capital Needs Assessment (**"CNA"**) for HUD to evaluate on or before the ten (10) year anniversary date of the latest CNA. A new CNA will be provided every ten (10) years thereafter. The cost of each such CNA report may be paid from the Reserve Fund for Replacements.

II. PROGRAM CONDITIONS
(New Construction/Substantial Rehabilitation)

1. **Note Terms**.

(a) The Note shall bear interest at the "**Construction Period Interest Rate**" during the "**Construction Period**." As used herein, the Construction Period shall begin on the date of Initial Endorsement and end on the cost cut-off date approved by HUD (or such other date as may be approved by HUD). The Construction Period is scheduled to last for the number of months identified above as the **"Construction Term."** After the Construction Period ends, the Note shall bear interest at the **"Permanent Interest Rate"** and shall be payable in the manner set forth below. (If the Note does not specify a Construction Period Interest Rate, the Note shall bear interest at the Permanent Interest Rate and shall be payable in the manner set forth below.)

Note*: Any change in the interest rate may require reprocessing of the mortgage insurance application and amendment of this Commitment prior to Initial Endorsement.*

(b) Payments of interest only on the outstanding principal balance shall be due and payable on the first day of each month, commencing not later than the first day of the month following initial endorsement of the Note for insurance (**"Initial Endorsement"**) and continuing through the first day of the month immediately prior to the date on which the first monthly payment of principal is due.

(c) The first payment to principal (commencement of amortization) shall be due on the first day of the **"Initial Principal Payment Month."** The Note and Security Instrument shall be payable on a level annuity basis in the amount identified above as the **"Principal and Interest Payment Amount."** Monthly principal and interest payments due prior to, or on the first day of the month after, final endorsement of the Note and Security Instrument (**"Final Endorsement"**) shall be adjusted to the extent that the full principal amount of the Note and Security Instrument has not yet been advanced in order for such payments to equal the sum of (i) interest on the outstanding principal balance plus (ii) the regularly scheduled principal amortization payments due on the Note and Security Instrument assuming that the full amount thereof has been advanced. The "**Amortization Period**" shall begin on the due date of the first repayment of the principal. The last payment shall be due on the "**Maturity Date**," which shall be the first day of the final month in the Amortization Period.

2. **Project Construction**. The Project shall be constructed ("constructed" shall be deemed to include substantially rehabilitated, if applicable) on the property shown on Exhibit A in accordance with a "**Construction Contract**" (HUD-92442M) (OMB control number 2502-0598), approved by HUD, and with the project's "**Drawings and Specifications**" filed with

HUD and identified in the Index attached hereto as Exhibit B. The Drawings and Specifications, which include "**General Conditions of the Contract for Construction**" (AIA Document A201) and "**Supplementary Conditions of the Contract for Construction**" (HUD-92554M) (OMB control number 2502-0598), shall be identified in a manner acceptable to HUD by the following parties or their authorized agents: Borrower, design architect, architect administering the Construction Contract, contractor, and if applicable, the contractor's surety. HUD encourages Borrowers to utilize energy saving devices and methods.

3. **Supplementary Conditions of the Contract for Construction**. The Borrower(s) and its contractors and subcontractors shall comply with all applicable federal labor standards provisions as expressed in the Supplementary Conditions of the Contract for Construction (HUD-92554M) (OMB control number 2502-0598), in connection with the construction of said Project.

4. **Drawings and Specifications**.
   (a) **Deferred Drawing and Specifications**. If this Commitment has been issued and based upon schematic drawings instead of final drawings and specifications, at least thirty (30) days prior to closing, HUD must receive the final drawings and specifications for review and approval. In the event that there is a net cumulative construction cost increase or change in the design concept, or a net cumulative construction cost decrease in the amount of more than five percent (5%), this Commitment shall be subject to and conditioned upon further approval of HUD, to be evidenced in writing, and may be terminated and voided by HUD, or additional conditions may be imposed, at HUD's sole option.

   (b) **Changes to Drawings and Specifications**. Any change in the Drawings and Specifications or in the related conditions upon which this Commitment is based, that may occur after the date hereof, shall be explained in writing, or in a supplementary application if required by HUD, and must be approved by HUD prior to Initial Endorsement. Any such change occurring subsequent to Initial Endorsement that requires HUD's approval under this paragraph must be brought to the attention of HUD immediately upon occurrence, and must be documented as a project change order and approved by both HUD and the Lender. HUD's approval of any change described above is subject to the procedures set forth in Chapter 12 of the MAP Guide.

5. **Building Agreements**. Approval of advances of insured loan proceeds in accordance with the Building Loan Agreement (Form HUD-92441M) (OMB control number 2502-0598) must be obtained on a form prescribed by HUD prior to the date of each advance to be insured. A Contractor's Prevailing Wage Certificate is included with the Contractor's Requisition Form (HUD-92448) (OMB control number 2502-0598) and shall be filed with the request for approval of each advance that includes a payment for construction costs. HUD's execution of Applications for Insurance of Advances of Mortgage Proceeds (Form HUD-92403) (OMB control number 2502-0097) shall be required only for advances made at Initial Endorsement or Final Endorsement and for advances of all or part of the contractor's retainage, and the

Lender shall have the authority to approve all other advances of Loan proceeds on behalf of HUD. The "**Current Davis-Bacon Wage Decision,**" as identified above, applies and must be verified prior to closing.

6. **Davis Bacon Wage Requirements.** The HUD Closing Coordinator will contact the HUD Office of Labor Standards and Enforcement ("OLSE") at least two (2) weeks prior to the start of construction to determine whether a wage conference is necessary. If determined necessary, authorized representatives from the Borrower, general contractor, and any subcontractors specified by OLSE must attend (all subcontractors are encouraged to attend). Initial endorsement is contingent on the borrower having obtained a wage decision from OLSE effective for the date of closing.

7. **Pre-Construction Conference**. A pre-construction conference must be held the day of closing or, if requested and HUD scheduling permits, at an earlier date. Required attendees include authorized representatives from the Lender, Borrower, general contractor, architect, and sureties.

8. **Estimated Progress Schedule of Work**. No fewer than ten (10) calendar days prior to Initial Endorsement, an Estimated Progress Schedule of Work must be submitted by the general contractor for review and approval by HUD. The progress schedule is required by Article 3.10.1 of the AIA General Conditions, which is an integral part of the FHA Construction Contract, Form HUD-92442M (OMB control number 2502-0598).

9. **E&O Insurance**. Prior to Initial Endorsement, both the design architect and supervising architect shall provide evidence of errors and omissions (liability) insurance and shall agree to maintain errors and omissions insurance through acceptance of the 12-month warranty inspection.

10. **Flood Insurance**. If applicable, prior to Initial Endorsement, evidence of flood insurance is required whenever the property is located in an area of special flood hazards in which flood insurance is available under the National Flood Insurance Act.

11. **Asbestos O&M Plan/Lead Based Paint Survey**. Should any asbestos-containing materials ("ACMs"), lead paint or other environmental contaminants be encountered in the course of demolition or construction, such contaminants are to be handled in accordance with all applicable federal, state, and local requirements.

12. **Section 106 Consultation**. If an archaeological site, human remains, or cultural resources of tribal interest are revealed during the project's construction, HUD must be notified. HUD will contact responders to the Section 106 consultation, as applicable.

13. **HUD Inspection Fee.** During the course of construction, HUD shall at all times have access to the property and the right to inspect the progress of construction, and the "**Inspection Fee Amount**" shall be paid at or before Initial Endorsement. The inspection of construction by a representative of HUD shall be only for the benefit and protection of HUD. The inspection fee is subject to change based on the resizing of the Note and Security Instrument prior to Initial Endorsement.

14. **HUD Application Fee ("Exam Fee").** Prior to Initial Endorsement, the Lender shall also pay to HUD an application fee (also known as an "Exam Fee") equal to the **"Exam Fee Amount"** set forth above, in accordance with Chapter 3 of the MAP Guide.

15. **Completion Assurance**. At or prior to Initial Endorsement, there shall be submitted to HUD assurance of completion of the Project in the form of (i) Payment and Performance Bonds ("Surety Bonds"), each in the amount of 100% of the construction contract amount, in form and substance satisfactory to HUD and issued by a surety acceptable to HUD, or (ii) a completion assurance agreement reflecting a deposit of the "Construction Contract Completion Assurance Amount," in form and substance satisfactory to HUD.

16. **Escrows**. At or before Initial Endorsement, the Lender or its nominee shall collect escrowed funds (in the form of cash and/or, except with respect to clause (c) below, one or more unconditional and irrevocable letters of credit) to be applied to the following items:

    (a) **Working Capital Deposit Escrow Amount.** Funds for application to taxes, mortgage insurance premiums, property insurance premiums and assessments required by the terms of the Security Instrument accruing subsequent to Initial Endorsement, and not from Loan proceeds, in the amount identified above as the **"Working Capital Deposit Escrow Amount."**

    (b) **Additional Project Capital Amount.** Funds required over and above Note and Security Instrument proceeds for completion of the Project in the amount identified above as the **"Additional Project Capital Amount."** This sum represents the difference between HUD's estimate of the total cash required for carrying charges, financing, and for construction of the Project, including contractor's fees and overhead, architect's fees, and other fees, and the maximum amount of the Note and Security Instrument to be insured. These funds may be reduced by (i) so much of the contractor's fees up to "**Maximum Contractor's Fee Amount,**" as the closing documents show, are not to be paid in cash, and (ii) amounts that have been prepaid by or on behalf of the Borrower, as evidenced by a certification of the Borrower.

    (c) **Off-site Improvement & Demolition Costs.** Funds for application to the costs of off-site improvements in the amount identified above as the "**Off-site Improvement Cost,**" and the amount identified above as the "**Demolition Cost.**"

    (d) **Initial Operating Deficit Deposit.** Funds in the amount identified above as the "**Initial Operating Deficit Deposit**" held in escrow either by cash, a letter of credit, or excess mortgage proceeds, or excess land equity, if any, for application to the Project expenses beginning on the later of (1) the date on which all or part of the Project receives a certificate of occupancy, or (2) the date on which the residents first occupy the Project, and ending on the later of (1) the "**Operating Deficit Period**" or (2) the date by which the Project has demonstrated to HUD's satisfaction that the Project has achieved a debt

service coverage ratio (including Mortgage Insurance Premium) of at least 1.0 for six consecutive months (break-even occupancy).

(e) At Initial Endorsement, the Lender shall deliver to HUD a Lender's Certificate (form HUD-92434M) (OMB control number 2502-0598) evidencing the escrow of funds corresponding to the accounts described above. All funds deposited with the Lender or its nominee under this paragraph shall be held and disbursed by the Lender or its nominee in accordance with the applicable HUD requirements.

17. **Insurance Coverage**. Prior to issuance of the Permission to Occupy, the Borrower must provide evidence of all required insurance in conformance with current program requirements. Property insurance coverage must equal the minimum "**Property Insurance Coverage Amount**", which is at least 90% of "**Estimated Replacement Cost Value,**" with a deductible that equals the "**Required Property Insurance Deductible Amount.**"

17. **Occupancy Approval**. To the extent that the Borrower has not done so prior to Initial Endorsement, the Borrower must provide to HUD evidence/documentation from the appropriate local/state local authorities showing approval or conditional approval for the occupancy of the Project prior to any actual occupancy of the Project (or applicable portion thereof).

18. **Tenant Security Deposits**. If the property is currently occupied, prior to Initial Endorsement the Borrower must provide proof of a tenant security deposit account. The Borrower must fully fund the tenant security deposit account prior to closing and must certify in writing that all tenant security deposits are kept separate and apart from all other funds of the Project in a trust account the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under said account. Any security deposit collected after the date of closing is limited in the amount to no more than one month's rent.

19. **Cost Certification.** Borrower must provide a Cost Certification (under Forms HUD-92330 and 92330-A) (OMB control number 2502-0112) unless HUD has determined that the Project is exempt from this requirement in accordance with the terms below.

    a. **Cost Savings**. Any interest savings resulting purely from a differential between the processed interest rate and the actual final interest rate may not be construed as excess funds offsetting costs in other categories at the time of cost certification. To the extent that the amount of the Note and Security Instrument set forth in this Commitment has been determined based upon Replacement Cost, any such savings must be applied as a reduction in the amount of the Note and Security Instrument, or placed in the Reserve for Replacement account or other use as deemed appropriate as project betterment by HUD.

    b. **Cost Certification Exemption.** A Project may be exempt from providing a Cost Certification if the transaction involves LIHTC equity as a source of funds and the ratio of Loan proceeds to the actual cost of the Project is less than or equal to eighty percent (80%) as determined by HUD as of the date of this Commitment. If HUD has determined that the Project qualifies for the Cost Certification Exemption, then at

least thirty (30) days prior to Final Endorsement, the Borrower must submit an Income and Expense Statement covering the period beginning at the later of (i) first occupancy (*i.e.* projects occupied during construction) or (ii) substantial completion (as determined by HUD) and ending three (3) months prior to the first payment of principal as originally scheduled. With respect to any income for this period, the Borrower must either (i) deposit such funds into the Project's Reserve for Replacement account or (ii) demonstrate to HUD's satisfaction that such funds were used to cover non-mortgageable costs or improvements.

20. **Continuing Obligations & Final Endorsement**. Once HUD endorses the Note and Security Instrument for mortgage insurance upon satisfaction of all conditions required prior to Initial Endorsement, pursuant to 24 C.F.R. §200.100(b), Borrower and Lender shall continue to be obligated to satisfy all remaining conditions contained herein that must be satisfied before Final Endorsement. Upon completion of the Project in accordance with the Drawings and Specifications, the Note will be finally endorsed for insurance to the extent of the advances of Note and Security Instrument proceeds approved by HUD, subject to reduction as provided in the Regulations.

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
acting by and through the **Secretary:**

By: Christine Tellhouse for Date: 8/18/2017

Mary V. Walsh
Director
Southwest Multifamily Region

This Commitment, including Exhibit B conditions (if applicable), is hereby accepted by the undersigned, and we hereby agree to be bound by the terms hereof.

Each signatory below hereby certifies such signatory's statements and representations contained in this Commitment and all supporting documentation provided by such signatory are true, accurate, and complete. This Commitment has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring the Loan, and may be relied upon by HUD as a true statement of the facts contained therein.

BORROWER: **DDC Merritt Heritage, Ltd.**

Date: _____ By: _____

Name: _____

Title: _____

LENDER: **Dougherty Mortgage, LLC**

Date: _____ By: _____

Name: _____

Title: _____

Attachments:
Exhibit A – Legal Description
Exhibit B – Additional Conditions
Exhibit C – Listing of Drawings and Specifications
Exhibit D – Reserve for Replacement Funding Schedule (if applicable)
Exhibit E - Form HUD-92264A (OMB control number 2502-0029)

FIELD NOTES

BEING 13.246 ACRES OF LAND, MORE OR LESS, OUT OF AND A PORTION OF THE JOSEPH FISH SURVEY, ABSTRACT NUMBER 232 IN WILLIAMSON COUNTY, TEXAS, AND BEING OUT OF AND A PORTION OF THAT CERTAIN CALLED 118.34 ACRE TRACT OF LAND CONVEYED BY DEED TO ANDICE DEVELOPMENT CO., A TEXAS LIMITED CORPORATION, AS RECORDED IN DOCUMENT NUMBER 9636558 OF THE OFFICIAL RECORDS OF WILLIAMSON COUNTY, TEXAS SAID 13.246 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a found ½" iron rod on the easterly right-of-way line of Woodlake Drive (64' ROW) said point being the north corner of Lot 1, Block C, of "Woodlake, Phase 3", a subdivision of record as recorded in Document Number 2003070897 of the Official Public Records of Williamson County, Texas said point also being the west corner of this tract of land;

THENCE along said easterly right-of-way line the following three (3) courses and distances:

1) N 37° 12' 25" E a distance of 14.14 to a 60D nail found at the beginning of a curve to the right (concave to the southeast)
2) along said curve having the following elements, a central angle of 4° 54' 11" , a radius of 3470.00 feet and an arc length of 296.94 feet , the chord of which bears N 39° 45' 06" E a distance of 296.85 feet to a 60d nail found, and
3) N 42° 09' 17" E a distance of 75.64 feet, to a ½" iron rod set for the most southerly north corner of this tract of land;

THENCE through said 118.34 acre tract of land the following two courses and distances:

1) S 44° 06' 17" E a distance of 420.28 feet to a ½" iron rod set, and
2) N 45° 55' 07" E a distance of 300.07 feet a ½" iron rod set on the southerly right-of-way line of Williams Drive (ROW varies) for the most northerly north corner of this tract of land;

THENCE along said right-of-way line the following two (2) courses and distances:

1) S 44° 07' 26" E, a distance of 270.73 feet to a ½" iron rod found at the beginning of a curve to the right, and
2) along said curve having the following elements, a central angle of 4° 56' 36", a radius of 5631.38 feet and an arc length of 448.53, the chord of which bears S 41° 45' 05" E a distance of 448.42 feet to a ½" iron rod set at the point of intersection with the westerly right-of-way line of Cedar Lake Boulevard for the east corner of this tract of land;

THENCE, along said right-of-way line, the following five (5) courses and distances:

1) S 51° 15' 45" W a distance of 73.21 feet to a ½" iron rod set at the beginning of a curve to the right
   (concave to the northwest)
2) along said curve having the following elements, a central angle of 17° 15' 46", a radius of 538.5 feet and an arc length of 162.25 feet, the chord of which bears S 60° 02' 13" W a distance of 161.63 feet to a ½" iron rod found
3) S 68° 26' 15" W a distance of 252.71 feet to a ½" iron rod set at the beginning of a curve to the

left (concave to the southeast)

4) along said curve having the following elements, a central angle of 13° 11` 20" , a radius of 896.50 feet and an arc length of 206.37 feet, the chord of which bears S 61° 56` 00" W a distance of 205.91 feet to a ½" iron rod found, and
3) S 55° 14` 55" W a distance of 44.97 feet to a ½" iron rod found for the south corner of this tract of land, same being on the rear line of Lot 32, Block C, of "Woodlake, Phase 4" a subdivision of record in Williamson County, Texas, as recorded in Document Number 2004055418 of the Official Public Records of Williamson County, Texas;

THENCE along the common dividing line between this tract of land and said Phase 4, the following two (2) courses and distances:

1) N 35° 47` 43" W (Basis of Bearings from said subdivision plat) a distance of 614.59 feet, to a ½" iron rod found, and
2) N 69° 52` 04" W a distance of 154.24 feet to a ½" iron rod found for an angle point in the boundary line of said Phase 4, same being the east corner of said Lot 1 Block C in said Phase 3;

THENCE along the common dividing line between this tract of land and said Lot 1, Block C, the following two (2) courses and distances:

1) N 11° 51` 52" W a distance of 59.07 feet to a 60D nail found, and
2) N 52° 36` 48" W a distance of 96.96 feet to **THE POINT OF BEGINNING** and containing 13.246 acres of land, more or less.

Note all ½" iron rods set have a plastic cap stamped "ALL POINTS"

This metes and bounds description is to accompany a survey map of same date.

ROGER L. WAY
R.P.L.S. No. 3910
JOB No. O2B03516

STATE OF TEXAS
REGISTERED
ROGER L. WAY
3910
PROFESSIONAL
LAND SURVEYOR

6/02/16
Date

ALL POINTS SURVEYING
1714 Fortview Road, Suite 200, Austin, TX 78704
Telephone: (512) 440-0071 Fax: (512) 440-0199

EXHIBIT B: ADDITIONAL CONDITIONS

A. Monthly report for establishing Net Income, Schedule of Disbursements, and Schedule of Accounts Payable (HUD Forms 93479,93480, and 93481, respectively) must be submitted from the beginning of rent-up activities through sustaining occupancy. Sustaining occupancy is defined as 80% occupancy for 3 consecutive months. Please provide to MFSouthwestMARs@HUD.gov for the accounting reports and correspondence at MFSouthwest@HUD.gov.

B. Provide permanent lender's written assurance That permanent financing will be available at the rate shown in the firm commitment.

C. The Mortgagor, if a new Business Partner, must register online at the Business Partner Registration Multifamily page at https://hudaimslitud.gov/aous040.cfm.

D. Sixty days prior to lease-up, the mortgagor and management company shall schedule a meeting with HUD Asset Management to discuss items relative to operations.

E. HUD Asset Management can request the use of a third party HUD experienced management group for consulting at any period necessary.

F. Contractor to provide 100% performance and payment bond. Bonds must be recorded at initial closing.

G. Place construction sign to state U.S. Department of Housing and Urban Development's participation in the financing of this project.

H. Any loans or notes secured or unsecured, other than the HUD note must have HUD's prior written approval. The individual/entities to be listed in Section 50 of the Regulatory Agreement will be, Colby Denison, Guarantor and Managing Member of SLP (DDC Investments, Ltd.) and DDC Merritt Heritage GP, LLC (General Partner of the Mortgagor) By: Joyce McDonald, Executive Director of Frameworks Community Development Corporation, Inc., Sole Member of GP. These parties shall exercise control over DDC Merritt Heritage, Ltd. to be able to commit or protect against the malfeasance set forth in Section 50 of the Regulatory Agreement, and have the financial capacity to compensate for damages arising from such malfeasance.

I. Radon testing must be completed prior to Final Endorsement. Radon Zone 3 will require mitigation during construction and post-construction testing to verify that interior radon levels fall below current ASTM threshold.

J. The final Survey and Surveyor's Report will be required prior to initial closing.

K. At 80% completion, a Preoccupancy Conference must be scheduled with **[Margi McCunniff, Senior Account Executive,** who can be contacted at **913-551-5543. Regulatory Agreement.** [MAP Guide Chapter 8.3.E 5 & 6].

L. An escrow agreement for working capital in the amount of $1,131,748.

M. An escrow agreement for operating deficit in the amount of $1,862,172 is required.

N. An escrow agreement for the social services fee in the amount of $60,000.

O. Construction will include mitigation measures to reduce noise level by 30.53db and will be verified by HUD inspector.

P. Tax-Credit equity pay-in to meet or exceed the requirements of the following schedule:

Benchmarks for Equity Installments	**Minimum Equity Installment** [78]
On Or Before Closing (223(f)) or Initial Endorsement (221(d)(4))	20% of Total Equity
At 65% Completion of Repairs (223(f)) or Construction Completion (221(d)(4)	37.5% of Net Equity
At 100% Completion of Repairs (223(f)) or Final Endorsement (221(d)(4)	62.5% of Net Equity

Q. The proposal has indicated that construction qualifies for the lower MIP rates based on meeting the threshold outlined for "green initiatives". Prior to Final Endorsement, the architect must provide a written certification identifying the standards used to meet this threshold.

   a. Data Collection Plan must be submitted before Initial Endorsement.
   b. A Green MIP Reduction course of action is required before Initial Endorsement.
   c. Rider to Regulatory Agreement (Borrower's Obligation to Maintain Project's Energy Performance as Consideration for MIP Reduction) required.

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

SEPTEMBER 7, 2017

Presentation, discussion, and possible action regarding Direct Loan Terms for Merritt Monument (HTC #16210, HOME #1002613)

RECOMMENDED ACTION

WHEREAS, in 2016 Merritt Monument Apartments (the "Development") was allocated $853,071 in 9% Housing Tax Credits ("HTC") and was awarded a $2,000,000 HOME loan under the CHDO Set-Aside from the 2016-1 Multifamily Direct Loan Notice of Funding Availability ("2016-1 NOFA") at 3% interest with an 18 year term and 30 year amortization period to construct 104 new multifamily units in Midland, Midland County;

WHEREAS, Tex. Gov't Code §2306.142 provides the Board with the "specific duty and power to establish interest rates and amortization schedules for loans made or financed…" by the Department;

WHEREAS, the Department is re-evaluating the first lien financing prior to HOME closing and the Applicant is now proposing to substitute its previously proposed conventional financing of $5,000,000 at a 6% interest rate, 35 year amortization and 15 year term for a first lien construction to permanent loan from Dougherty Mortgage through the Federal Housing Administration ("FHA") 221(d)(4) program for a new loan of $9,000,000 at an 3.85% interest rate, with a 40 year amortization and a 40 year term;

WHEREAS, the Applicant is now requesting approval to modify the HOME loan term from 18 years to 40 years to allow the Applicant to utilize a first lien FHA loan, which is allowed under 10 TAC §10.307(a)(2) of the 2016 Uniform Multifamily Rules;

WHEREAS, the Applicant is also requesting approval to modify the HOME loan terms such that repayment goes from hard debt repayment to repayment from 75% surplus cash flow as specified in Section 14.14(A)(1) of the HUD Multifamily Accelerated Processing Guide ("MAP" Guide), which requires that all subordinate debt in FHA insured developments must be repayable only from Cash Surplus (as defined for FHA purposes) after the deduction of certain expenses and first lien debt service in order to ensure that 25% of the surplus cash remains as an incentive to the Owner;

WHEREAS, the 2016-1 NOFA required all loans except for those awarded under the Deferred Forgivable Loan Set-Aside, to be structured as fully repayable (must pay) at not less than a 3.0% interest rate and 30 year amortization with a term that matches the term of any superior loans (within 6 months) and an ultimate interest rate that when underwritten by the Department meets a 1.15 to 1.35 debt coverage ratio;

WHEREAS, 10 TAC §13.8(c)(2) allows for a Direct Loan to be structured as payable from surplus cash flow provided the first lien mortgage is a federally insured HUD or FHA

mortgage and the debt coverage, inclusive of the loan, continues to meet the Department's underwriting requirements, but does not address specifically whether a 75% Cash Surplus restriction is allowable;

WHEREAS, the Department has previously accepted the 75% Cash Surplus restriction in loan documents, loan modifications, or subordination agreements, but has done so at the Board level on a case by case basis, and consistent with that approach staff is presenting this as a neutral;

WHEREAS, in an attempt to mitigate the increased risk to the Department, the Development Owner has further offered to provide a guaranty through its Special Limited Partner, DDC Investments, Ltd., an affiliate of the Owner, for repayment of the HOME loan;

WHEREAS, the Board is required 10 TAC §13.12 to approve such significant changes to the terms of the loan prior to loan closing;

NOW, therefore, it is hereby

RESOLVED, that the request to modify the HOME loan term to 40 years for Merritt Monument is approved as allowed under 10 TAC §13.12(2), as presented at this meeting;

FURTHER RESOLVED, that the request to modify the payment terms of the Department's subordinate HOME loan to 75% of the Cash Surplus available, as presented at this meeting and pursuant to final underwriting approval/acceptance, is hereby [approved/denied];

FURTHER RESOLVED, that the Board's action on this request does not establish a de facto rule or any precedent on the acceptance of the 75% surplus cash structure, and the Executive Director and his designees are hereby authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

On August 16, 2017, the Department received a request to amend the HOME loan terms from a legal representative of the Owner, DDC Merritt Monument, Ltd. (Stacy Swisher and Colby Denison) for Merritt Monument (a 9% 2016 HTC deal with a $2,000,000 HOME loan at 3% interest). The request is seeking approval to change the HOME loan structure from monthly, hard debt payment on an 18 year term and 30 year amortization to an annual surplus cash flow payment restricted to 75% cash flow a 40 year term with a 30 year amortization in order to accommodate a construction to permanent loan from Dougherty Mortgage LLC with mortgage insurance through the 221(d)(4) FHA program.

According to Cynthia Bast of Locke Lord (the "Owner's Legal Counsel"), these changes are being requested because HUD will require repayments of any subordinate debt on the FHA loan to be limited to 75% surplus cash from the Development (the latter of which represents a departure in policy from what HUD previously allowed on TDHCA HOME transactions that received construction and permanent loans through the FHA program).

The Owner's Legal Counsel has made the argument in the request letter that as a permitted inferior lien held by a State government instrumentality, the HOME loan repayment terms are restricted to surplus cash, which HUD, under its statutory authority to carry out provisions of the National Housing Act, has defined in the MAP Guide as 75% or less of the annual surplus cash in order to provide an incentive to the Owner. The Owner's Legal Counsel argues that since the Department's rules in 10 TAC §13.8(c)(2) allow for the approval of a surplus cash flow repayment structure provided the first lien mortgage is a federally insured HUD or FHA mortgage, not approving such structure (even though the structure offers repayment based on 75% of surplus cash rather than 100%, which staff notes TDHCA has previously expected of such transactions based on previous agreements with HUD) would in effect be inconsistent with federal authority and therefore in conflict with Tex. Gov't Code (specifically §2306.1111(a), which addresses TDHCA's oversight of federal programs and the need for consistency with federal authority) and the Department's own rules (specifically 10 TAC §13.1(a) and 10 TAC §13.1(c)). Owner's Legal Counsel points to a section in the rule that reads "In no instance will the Department consider a waiver request that would violate federal program requirements or state or federal statute" as additional support for acceptance of this request. Owner's Legal Counsel has included this argument for the additional purpose that, to the extent any waiver of rule is required, the argument would show good cause for such waiver.

However, while staff does not contest that the Department's established uniform application and funding cycles must be consistent with federal law, staff would also suggest that the MAP Guide is not a federal or state law but, as its name suggests, a guide for the use in approving loan applications and assuring consistent application of program requirements and credits standards across HUD processing offices. Staff would also suggest that, while the Owner is experiencing difficulties with an FHA insured financing application from HUD due to a change in an ad hoc policy position on HUD's previous agreement with the Department concerning its cash surplus provision (which originally served to protect the Department's level of risk associated with soft repayment in Direct Loan transactions), the FHA insured financing is not required by law or rule but is elective and followed the Owner's decision to receive funds under the Department's 2016-1 NOFA, at which time the Owner had submitted an Application for underwriting that proposed conventional financing at the terms specifically required by the competitive NOFA. Moreover, the Department's rule quoted by the Owner's Legal Counsel is specifically with regard to the inability to provide waivers of federal requirements by the Department.

As a response to concerns related to the higher level of risk associated with limiting repayment of the Multifamily Direct Loan to 75% of the surplus cash flow, which were brought to the Board's attention on previous FHA insured transactions (refinances such as Pine Lake Estates, HTC #13232/HOME #1002029, Sunrise Townhomes, HOME #1002048, and Villas at Henderson Place, HTC #060629/HTF #1000435), the Owner's Legal Counsel has also offered that the Owner will guarantee repayment of the HOME Loan through its Special Limited Partner, DDC Investments, Ltd. This will give assurance to TDHCA that the HOME loan will be paid in the same manner as if repayment were not dependent upon a certain percentage of cash flow. Legal counsel references the Sunrise Townhomes Board Action Item in February of this year, to which the Board granted approval based on a personal guarantee extended by the Owner. Staff notes that a personal guarantee is not the same as a guarantee by a limited liability company and that routinely accepting guarantees of any type can create a guarantor risk that has not been, and is difficult to be, evaluated by the Department.

While staff appreciates that the Owner has taken steps to attempt to mitigate the risk to the Department concerning the 75% surplus cash repayment structure (given the Department's own liability and risk of repayment to HUD, which has been previously exercised due to unfulfilled obligations of prior multifamily developers), staff would also point out that the Board should consider not only the risk related to repayment

for this particular Development, but the risk of setting precedence for the Multifamily Direct Loan program funding pool as a whole. The Department publishes an annual NOFA, as it did in the case of the 2016-1 NOFA, in accordance with 24 CFR §91.320(d) regarding method of distribution and HUD's Office of Community Planning and Development ("CPD"), Notice 15-11, which requires grantees such as TDHCA to establish written standards on which it will award its HOME funds. The 2016-1 NOFA clearly identified loan structure requirements that all Multifamily Direct Loans, except for those awarded under the Deferred Forgivable Loan Set-Aside, would be structured as fully repayable at not less than a 3.0% interest rate and 30 year amortization with a term that matches the term of any superior loans and an ultimate interest rate that when underwritten by the Department meets a 1.15 to 1.35 debt coverage ratio ("DCR"). The majority of funds available in the NOFA were intended to be fully repayable with a 3% interest rate and 30 year amortization in order to maintain a future funding source for the Direct Loan program as a whole. As a case in point, TDHCA recently programmed $46,159,669 in 2017 Multifamily Direct Loan Funding, over 2/3 of which came from program income and repayments (such as principal and interest payments) from three programs – TCAP, NSP, and HOME – all while new Federal allocations for these programs are either no longer existent or are substantially decreasing. It could be argued that allowing this development, which originally came in for an award under a competitive NOFA proposing must pay, conventional debt at 3.0% and awarded over other deals without such repayment planned, to now modify the repayment terms on such Direct Loan prior to closing, is receiving terms unavailable to other applicants under the NOFA and limits the potential pool of future funding that depends, in part, on full and timely repayment of loan funds.

Additionally, while the Owner's Legal Counsel has argued that if TDHCA declines to cooperate with HUD's cash flow mandate, Owners will be denied the opportunity to pursue the favorable financing terms available under FHA programs, staff believes that the MAP provision that limits cash flow repayment to 75% and related to providing an Owner incentive goes beyond favorable financing terms. Staff has also previously argued before the Board in relation to requests for refinance that this recent change in HUD policy on limited cash flow repayment was not contemplated under the existing TDHCA rule in 10 TAC §13.8(c)(2) which allows for a Direct Loan to be structured as payable from surplus cash flow provided the first lien mortgage is a federally insured HUD or FHA mortgage. Staff, therefore, seeks to clarify that in addition to favorable financing terms an approval of the change in repayment terms in this case will also have the effect of prioritizing a return to the owner ahead of debt service to the Department, a policy which the Department, as a lender, has previously strongly discouraged.

Lastly, staff seeks to clarify that there are two types of scenarios in which changes to the terms of a HOME loan (specifically modifications that would require a change from hard pay debt to soft repayment cash flow structures) have been brought before the Board over the last year: 1) As a change prior to HOME loan closing, which is the case in this scenario, and 2) As a change after the closing of the HOME loan, which is related to re-financing existing debt with an FHA product. Over the past year, four of the five transactions that have come before the Board were under a post closing refinance scenario. This was the case for Sunrise Townhomes (HTC #13500, HOME #1002048), referred to by the Owner's Legal Counsel in reference to this request, which came before the Board in February, and marked the first time (along with Pine Lake Estates, HTC #13232, HOME #1002029, presented at the same Board meeting) HUD had indicated that they would not continue the transaction unless the Department acquiesced and limited its loan repayment to 75% of cash flow.

In the instance where the new structure occurred prior to closing any financing on another of the Sponsor's Developments, Merritt Hill Country, in October of 2016, HUD ultimately allowed TDHCA's position and allowed modification of the loan documents to be silent on the provision related to repayment limits of 75% surplus cash. From a review of all other 2016 Multifamily Direct Loan (MFDL) awards through posted

underwriting reports, it also appears that no other Sponsors sought to utilize FHA insured mortgages in conjunction with their awards of Multifamily Direct Loan funds originally nor made an attempt to switch to obtaining FHA insured mortgages following application. In this respect, the request is new and warranted a re-review under the Uniform Multifamily Rules, which which was added in 2017.

As part of that review, staff notes that while the Loan Structure and Underwriting Requirements in §13.8 included nearly the exact language as the prior year's rule (previously part of Subchapter D as §10.307(a)), the new Rule also states in §13.8(a) that "The interest rate, amortization period, and ***term*** for the loan will be ***fixed by the Board at Award***" (bold and italic emphasis added by staff for purposes of this discussion) and also newly states in §13.12(7) under Amendments to Direct Loan Terms that "An Applicant may request a change to the terms of a loan. ***Except for an award of funds to a Development that has had a Force Majeure event (and such an event necessitates an immediate change to the loan), such changes for federal awards will only be processed after the Development is reported to the federal oversight entity as completed.*** Requests for changes to the loan post closing will be processed as loan modifications and may require additional approval by the Department's Asset Management Division…." (bold and italic emphasis added by staff for purposes of this discussion). Given these sections of the Multifamily Direct Loan Rule, it appears that staff does not have the authority to make a change in term prior to initial loan closing unless, in this case, 'term' is interpreted by the Board to mean explicitly the loan term itself and not other terms of the loan such as the terms of repayment. "Term" as it is used in either section of the rule is not further defined or explained in the applicable sections of the Rule, nor in §13.2 related to Definitions of terms within the Multifamily Direct Loan Rule.

In consideration of the additional risk posed to the Department and its funding pool, consideration that this particular transaction may be allowed to move forward should not set precedence, and any other transaction seeking amendment to its Direct Loan terms should be considered by the Board only on a case by case basis until clarification or changes to the Multifamily Direct Loan rules are adopted or a reversion and acceptance to the HUD guidelines on subordinate debt repayment is made. Staff reasons that this consideration would still allow FHA refinances to come to the Board for consideration and evaluation of individual risk under the current rulemaking if the Board so chooses, but would have the effect of limiting the risk to the Department and its funding pool as addressed in this action.

Unlike Merritt Hill Country (HTC #15273, HOME #1002298), which was approved in October 2016 prior to the introduction of the Multifamily Direct Loan Rule, and unlike Merritt Heritage (HTC #16185, HOME #1002507), presented at this same Meeting, on which the Board had previously approved a change in term, staff believes they cannot recommend approval of the changed loan and repayment terms prior to HOME loan closing given the Multifamily Direct Loan Rule's provision in §13.12(7). The Owner's Legal Counsel, to the extent any waiver of rules is required, has included with their request (as stated above) an argument for good cause associated with such waiver. As such, in the event the Board decides to grant a waiver of the Multifamily Direct Loan Rule provision in §13.12(7), which is permitted under §10.207(a), the rule requires under §10.207(a)(2) that the "request must establish that the waiver is necessary to address ***circumstances beyond the Applicant's control*** and how, if the waiver is not granted, ***the Department will not fulfill some specific requirement of law***" (bold and italic emphasis added by staff for purposes of this discussion). To this requirement, the Owner's Legal Counsel asserts that the good cause and necessity for such a waiver includes allowing owners of affordable housing properties to access the favorable debt sources provided by FHA, along with the pursuit of consistency with federal authority.

The underwriting of this transaction, as of the date of this Board Action Request, is still pending. In the event the Board approves this request, staff recommends making such approval subject to the following

conditions: 1) The Owner's ability to meet any additional conditions imposed on the 2016 loan commitment as stated in the latest underwriting report for this Development, and 2) The Owner's agreement, based on general staff concerns regarding timing for its 9% Placed in service requirement, that neither Force Majeure nor an Extension to the Placed in Service deadline or waiver of the Carryover Agreement provision that all units be placed in service by the placed in service deadline, will be sought for this Development given the late date of this request and the Development's loan closing. The Department believes this second condition is reasonable based on discussions with the Owner and General Contractor, who have assured the Department that the Development will be able to meet its placed in service deadline.

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August 16, 2017

VIA EMAIL: raquel.morales@tdhca.state.tx.us

Raquel Morales
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Merritt Monument in Midland (the "**Development**")
(TDHCA No. 16210)
Amendment Request for HOME Loan

Dear Raquel:

We serve as counsel for DDC Merritt Monument, Ltd., a Texas limited partnership (the "**Owner**"), which is developing and financing the Development. In 2016, the Owner received commitments for low-income housing tax credits, along with a HOME loan from the Texas Department of Housing and Community Affairs ("**TDHCA**") in the amount $2,000,000.00 (the "**HOME Loan**"). At the time of original award, it was contemplated that the Owner would utilize conventional debt as a first lien loan to finance the Development. Subsequently, the Owner advised TDHCA that it would be utilizing a construction and permanent loan from Dougherty Mortgage LLC, with mortgage insurance through the Federal Housing Administration ("**FHA**") pursuant to Section 221(d)(4) of the National Housing Act (the "**HUD Loan**").

The purpose of this amendment request (this "**Request**") is to provide repayment terms for the HOME Loan that are consistent with FHA requirements. Specifically, the National Housing Act and the HUD Multifamily Accelerated Processing Guide (the "**MAP Guide**") require the HOME Loan be subordinate to the HUD Loan, the HOME Loan not have a maturity date prior to the HUD Loan, and that repayments of any subordinate debt be limited to 75% of surplus cash from the Development. As you are aware, HUD has refused to provide any waivers with respect to this surplus cash limitation and is requiring strict compliance with the MAP Guide.

This letter provides the legal and procedural support for granting the Request, at the staff level or Board level, as applicable. To the extent any waiver of rules is required, we will show good cause for the waiver and mitigation of any risks associated with the Request.

Extension of Term of HOME Loan

Modifying the maturity date of a direct loan from TDHCA in order to comply with FHA requirements has been addressed in 10 TAC § 13.12(2) which states:

> The Executive Director or authorized designee may approve amendments to loan terms prior to closing as described in paragraphs (1) - (7) of this section. Board approval is necessary for any other changes prior to closing.
>
> (2) changes to the loan maturity date to accommodate the requirements of other lenders or to maintain parity of term;

This clearly states that TDHCA staff has the authority to change the maturity date of the HOME Loan to be forty (40) years in order to comply with FHA requirements.

Surplus Cash Limitation - FHA Financing and MAP Guide Provisions

Legal authority found in 24 CFR § 200.71 states that a development receiving FHA financing must be free and clear of all liens, except for certain permitted inferior liens:

> *§ 200.71 Liens.*
>
> The project must be free and clear of all liens other than the insured mortgage, except that the property may be subject to an inferior lien as provided by terms and conditions established by the Commissioner for an inferior lien:
>
> (a) Made or held by a Federal, State or local government instrumentality;

Thus, the HOME Loan for the Development is a permitted inferior lien to the HUD Loan. HUD regulations further restrict an inferior loan as to repayment:

> *§ 200.85 Covenant against liens.*
>
> (a) The mortgage shall contain a covenant against the creation by the mortgagor of liens against the property superior or inferior to the lien of the mortgage except for such inferior lien as may be approved by the Commissioner in accordance with provisions of § 200.71; and
>
> (b) A covenant against repayment of a Commissioner approved inferior lien from mortgage proceeds **other than surplus cash** or residual receipts, except in the case of an inferior lien created by an operating loss loan insured pursuant to section 223(d) of the Act, or a supplemental loan insured pursuant to section 241 of the Act. (emphasis added)

These regulatory requirements (the "**Surplus Cash Regulations**") are further defined in the MAP Guide.

The MAP Guide is promulgated by HUD "to establish national standards for approved lenders to prepare, process and submit loan applications for Federal Housing Administration (FHA) multifamily mortgage insurance." The most recent version of the MAP Guide was published in January 2016. Section 1.1 of the MAP Guide states:

> Statutory authority for the implementation of MAP is contained in the basic insuring authority for each of the programs covered in MAP, pursuant to the National Housing Act, Sections 220, 221(d)(4), 231, 241(a), 223(a)(7), and 223(f). Additionally, Section 211 of the National Housing Act and Section 7(d) of the Department of HUD Act authorizes the Secretary to make such rules and regulations as may be necessary to carry out the provisions of the Act.

Thus, under its statutory authority to implement the Surplus Cash Regulations, HUD has provided the following in the MAP Guide at Section 14.14(A)(1):

> Payments on all secondary debt are restricted to 75% or less of the annual surplus cash, or from the proceeds of a sale or refinancing of the property. (See 24 CFR 200.85(b).) This limit applies cumulatively to all secondary debt, private and public, to ensure that at least 25% of the surplus cash remains as an incentive to the owner. Owners may make additional payments on the debt out of their remaining 25% of cash flow, or from other sources.

It should be noted that this restriction on payment of secondary debt from 75% of surplus cash has been part of the MAP Guide since the version published in August 2011.

Surplus Cash Limitation - Legal Considerations

Structuring a direct loan from TDHCA in order to comply with FHA requirements has been addressed in 10 TAC § 13.8(c)(2) which states:

> If the first lien mortgage is a federally insured HUD or FHA mortgage . . . , the Department may approve a loan structure **with annual payments payable from surplus cash flow** provided that the debt coverage ratio, inclusive of the loan, continues to meet the requirements of this subchapter. (emphasis added)

While 10 TAC § 13.8(c)(2) does not explicitly address limiting direct loan payments to a specified percentage of surplus cash flow, the Texas Government Code addresses TDHCA's oversight of federal programs and the need for consistency with federal authority. Section 2306.1111(a) of the Government Code says:

> Notwithstanding any other state law **and to the extent consistent with federal law**, the department shall establish uniform application and funding cycles for all competitive single-family and multifamily housing programs administered by the department under this chapter . . . . (emphasis added)

The mandate to operate within applicable federal program requirements is further recognized at 10 TAC § 13.1(a):

> Notwithstanding anything in this Chapter to the contrary, loans and grants issued to finance the Development of multifamily rental housing are subject to the requirements of the laws of the State of Texas, including but not limited to Tex. Gov't Code, Chapter 2306, and federal law pursuant to the requirements of Title II of the Cranston-Gonzalez National Affordable Housing Act and the implementing regulations 24 CFR Part 91, Part 92, and Part 93, as they may be applicable to a specific fund source. The Department is authorized to administer HOME funds pursuant to Tex Gov't Code, §2306.111. Tex Gov't Code Chapter 2306, Subchapter I, Housing Finance Division.

Further, the intent to comply with federal programmatic requirements is evident in 10 TAC §13.1(c):

> In no instance will the Department consider a waiver request that would violate **federal program requirements** or state or federal statute. (emphasis added)

At the time TDHCA approved the rule at 10 TAC § 13.8(c)(2) with regard to payment of direct loans from surplus cash, TDHCA was aware of the MAP Guide requirement that subordinate loans should be paid from no more than 75% of surplus cash. The MAP Guide requirement had been in place since August 2011. Given the statutory and regulatory direction that TDHCA operate its programs in a manner consistent with federal law and federal program requirements, it is therefore reasonable that TDHCA interpret its rules in a manner consistent with the MAP Guide. 10 TAC § 13.8(c)(2) requires that the payment come "from surplus cash flow." If the Owner uses 75% of its surplus cash to pay the HOME Loan, that payment is coming *from surplus cash flow*. To the extent the language must be interpreted in any way, legal authority favors an interpretation that is consistent with federal authority, not an interpretation that flies in the face of well-known federal authority.

Mitigation

TDHCA has expressed concern that limiting repayment of the HOME Loan to 75% of the surplus cash flow generated by the Development increases the risk associated with the HOME Loan. Repayment allows TDHCA to re-program the funds for other affordable housing activities. In February 2017, TDHCA's Board considered and approved a modification of a HOME Loan to be repaid out of 75% of surplus cash flow for Sunrise Townhomes in Fredericksburg. To assist with mitigating the risk associated with this Request, DDC Investments, Ltd. ("**DDC**"), an affiliate of the Owner, is willing to establish a guaranty for repayment of the HOME Loan, similar to the one established for Sunrise Townhomes. The Owner believes this mitigation gives TDHCA sufficient assurance that the HOME Loan will be paid, in the same manner as if repayment were not dependent upon a certain percentage of surplus cash flow. However, the Owner is open to discussing other mitigation if TDHCA's Board so requires.

Conclusion

Mortgage financing through FHA is viewed as highly desirable for the development and preservation of affordable housing, with lower interest rates and longer amortization periods. We are seeing an increase in the use of this financing tool. Owners are working with FHA, both for development financing and for refinancing of existing affordable housing properties.

In February 2017, we appeared before TDHCA's Board to seek approval for a change in HOME loan repayment for two different developments (including Sunrise Townhomes, referenced above) that were refinancing existing first lien debt with FHA insured loans. Both needed to change the HOME loan repayment terms to provide for the 75% of surplus cash flow limitation. At the time, we made it clear that the Board would be seeing this request again and again. If TDHCA declines to cooperate with HUD's mandate, a variety of owners will be denied the opportunity to pursue this favorable financing.

We believe that TDHCA's governing statute and rules indicate that consistency with federal law and programs is necessary and appropriate for the implementation of TDHCA's programs. To the extent any rule waivers are required, the good cause and necessity for such waivers include allowing owners of affordable housing properties to access the favorable debt sources provided by FHA, along with the pursuit of consistency with federal authority, as described above.

We also believe that limiting repayment of the HOME Loan to 75% of the surplus cash flow will not present a significant economic risk to TDHCA. DDC is affiliated with the ownership and operation of a large portfolio of low-income housing communities and has maintained an exemplary compliance record with TDHCA. Furthermore, many of the communities within this portfolio are located within the same region as the Development and have an occupancy rate approaching 100%. These factors, together with the willingness of DDC to provide a guaranty for repayment of the HOME Loan should provide sufficient mitigation of TDHCA’s economic risk.

Time is of the essence in this Request. The Owner has been working with TDHCA for approximately 5 months to implement a financing structure that will be feasible in the face of escalating costs. Per the tax credit award, the Development must be placed into service by December 31, 2018. In a recent meeting, the Owner's builder has confirmed that construction can be completed by that date, but imminent closing is necessary. The Owner requests staff recommendation, in support of this Request, to be considered at the TDHCA Board meeting on September 7, 2017.

Pursuant to 10 TAC § 10.901, an amendment under the Direct Loan program does not require payment of a fee for consideration.

If you require any additional information to process this Request, please feel free to contact us or our client. Thank you.

Sincerely,

Cynthia L. Bast

Cynthia L. Bast

cc: Dee Patience
Marni Holloway
Colby Denison
Mona Amin
Stacy Swisher
Jeff Rogers
Michelle Snedden
(via email)

7a

TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING

7b

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

SEPTEMBER 7, 2017

Presentation, discussion and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Casa Brendan) Series 2017 Resolution No. 18-002 and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted the inducement resolution at the Board meeting of June 29, 2017;

WHEREAS, a Certificate of Reservation was issued on August 18, 2017, with a bond delivery deadline of January 15, 2018;

WHEREAS, pursuant to 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics, applicants are required to disclose to the Department the existence of certain characteristics of a proposed development site;

WHEREAS, the applicant has disclosed the presence of undesirable neighborhood characteristics, specifically relating to the poverty rate that exceeds 40%;

WHEREAS, staff has conducted a further review of the proposed development site and surrounding neighborhood and based on the income trends in the subject census tract and and other demographics in the surrounding census tracts recommends the proposed site be found eligible under 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated an Extra Large Portfolio Category 3 and deemed acceptable by the Executive Award and Review Advisory Committee ("EARAC") after review and discussion and subject to the conditions as noted herein; and

WHEREAS, EARAC recommends the issuance of Multifamily Housing Revenue Bonds (Casa Brendan) Series 2017 and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the site for Casa Brendan is hereby eligible pursuant to 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules;

FURTHER RESOLVED, the issuance of up to $6,000,000 in tax-exempt Multifamily Housing Revenue Bonds (Casa Brendan) Series 2017, Resolution No. 18-002 is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of $305,948 in 4% Housing Tax Credits for Casa Brendan, subject to previous participation conditions noted

below and underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website, is hereby approved in the form presented to this meeting and

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

1. THF Housing Development and The Related Companies agrees to have a qualified third party ADA and Fair Housing accessibility specialist review all architectural plans to confirm compliance with TDHCA accessibility standards by November 1, 2017 or by the time the 60-day post closing documents are submitted to the Department, whichever is earlier, and along with all applications submitted for consideration through December 31, 2018.

2. An independent third-party ADA and Fair Housing specialist(s) will conduct an inspection confirming full compliance of developments in the portfolio currently under construction (including 14415 and 15241) and for any multifamily 2017 award through the Department. Evidence of the inspections must be submitted when requesting a Final Construction Inspection from the Department.

3. During construction and continuing throughout the compliance period THF Housing Development Corporation and Related Affordable, LLC will conduct monthly partner level calls and/or meetings to ensure timely responses to all compliance related issues including those identified during the construction process.

4. Upon request, from the Department, THF Housing Development Corporation will provide documentation that reflects the implementation of these measures.

BACKGROUND

General Information: The Bonds will be issued in accordance with Tex. Gov't Code, Chapter 1372 and under Tex. Gov't Code, Chapter 2306, the Department's Enabling Statute (the "Statute"), which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. (*The Statute provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.)*

Casa Brendan Apartments is located at 1300 West Hyman Street in Stephenville, Erath County and proposes the acquisition and rehabilitation of 86 units serving an elderly population. The property was originally constructed in 1985 and conforms to current zoning. The Certificate of Reservation from the Bond Review Board was issued under the Priority 3 designation, which does not have a prescribed restriction on the percentage of Area Median Family Income ("AMFI") that must be served; however, all of the units will be rent and income restricted at 60% AMFI. Currently, all of the units at Casa Brendan are covered by a project based Section 8 HAP contract. The census tract (9506.00) has a median household income of $21,983, is in the fourth quartile, and has a poverty rate of 44.40%.

Site Analysis: The development is located in a census tract that has a poverty rate of 44.4% which exceeds the threshold allowed under §10.101(a)(4) of 40%. Staff visited the site on August 30, 2017, and found the neighborhood to be older and more established and several small businesses were observed in the neighborhood. According to Neighborhoodscout, the majority of the homes (43%) were built between 1970 and 1999, the median home value is $105,604 and in the last 12 months there was an average annual appreciation rate of 1.22%. The percentage of households in the census tract with incomes greater than $40,000 (the median household income for Erath County is $41,416) revealed an overall increase over the past five years from 32% in 2011 to 43% in 2015.

Staff believes that considering the aforementioned characteristic and mitigation provided, the undesirable neighborhood characteristic relating to the poverty rate is not of a nature and severity that should render the site ineligible under 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules.

Organizational Structure and Previous Participation: The Borrower is THF Casa Brendan, LP and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered Extra Large Category 3 and the previous participation review was deemed acceptable by EARAC, subject to the aforementioned conditions, after review and discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice and an issuance of Multifamily Housing Revenue Bonds.

Public Hearing/Public Comment: A public hearing for the proposed development was conducted by staff on August 30, 2017, and there was no one in attendance. At the time of Board posting a copy of the hearing transcript was not available; however, staff will update the Board at the meeting as to whether there was public comment made and the extent of such comment. The Department has not received any letters of support or opposition for this development.

Summary of Financial Structure

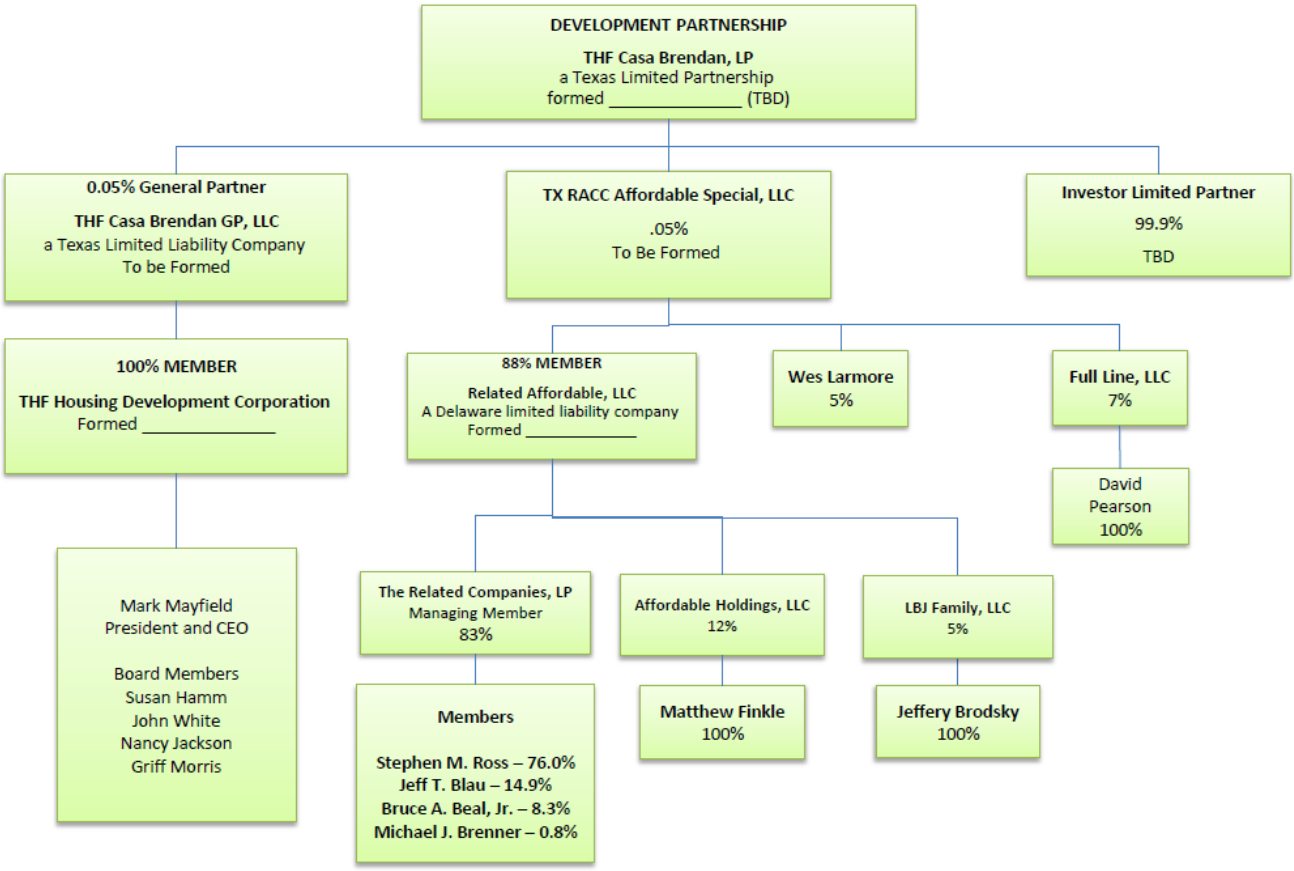
This transaction involves a Fannie Mae Multifamily Pass-Through Mortgage-Backed Security ("MBS"). The mortgage loan will be originated by the Department to the Borrower on the closing date and funded with the bond proceeds. Simultaneously with the closing, the loan will be assigned to the Fannie Mae lender (Wells Fargo Multifamily Capital) and the funds used by the lender by which to acquire the loan will be deposited into the collateral account to secure the bonds. In this respect, the transaction mirrors prior FHA 221(d)(4) multifamily transactions where the project will be 100% cash collateralized at all times, thus offering protection for the bondholders. Approximately 10-15 days from the closing date Wells Fargo Multifamily Capital will assign the loan to Fannie Mae and in exchange Fannie will deliver the MBS to the trustee. The trustee will use the funds (loan proceeds from Wells Fargo) in the collateral account to purchase the MBS which will be used to secure the bonds from this point forward. Payments on the bonds will be guaranteed by Fannie Mae.

Under the proposed structure, the Department will issue tax-exempt fixed rate bonds in an amount not to exceed $6,000,000. The bonds will have an interest rate that mirrors the pass-through rate on the MBS, at a rate not to exceed 4.00%, which does not include servicing or guarantee fees. The loan will have a term of 16 years and a 35-year amortization. The bonds will have a maturity date of December 1, 2035, and are estimated to have a Aaa rating by Moody's.

EXHIBIT A

Casa Brendan

Owner Structure



RESOLUTION NO. 18-002

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY HOUSING REVENUE BONDS (FANNIE MAE MBS COLLATERALIZED PASS-THROUGH – CASA BRENDAN APARTMENTS), SERIES 2017; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; 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 (the "Act"), for the purpose, among others, of providing a means of financing the costs of residential ownership, development, construction and rehabilitation that will provide decent, safe, and affordable living environments for individuals and families of low, very low and extremely 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 "Board") from time to time); 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 individuals 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, the Board has determined to authorize the issuance of its Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Fannie Mae MBS Collateralized Pass-Through – Casa Brendan Apartments), Series 2017 (the "Bonds") pursuant to and in accordance with the terms of an Indenture of Trust (the "Indenture") between the Department and Wilmington Trust, National Association, as trustee (the "Trustee"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to THF Casa Brendan, LP, a Texas limited partnership (the "Borrower") in order to finance the cost of acquisition, equipping and rehabilitation of a qualified residential rental development described in Exhibit A attached hereto (the "Development") located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on June 29, 2017, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, the Borrower has requested and received a reservation of private activity bond allocation from the State of Texas;

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition, equipping and rehabilitation of the Development and related costs, and (ii) the Borrower will execute and

deliver to the Department a promissory note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount sufficient to pay the interest on the Bonds in accordance with the terms of a Multifamily Loan and Security Agreement (Non-Recourse) (the "Loan Agreement") by and between the Borrower and the Department and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Mortgage") from the Borrower for the benefit of the Department; and

WHEREAS, it is anticipated that the obligations of the Borrower under the Financing Agreement (other than for the repayment of principal and interest) will be secured by a Subordinate Multifamily Deed of Trust, Security Agreement and Fixture Filing (the "Subordinate Mortgage") from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Borrower will obtain a loan from Wells Fargo Bank, National Association (the "Lender"), and the Lender will deposit a portion of the proceeds of such loan with the Trustee, to be held by the Trustee as security for the Bonds in accordance with the Indenture; and

WHEREAS, in order to assure compliance with Section 103 and 142 through 150 of the Code, the Board has determined that the Department, the Trustee and the Borrower will execute a Tax Exemption Agreement (the "Tax Exemption Agreement"), in connection with the Bonds, pursuant to which the Department and the Borrower will make certifications, representations and covenants relating to the treatment of the interest on the Bonds as tax exempt from gross income for federal income tax purposes; and

WHEREAS, the Board has determined that the Department, the Trustee, Texas Housing Foundation or a related entity, as fee owner (the "Fee Owner"), and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement") with respect to the Development, which will be filed of record in the real property records of Erath County, Texas; and

WHEREAS, the Lender has agreed to permit the Loan and to allow the lien of the Subordinate Mortgage in accordance with the terms of a Subordination Agreement (the "Subordination Agreement") among Fannie Mae, as senior lender ("Fannie Mae"), the Issuer and the Borrower; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of an Official Statement (the "Official Statement") and to authorize the authorized representatives of the Department to deem the Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with Jefferies LLC (the "Underwriter"), and the Borrower, THF Casa, LP and THF Nuestro Hogar, LP, setting forth certain terms and conditions upon which the Underwriter will purchase all of the Bonds from the Department and the Department will sell the Bonds to the Underwriter; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Regulatory Agreement, the Loan Agreement, the Subordination Agreement, the Tax Exemption Agreement, the Official Statement and the Bond Purchase Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Mortgage, the Subordinate Mortgage and the Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set

forth in Article I, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Mortgage, the Subordinate Mortgage and the Note and the taking of such other actions as may be necessary or convenient in connection therewith;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE 1

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, and Chapter 1371, Texas Government Code, all under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to or upon the order of the initial purchaser thereof pursuant to the Bond Purchase Agreement.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That the Chair or Vice Chair of the Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption and tender provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Agreement, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair or Vice Chair of the Board or the Executive Director of the Department of the Indenture and the Bond Purchase Agreement; provided that the interest rate on the Bonds shall not exceed 4.00%; (ii) the aggregate principal amount of the Bonds shall not exceed $6,000,000; (iii) the final maturity of the Bonds shall occur not later than December 1, 2035; and (iv) the price at which the Bonds are sold to the initial purchaser thereof under the Bond Purchase Agreement shall not exceed 100% of the principal amount thereof.

Section 1.3 Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Indenture, and to deliver the Indenture to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Financing Agreement and the Loan Agreement. That the form and substance of the Financing Agreement and the Loan Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Financing Agreement and the Loan Agreement, and to deliver the Financing Agreement and the Loan Agreement to the Borrower.

Section 1.5 Approval, Execution and Delivery of the Tax Exemption Agreement. That the form and substance of the Tax Exemption Agreement relating to the Bonds are hereby approved and the Authorized Representatives are each hereby authorized to execute the Tax Exemption Agreement and to deliver the Tax Exemption Agreement to the Borrower and the Trustee.

Section 1.6 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Regulatory Agreement, and to deliver the Regulatory Agreement to the Fee Owner, the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Erath County, Texas.

Section 1.7 Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and/or any other parties pursuant to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter, and/or any other parties to the Bond Purchase Agreement, as appropriate.

Section 1.8 Acceptance of the Note, the Mortgage and the Subordinate Mortgage. That the form and substance of the Note, the Mortgage and the Subordinate Mortgage are hereby accepted by the Department and that the Authorized Representatives each are hereby authorized to endorse and deliver the Note to the order of the Trustee without recourse.

Section 1.9 Approval, Execution and Delivery of the Subordination Agreement. That the form and substance of the Subordination Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Subordination Agreement, and to deliver the Subordination Agreement to Fannie Mae and the Borrower and to cause the Subordination Agreement to be filed of record in the real property records of Tarrant County, Texas.

Section 1.10 Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair and Vice Chair of the Board and the Executive Director of the Department are hereby severally authorized to deem the Official Statement "final" for purposes of Rule 15c2-12 under the Securities and Exchange Act of 1934; that the Authorized Representatives named in this Resolution each are authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the Authorized Representatives named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the use and distribution of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Executive Director of the Department and the Department's counsel.

Section 1.11 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.12 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.13 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B	-	Indenture
Exhibit C	-	Financing Agreement
Exhibit D	-	Loan Agreement
Exhibit E	-	Tax Exemption Agreement
Exhibit F	-	Regulatory Agreement
Exhibit G	-	Bond Purchase Agreement
Exhibit H	-	Note
Exhibit I	-	Mortgage
Exhibit J	-	Subordinate Mortgage
Exhibit K		Subordination Agreement
Exhibit L	-	Official Statement

Section 1.14 Authorized Representatives. That 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 Board, the Executive Director of the Department, the Deputy Executive Directors of the Department, the Director of Bond Finance of the Department, the Director of Multifamily Finance of the Department, the Director of Texas Homeownership 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

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4 Approval of Requests for Rating from Rating Agency. That the action of the Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, is approved, ratified and confirmed hereby.

Section 2.5 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Development in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.6 Underwriter. That the underwriter with respect to the issuance of the Bonds will be Jefferies LLC, or any other party identified in the Bond Purchase Agreement.

Section 2.7 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and

subsequent investigations as necessary or appropriate to comply with the Bond Purchase Agreement and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

Section 2.8 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Development are hereby ratified and confirmed.

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Development is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement, will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement, which require,

among other things, that the Development be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State to obtain decent, safe, and sanitary housing by financing the costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2 Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Development shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Regulatory Agreement.

Section 3.3 Sufficiency of Loan Interest Rate. That, in accordance with Section 2306.226 of the Act, the Board hereby finds and determines that the interest rate on the Loan will produce the amounts required, when combined with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4 No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be special limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

Section 4.3 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4 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.

[Execution page follows]

PASSED AND APPROVED this 7th day of September, 2017.

[SEAL]

J.B. Goodwin, Chair

ATTEST:

James B. Eccles, Secretary

#5537557

EXHIBIT A

Description of Development

Borrower: THF Casa Brendan, LP, a Texas limited partnership

Development: The Development is a 86-unit affordable senior multifamily housing development known as Casa Brendan Apartments, located at 1300 West Hyman Street, Stephenville, Erath County, Texas 76401. It consists of eleven (11) residential apartment buildings with approximately 44,504 net rentable square feet. The unit mix will consist of:

22	zero-bedroom/one-bath units
64	one-bedroom/one-bath units
86	Total Units

Unit sizes will range from approximately 443 square feet to approximately 540 square feet.

7c

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

SEPTEMBER 7, 2017

Presentation, discussion and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Nuestro Hogar) Series 2017 Resolution No. 18-003 and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted the inducement resolution at the Board meeting of June 29, 2017;

WHEREAS, a Certificate of Reservation was issued on August 18, 2017, with a bond delivery deadline of January 15, 2018;

WHEREAS, the applicant requested a waiver relating to 10 TAC §10.101(b)(4) Mandatory Development Amenities regarding centralized HVAC;

WHEREAS, pursuant to §10.207(a) of the Uniform Multifamily Rules staff recommends the waiver be granted based on the information provided by the applicant;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated an Extra Large Portfolio Category 3 and deemed acceptable by the Executive Award and Review Advisory Committee ("EARAC") after review and discussion and subject to the conditions as noted herein; and

WHEREAS, EARAC recommends the issuance of Multifamily Housing Revenue Bonds (Nuestro Hogar) Series 2017 and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the waiver under §10.207(a) is granted;

FURTHER RESOLVED, the issuance of up to $6,000,000 in tax-exempt Multifamily Housing Revenue Bonds (Nuestro Hogar) Series 2017, Resolution No. 18-003 is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of $194,510 in 4% Housing Tax Credits for Nuestro Hogar, subject to previous participation conditions noted below and underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website, is hereby approved in the form presented to this meeting; and

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

1. THF Housing Development and The Related Companies agrees to have a qualified third party ADA and Fair Housing accessibility specialist review all architectural plans to confirm compliance with TDHCA accessibility standards by November 1, 2017 or by the time the 60-day post closing documents are submitted to the Department, whichever is earlier, and along with all applications submitted for consideration through December 31, 2018.

2. An independent third-party ADA and Fair Housing specialist(s) will conduct an inspection confirming full compliance of developments in the portfolio currently under construction (including 14415 and 15241) and for any multifamily 2017 award through the Department. Evidence of the inspections must be submitted when requesting a Final Construction Inspection from the Department.

3. During construction and continuing throughout the compliance period THF Housing Development Corporation and Related Affordable, LLC will conduct monthly partner level calls and/or meetings to ensure timely responses to all compliance related issues including those identified during the construction process.

4. Upon request, from the Department, THF Housing Development Corporation will provide documentation that reflects the implementation of these measures.

BACKGROUND

General Information: The Bonds will be issued in accordance with Tex Gov't Code §1372 and under Tex Gov't Code §2306, the Department's enabling statute (the "Statute"), which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. (*The Statute provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.)*

Nuestro Hogar, is an existing development is located at 709 Magnolia Street, Arlington, Tarrant County and includes the acquisition and rehabilitation of 65 units serving the elderly population. The property was originally constructed in 1986 and conforms to current zoning. The Certificate of Reservation from the Bond Review Board was issued under the Priority 3 designation, which does not have a prescribed restriction on the percentage of Area Median Family Income ("AMFI") that must be served; however, all of the units will be rent and income restricted at 60% AMFI. Currently, all of the units at Nuestro Hogar are covered by a project based Section 8 HAP contract. The census tract (1216.05) has a median household income of $57,269 is in the second quartile, and has a poverty rate of 11.40%.

Waiver Request: The applicant has requested a waiver of one of the mandatory development amenities under 10 TAC §10.101(b)(4) of the Uniform Multifamily Rules, specifically, the requirement that all units must have central heating and air-conditioning.

The development is three stories and includes efficiency units sized at 415 square feet and one-bedroom units sized at 540 square feet. Both unit types currently have a Packaged Terminal Air Conditioner ("PTAC"). Under 10 TAC §10.101(b)(4), PTAC units meet the requirement for central heating and air-conditioning for single-room occupancy or efficiency units or with historic preservation where centralizing

the system would be cost prohibitive. The subject of the request is specific to the one-bedroom units which have a single PTAC that supplies air directly to both the living room and the bedroom. Given this, and the size of the one-bedroom units, staff believes the current PTAC system could be effective in cooling/heating the unit and the scope of work includes replacing the PTAC units with newer, more efficient ones. According to the engineer, installing a central HVAC system in each unit would require a new utility closet be built, new distribution of ductwork and fur-downs, and new condensers and air handling units would have to be installed. Additional items include a new electrical circuit and panel, new condensate drain from the HVAC unit to the plumbing, new refrigerant piping, and new outdoor air ducts. The architect and engineer have vetted the associated costs and determined that the cost to comply with this requirement could add as much as $5,700/unit or an increase of approximately $372,000 to the project costs with ultimately no net effect when considering the efficiency levels at which the newer PTAC systems operate. The circumstance of the additional expense of central air conversion, without benefit versus the PTAC, is beyond the applicant's control.

In accordance with 10TAC §10.207 and Texas Government Code §2306.001 whereby the Department is to provide for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income as well as the preservation of government assisted housing, staff believes the proposed development meets such stated purpose. Moreover, in consideration of the structural challenges and estimated costs associated with installing a central HVAC system, staff believes an economic and practical approach could be to upgrade the current PTAC system with a more efficient PTAC system, and therefore, recommends the waiver be granted.

Organizational Structure and Previous Participation: The Borrower is THF Nuestro Hogar, LP and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered Extra Large Category 3 and the previous participation review was deemed acceptable by EARAC, subject to the aforementioned conditions, after review and discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice and an issuance of Multifamily Housing Revenue Bonds.

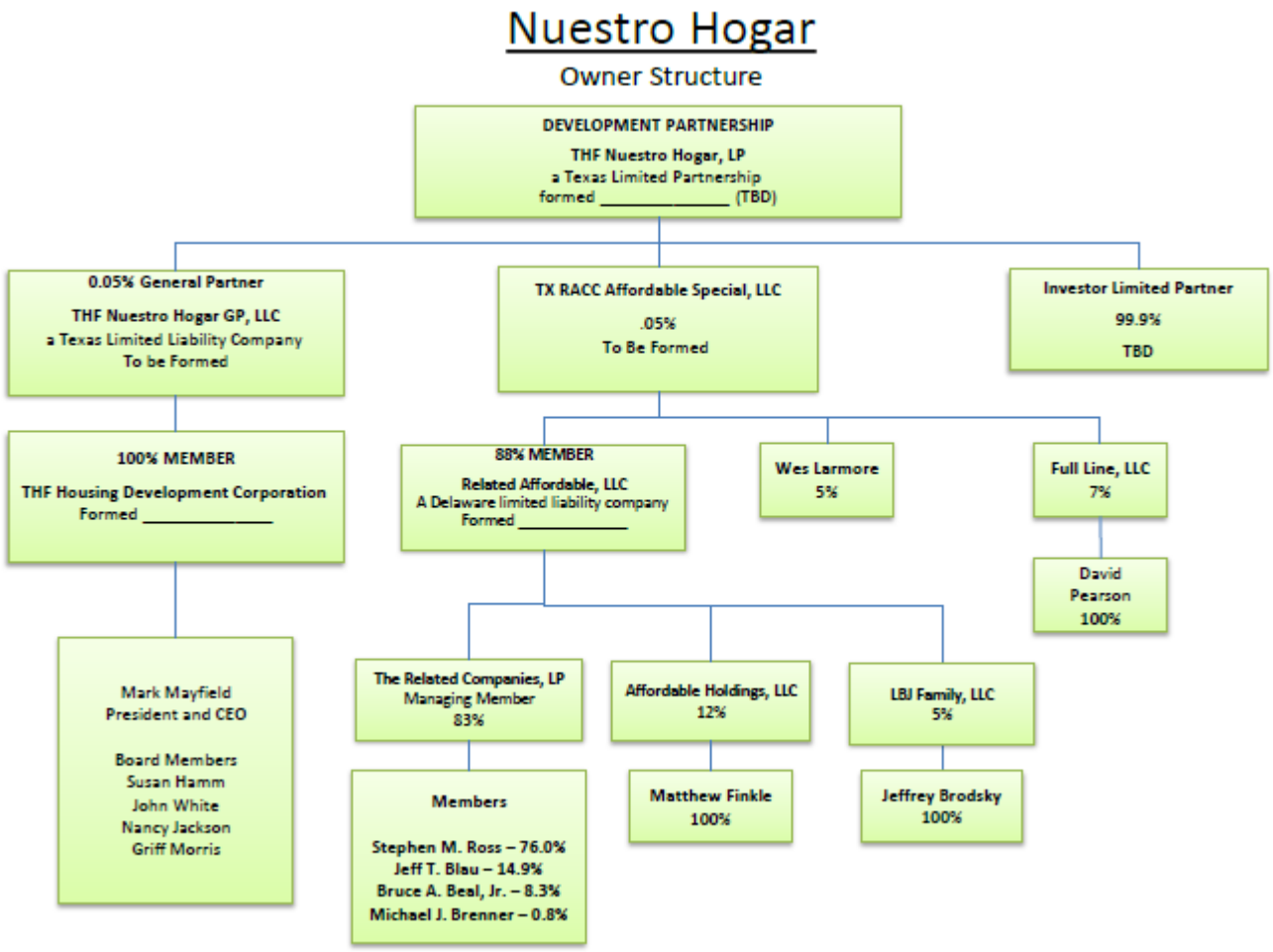
Public Hearing/Public Comment: A public hearing for the proposed development was conducted by staff on August 30, 2017, and there was no one in attendance. At the time of Board posting a copy of the hearing transcript was not available; however, staff will update the Board at the meeting as to whether there was public comment made and the extent of such comment. The Department has not received any letters of support or opposition for this development.

Summary of Financial Structure

This transaction involves a Fannie Mae Multifamily Pass-Through Mortgage-Backed Security ("MBS"). The mortgage loan will be originated by the Department to the Borrower on the closing date and funded with the bond proceeds. Simultaneously with the closing, the loan will be assigned to the Fannie Mae lender (Wells Fargo Multifamily Capital) and the funds used by the lender by which to acquire the loan will be deposited into the collateral account to secure the bonds. In this respect, the transaction mirrors prior FHA 221(d)(4) multifamily transactions where the project will be 100% cash collateralized at all times, thus offering protection for the bondholders. Approximately 10-15 days from the closing date Wells Fargo Multifamily Capital will assign the loan to Fannie Mae and in exchange Fannie will deliver the MBS to the trustee. The trustee will use the funds (loan proceeds from Wells Fargo) in the collateral account to purchase the MBS which will be used to secure the bonds from this point forward. Payments on the bonds will be guaranteed by Fannie Mae.

Under the proposed structure, the Department will issue tax-exempt fixed rate bonds in an amount not to exceed $6,000,000. The bonds will have an interest rate that mirrors the pass-through rate on the MBS, at a rate not to exceed 4.00%, which does not include servicing or guarantee fees. The loan will have a term of 16 years and a 35-year amortization. The bonds will have a maturity date of December 1, 2035, and are estimated the bonds have a Aaa rating by Moody's.

EXHIBIT A



RESOLUTION NO. 18-003

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY HOUSING REVENUE BONDS (FANNIE MAE MBS COLLATERALIZED PASS-THROUGH – NUESTRO HOGAR APARTMENTS), SERIES 2017; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; 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 (the "Act"), for the purpose, among others, of providing a means of financing the costs of residential ownership, development, construction and rehabilitation that will provide decent, safe, and affordable living environments for individuals and families of low, very low and extremely 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 "Board") from time to time); 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 individuals 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, the Board has determined to authorize the issuance of its Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Fannie Mae MBS Collateralized Pass-Through - Nuestro Hogar Apartments), Series 2017 (the "Bonds") pursuant to and in accordance with the terms of an Indenture of Trust (the "Indenture") between the Department and Wilmington Trust, National Association, as trustee (the "Trustee"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to THF Nuestro Hogar, LP, a Texas limited partnership (the "Borrower") in order to finance the cost of acquisition, equipping and rehabilitation of a qualified residential rental development described in Exhibit A attached hereto (the "Development") located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on June 29, 2017, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, the Borrower has requested and received a reservation of private activity bond allocation from the State of Texas;

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition, equipping and rehabilitation of the Development and related costs, and (ii) the Borrower will execute and

deliver to the Department a promissory note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount sufficient to pay the interest on the Bonds in accordance with the terms of a Multifamily Loan and Security Agreement (Non-Recourse) (the "Loan Agreement") by and between the Borrower and the Department and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Mortgage") from the Borrower for the benefit of the Department; and

WHEREAS, it is anticipated that the obligations of the Borrower under the Financing Agreement (other than for the repayment of principal and interest) will be secured by a Subordinate Multifamily Deed of Trust, Security Agreement and Fixture Filing (the "Subordinate Mortgage") from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Borrower will obtain a loan from Wells Fargo Bank, National Association (the "Lender"), and the Lender will deposit a portion of the proceeds of such loan with the Trustee, to be held by the Trustee as security for the Bonds in accordance with the Indenture; and

WHEREAS, in order to assure compliance with Section 103 and 142 through 150 of the Code, the Board has determined that the Department, the Trustee and the Borrower will execute a Tax Exemption Agreement (the "Tax Exemption Agreement"), in connection with the Bonds, pursuant to which the Department and the Borrower will make certifications, representations and covenants relating to the treatment of the interest on the Bonds as tax exempt from gross income for federal income tax purposes; and

WHEREAS, the Board has determined that the Department, the Trustee, Texas Housing Foundation or a related entity, as fee owner (the "Fee Owner"), and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement") with respect to the Development, which will be filed of record in the real property records of Tarrant County, Texas; and

WHEREAS, the Lender has agreed to permit the Loan and to allow the lien of the Subordinate Mortgage in accordance with the terms of a Subordination Agreement (the "Subordination Agreement") among Fannie Mae, as senior lender ("Fannie Mae"), the Issuer and the Borrower; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of an Official Statement (the "Official Statement") and to authorize the authorized representatives of the Department to deem the Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with Jefferies LLC (the "Underwriter"), and the Borrower, THF Casa, LP and THF Casa Brendan, LP, setting forth certain terms and conditions upon which the Underwriter will purchase all of the Bonds from the Department and the Department will sell the Bonds to the Underwriter; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Regulatory Agreement, the Loan Agreement, the Subordination Agreement, the Tax Exemption Agreement, the Official Statement and the Bond Purchase Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Mortgage, the Subordinate Mortgage and the Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set

forth in Article I, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Mortgage, the Subordinate Mortgage and the Note and the taking of such other actions as may be necessary or convenient in connection therewith;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE 1

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, and Chapter 1371, Texas Government Code, all under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to or upon the order of the initial purchaser thereof pursuant to the Bond Purchase Agreement.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That the Chair or Vice Chair of the Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption and tender provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Agreement, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair or Vice Chair of the Board or the Executive Director of the Department of the Indenture and the Bond Purchase Agreement; provided that the interest rate on the Bonds shall not exceed 4.00%; (ii) the aggregate principal amount of the Bonds shall not exceed $6,000,000; (iii) the final maturity of the Bonds shall occur not later than December 1, 2035; and (iv) the price at which the Bonds are sold to the initial purchaser thereof under the Bond Purchase Agreement shall not exceed 100% of the principal amount thereof.

Section 1.3 Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Indenture, and to deliver the Indenture to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Financing Agreement and the Loan Agreement. That the form and substance of the Financing Agreement and the Loan Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Financing Agreement and the Loan Agreement, and to deliver the Financing Agreement and the Loan Agreement to the Borrower.

Section 1.5 Approval, Execution and Delivery of the Tax Exemption Agreement. That the form and substance of the Tax Exemption Agreement relating to the Bonds are hereby approved and the Authorized Representatives are each hereby authorized to execute the Tax Exemption Agreement and to deliver the Tax Exemption Agreement to the Borrower and the Trustee.

Section 1.6 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Regulatory Agreement, and to deliver the Regulatory Agreement to the Fee Owner, the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Tarrant County, Texas.

Section 1.7 Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and/or any other parties pursuant to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter, and/or any other parties to the Bond Purchase Agreement, as appropriate.

Section 1.8 Acceptance of the Note, the Mortgage and the Subordinate Mortgage. That the form and substance of the Note, the Mortgage and the Subordinate Mortgage are hereby accepted by the Department and that the Authorized Representatives each are hereby authorized to endorse and deliver the Note to the order of the Trustee without recourse.

Section 1.9 Approval, Execution and Delivery of the Subordination Agreement. That the form and substance of the Subordination Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Subordination Agreement, and to deliver the Subordination Agreement to Fannie Mae and the Borrower and to cause the Subordination Agreement to be filed of record in the real property records of Tarrant County, Texas.

Section 1.10 Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair and Vice Chair of the Board and the Executive Director of the Department are hereby severally authorized to deem the Official Statement "final" for purposes of Rule 15c2-12 under the Securities and Exchange Act of 1934; that the Authorized Representatives named in this Resolution each are authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the Authorized Representatives named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the use and distribution of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Executive Director of the Department and the Department's counsel.

Section 1.11 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.12 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.13 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B	-	Indenture
Exhibit C	-	Financing Agreement
Exhibit D	-	Loan Agreement
Exhibit E	-	Tax Exemption Agreement
Exhibit F	-	Regulatory Agreement
Exhibit G	-	Bond Purchase Agreement
Exhibit H	-	Note
Exhibit I	-	Mortgage
Exhibit J	-	Subordinate Mortgage
Exhibit K		Subordination Agreement
Exhibit L	-	Official Statement

Section 1.14 Authorized Representatives. That 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 Board, the Executive Director of the Department, the Deputy Executive Directors of the Department, the Director of Bond Finance of the Department, the Director of Multifamily Finance of the Department, the Director of Texas Homeownership 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

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4 Approval of Requests for Rating from Rating Agency. That the action of the Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, is approved, ratified and confirmed hereby.

Section 2.5 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Development in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.6 Underwriter. That the underwriter with respect to the issuance of the Bonds will be Jefferies LLC, or any other party identified in the Bond Purchase Agreement.

Section 2.7 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and

subsequent investigations as necessary or appropriate to comply with the Bond Purchase Agreement and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

Section 2.8 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Development are hereby ratified and confirmed.

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Development is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement, will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement, which require,

among other things, that the Development be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State to obtain decent, safe, and sanitary housing by financing the costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2 Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Development shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Regulatory Agreement.

Section 3.3 Sufficiency of Loan Interest Rate. That, in accordance with Section 2306.226 of the Act, the Board hereby finds and determines that the interest rate on the Loan will produce the amounts required, when combined with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4 No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be special limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

Section 4.3 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4 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.

[Execution page follows]

PASSED AND APPROVED this 7th day of September, 2017.

[SEAL]

J.B. Goodwin, Chair

ATTEST:

James B. Eccles, Secretary

#5537551

EXHIBIT A

Description of Development

Borrower: THF Nuestro Hogar, LP, a Texas limited partnership

Development: The Development is a 65-unit affordable senior multifamily housing development known as Nuestro Hogar Apartments, located at 709 Magnolia Street, Arlington, Tarrant County, Texas 76012. It consists of one (1) residential apartment building with approximately 32,975 net rentable square feet. The unit mix will consist of:

17	zero-bedroom/one-bath units
48	one-bedroom/one-bath units
65	Total Units

Unit sizes will range from approximately 415 square feet to approximately 540 square feet.

7d

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

SEPTEMBER 7, 2017

Presentation, discussion and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Casa, Inc.) Series 2017 Resolution No. 18-004 and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted the inducement resolution at the Board meeting of June 29, 2017;

WHEREAS, a Certificate of Reservation was issued on August 18, 2017 with a bond delivery deadline of January 15, 2018;

WHEREAS, the applicant requested a waiver relating to 10 TAC §10.101(b)(4) Mandatory Development Amenities regarding centralized HVAC;

WHEREAS, pursuant to §10.207(a) of the Uniform Multifamily Rules staff recommends the waiver be granted based on the information provided by the applicant;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated an Extra Large Portfolio Category 3 and deemed acceptable by the Executive Award and Review Advisory Committee ("EARAC") after review and discussion and subject to the conditions as noted herein; and

WHEREAS, EARAC recommends the issuance of Multifamily Housing Revenue Bonds for Casa, Inc. Series 2017 and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the waiver under §10.207(a) is granted;

FURTHER RESOLVED, the issuance of up to $25,000,000 in tax-exempt Multifamily Housing Revenue Bonds (Casa, Inc.) Series 2017, Resolution No. 18-004 is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of $993,773 in 4% Housing Tax Credits for Casa Inc., subject to previous participation conditions noted below and underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website, is hereby approved in the form presented to this meeting; and

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

1. THF Housing Development and The Related Companies agrees to have a qualified third party ADA and Fair Housing accessibility specialist review all architectural plans to confirm compliance with TDHCA accessibility standards by November 1, 2017 or by the time the 60-day post closing documents are submitted to the Department, whichever is earlier, and along with all applications submitted for consideration through December 31, 2018.

2. An independent third-party ADA and Fair Housing specialist(s) will conduct an inspection confirming full compliance of developments in the portfolio currently under construction (including 14415 and 15241) and for any multifamily 2017 award through the Department. Evidence of the inspections must be submitted when requesting a Final Construction Inspection from the Department.

3. During construction and continuing throughout the compliance period THF Housing Development Corporation and Related Affordable, LLC will conduct monthly partner level calls and/or meetings to ensure timely responses to all compliance related issues including those identified during the construction process.

4. Upon request, from the Department, THF Housing Development Corporation will provide documentation that reflects the implementation of these measures.

BACKGROUND

General Information: The Bonds will be issued in accordance with Tex Gov't Code §1372 and under Tex Gov't Code §2306, the Department's enabling statute (the "Statute"), which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. (*The Statute provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.)*

The Casa Inc. Apartments is located at 3201 Sondra Drive in Fort Worth, Tarrant County and proposes the acquisition and rehabilitation of 200 units serving an elderly population. The property was originally construction in 1977 and conforms to current zoning. The Certificate of Reservation from the Bond Review Board was issued under the Priority 3 designation, which does not have a prescribed restriction on the percentage of Area Median Family Income ("AMFI") that must be served; however, all of the units will be rent and income restricted at 60% AMFI and includes one employee occupied unit. Currently, all of the units at Casa, Inc. are covered by a project based Section 8 HAP contract. The census tract (1021.00) has a median household income of $63,442, is in the second quartile, and has a poverty rate of 10.90%.

Waiver Request: The applicant has requested a waiver of one of the mandatory development amenities under 10 TAC §10.101(b)(4) of the Uniform Multifamily Rules, specifically, the requirement that all units must have central heating and air-conditioning.

The development is composed of one building with five stories and includes one-bedroom units sized at 572 square feet and two-bedroom units sized at 747 square feet. Both unit types currently have a Packaged Terminal Air Conditioner ("PTAC"). Under 10 TAC §10.101(b)(4), PTAC units meet the requirement for central heating and air-conditioning for single-room occupancy or efficiency units or with historic preservation where centralizing the system would be cost prohibitive. None of the aforementioned designs

apply to the subject development. Given the size of the one-bedroom units, staff believes the current PTAC system could be effective in cooling/heating the unit and the scope of work includes replacing the PTAC units with newer, more efficient ones. For the two-bedroom units, the engineer confirmed that there is one PTAC serving the living room and a second PTAC supplying air to both bedrooms. Staff believes the location of the PTACs could sufficiently cool/heat the unit. According to the engineer, installing a central HVAC system in each unit would require a new utility closet be built, new distribution of ductwork and fur-downs, and new condensers and air handling units would have to be installed. Additional items include a new electrical circuit and panel, new condensate drain from the HVAC unit to the plumbing, new refrigerant piping, and new outdoor air ducts. The architect and engineer have vetted the associated costs and determined that the cost to comply with this requirement could add as much as $5,100/unit or an increase of approximately $1,000,000 to the project costs with ultimately no net effect when considering the efficiency levels at which the newer PTAC systems operate. The circumstance of the additional expense of central air conversion, without benefit versus the PTAC, is beyond the applicant's control.

In accordance with 10 TAC §10.207 and Tex Gov't Code §2306.001 wherein the Department is to provide for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income as well as the preservation of government assisted housing, staff believes the proposed development meets such stated purpose. Moreover, in consideration of the structural challenges and estimated costs associated with installing a central HVAC system, staff believes an economic and practical approach could be to upgrade the current PTAC system with a more efficient PTAC system, and therefore, recommends the waiver be granted.

Organizational Structure and Previous Participation: The Borrower is THF Casa, LP and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered Extra Large Category 3 and the previous participation review was deemed acceptable by EARAC, subject to the aforementioned conditions, after review and discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice and an issuance of Multifamily Housing Revenue Bonds.

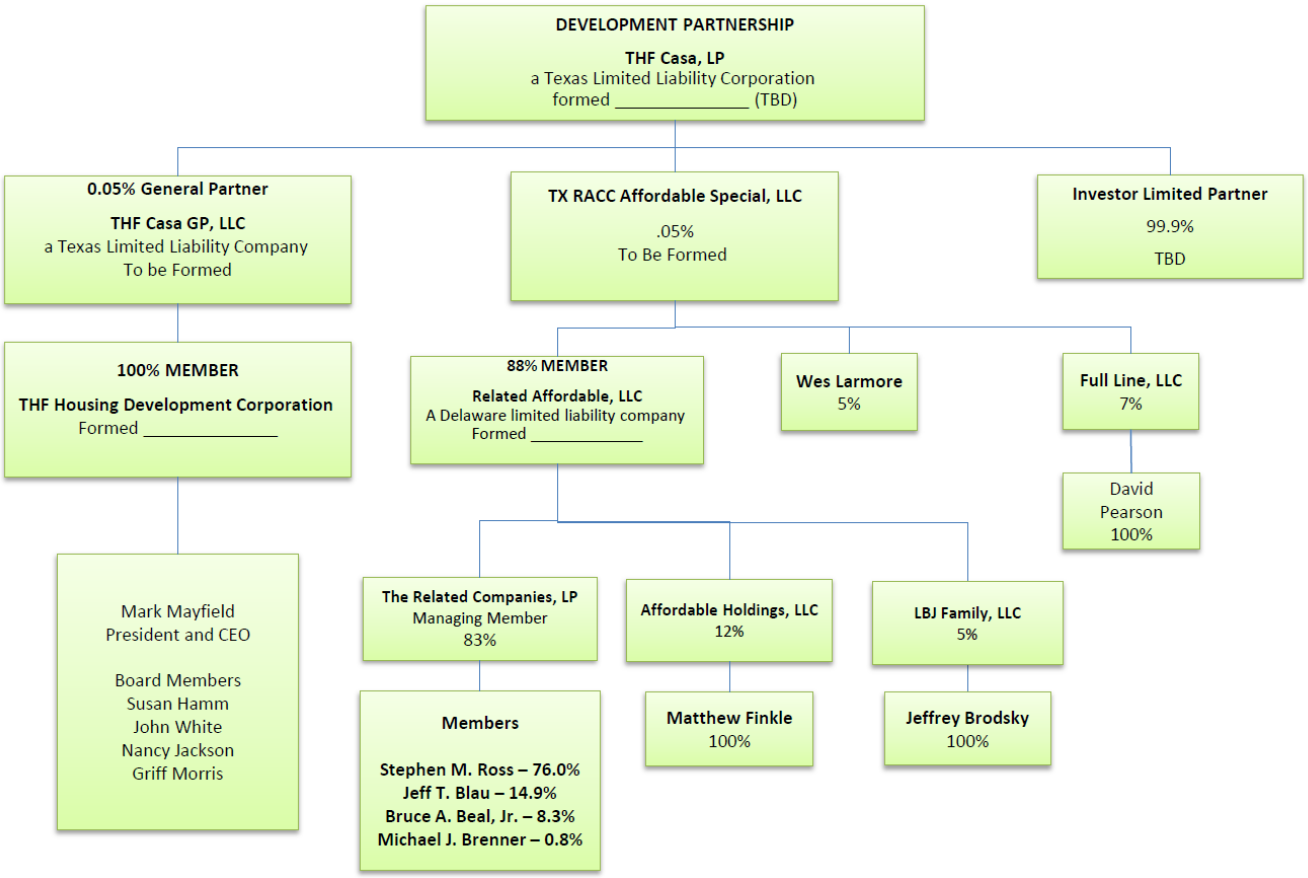
Public Hearing/Public Comment: A public hearing for the proposed development was conducted by staff on August 30, 2017, and there was no one in attendance. At the time of Board posting a copy of the hearing transcript was not available; however, staff will update the Board at the meeting as to whether there was public comment made and the extent of such comment. The Department has not received any letters of support or opposition for this development.

Summary of Financial Structure

This transaction involves a Fannie Mae Multifamily Pass-Through Mortgage-Backed Security ("MBS"). The mortgage loan will be originated by the Department to the Borrower on the closing date and funded with the bond proceeds. Simultaneously with the closing, the loan will be assigned to the Fannie Mae lender (Wells Fargo Multifamily Capital) and the funds used by the lender by which to acquire the loan will be deposited into the collateral account to secure the bonds. In this respect, the transaction mirrors prior FHA 221(d)(4) multifamily transactions where the project will be 100% cash collateralized at all times, thus offering protection for the bondholders. Approximately 10-15 days from the closing date Wells Fargo Multifamily Capital will assign the loan to Fannie Mae and in exchange Fannie will deliver the MBS to the trustee. The trustee will use the funds (loan proceeds from Wells Fargo) in the collateral account to purchase the MBS which will be used to secure the bonds from this point forward. Payments on the bonds will be guaranteed by Fannie Mae.

Under the proposed structure, the Department will issue tax-exempt fixed rate bonds in an amount not to exceed $25,000,000. The bonds will have an interest rate that mirrors the pass-through rate on the MBS, in an amount not to exceed 4.00%, which does not include servicing or guarantee fees. The loan will have a term of 16 years and a 35-year amortization. The bonds will have a maturity date of December 1, 2035, and are estimated the bonds have a Aaa rating by Moody's.

EXHIBIT A



RESOLUTION NO. 18-004

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY HOUSING REVENUE BONDS (FANNIE MAE MBS COLLATERALIZED PASS-THROUGH – CASA INC. APARTMENTS), SERIES 2017; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; 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 (the "Act"), for the purpose, among others, of providing a means of financing the costs of residential ownership, development, construction and rehabilitation that will provide decent, safe, and affordable living environments for individuals and families of low, very low and extremely 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 "Board") from time to time); 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 individuals 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, the Board has determined to authorize the issuance of its Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Fannie Mae MBS Collateralized Pass-Through – Casa Inc. Apartments), Series 2017 (the "Bonds") pursuant to and in accordance with the terms of an Indenture of Trust (the "Indenture") between the Department and Wilmington Trust, National Association, as trustee (the "Trustee"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to THF Casa, LP, a Texas limited partnership (the "Borrower") in order to finance the cost of acquisition, equipping and rehabilitation of a qualified residential rental development described in Exhibit A attached hereto (the "Development") located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on June 29, 2017, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, the Borrower has requested and received a reservation of private activity bond allocation from the State of Texas;

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition, equipping and rehabilitation of the Development and related costs, and (ii) the Borrower will execute and

deliver to the Department a promissory note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount sufficient to pay the interest on the Bonds in accordance with the terms of a Multifamily Loan and Security Agreement (Non-Recourse) (the "Loan Agreement") by and between the Borrower and the Department and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Mortgage") from the Borrower for the benefit of the Department; and

WHEREAS, it is anticipated that the obligations of the Borrower under the Financing Agreement (other than for the repayment of principal and interest) will be secured by a Subordinate Multifamily Deed of Trust, Security Agreement and Fixture Filing (the "Subordinate Mortgage") from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Borrower will obtain a loan from Wells Fargo Bank, National Association (the "Lender"), and the Lender will deposit a portion of the proceeds of such loan with the Trustee, to be held by the Trustee as security for the Bonds in accordance with the Indenture; and

WHEREAS, in order to assure compliance with Section 103 and 142 through 150 of the Code, the Board has determined that the Department, the Trustee and the Borrower will execute a Tax Exemption Agreement (the "Tax Exemption Agreement"), in connection with the Bonds, pursuant to which the Department and the Borrower will make certifications, representations and covenants relating to the treatment of the interest on the Bonds as tax exempt from gross income for federal income tax purposes; and

WHEREAS, the Board has determined that the Department, the Trustee, Texas Housing Foundation or a related entity, as fee owner (the "Fee Owner"), and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement") with respect to the Development, which will be filed of record in the real property records of Tarrant County, Texas; and

WHEREAS, the Lender has agreed to permit the Loan and to allow the lien of the Subordinate Mortgage in accordance with the terms of a Subordination Agreement (the "Subordination Agreement") among Fannie Mae, as senior lender ("Fannie Mae"), the Issuer and the Borrower; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of an Official Statement (the "Official Statement") and to authorize the authorized representatives of the Department to deem the Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with Jefferies LLC (the "Underwriter"), and the Borrower, THF Nuestro Hogar, LP and THF Casa Brendan, LP, setting forth certain terms and conditions upon which the Underwriter will purchase all of the Bonds from the Department and the Department will sell the Bonds to the Underwriter; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Regulatory Agreement, the Loan Agreement, the Subordination Agreement, the Tax Exemption Agreement, the Official Statement and the Bond Purchase Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Mortgage, the Subordinate Mortgage and the Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set

forth in Article I, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Mortgage, the Subordinate Mortgage and the Note and the taking of such other actions as may be necessary or convenient in connection therewith;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE 1

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, and Chapter 1371, Texas Government Code, all under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to or upon the order of the initial purchaser thereof pursuant to the Bond Purchase Agreement.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That the Chair or Vice Chair of the Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption and tender provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Agreement, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair or Vice Chair of the Board or the Executive Director of the Department of the Indenture and the Bond Purchase Agreement; provided that the interest rate on the Bonds shall not exceed 4.00%; (ii) the aggregate principal amount of the Bonds shall not exceed $25,000,000; (iii) the final maturity of the Bonds shall occur not later than December 1, 2035; and (iv) the price at which the Bonds are sold to the initial purchaser thereof under the Bond Purchase Agreement shall not exceed 100% of the principal amount thereof.

Section 1.3 Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Indenture, and to deliver the Indenture to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Financing Agreement and the Loan Agreement. That the form and substance of the Financing Agreement and the Loan Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Financing Agreement and the Loan Agreement, and to deliver the Financing Agreement and the Loan Agreement to the Borrower.

Section 1.5 Approval, Execution and Delivery of the Tax Exemption Agreement. That the form and substance of the Tax Exemption Agreement relating to the Bonds are hereby approved and the Authorized Representatives are each hereby authorized to execute the Tax Exemption Agreement and to deliver the Tax Exemption Agreement to the Borrower and the Trustee.

Section 1.6 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Regulatory Agreement, and to deliver the Regulatory Agreement to the Fee Owner, the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Tarrant County, Texas.

Section 1.7 Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and/or any other parties pursuant to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter, and/or any other parties to the Bond Purchase Agreement, as appropriate.

Section 1.8 Acceptance of the Note, the Mortgage and the Subordinate Mortgage. That the form and substance of the Note, the Mortgage and the Subordinate Mortgage are hereby accepted by the Department and that the Authorized Representatives each are hereby authorized to endorse and deliver the Note to the order of the Trustee without recourse.

Section 1.9 Approval, Execution and Delivery of the Subordination Agreement. That the form and substance of the Subordination Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Subordination Agreement, and to deliver the Subordination Agreement to Fannie Mae and the Borrower and to cause the Subordination Agreement to be filed of record in the real property records of Tarrant County, Texas.

Section 1.10 Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair and Vice Chair of the Board and the Executive Director of the Department are hereby severally authorized to deem the Official Statement "final" for purposes of Rule 15c2-12 under the Securities and Exchange Act of 1934; that the Authorized Representatives named in this Resolution each are authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the Authorized Representatives named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the use and distribution of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Executive Director of the Department and the Department's counsel.

Section 1.11 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.12 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.13 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B	-	Indenture
Exhibit C	-	Financing Agreement
Exhibit D	-	Loan Agreement
Exhibit E	-	Tax Exemption Agreement
Exhibit F	-	Regulatory Agreement
Exhibit G	-	Bond Purchase Agreement
Exhibit H	-	Note
Exhibit I	-	Mortgage
Exhibit J	-	Subordinate Mortgage
Exhibit K		Subordination Agreement
Exhibit L	-	Official Statement

Section 1.14 Authorized Representatives. That 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 Board, the Executive Director of the Department, the Deputy Executive Directors of the Department, the Director of Bond Finance of the Department, the Director of Multifamily Finance of the Department, the Director of Texas Homeownership 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

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4 Approval of Requests for Rating from Rating Agency. That the action of the Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, is approved, ratified and confirmed hereby.

Section 2.5 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Development in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.6 Underwriter. That the underwriter with respect to the issuance of the Bonds will be Jefferies LLC, or any other party identified in the Bond Purchase Agreement.

Section 2.7 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and

subsequent investigations as necessary or appropriate to comply with the Bond Purchase Agreement and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

Section 2.8 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Development are hereby ratified and confirmed.

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Development is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement, will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement, which require,

among other things, that the Development be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State to obtain decent, safe, and sanitary housing by financing the costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2 Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Development shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Regulatory Agreement.

Section 3.3 Sufficiency of Loan Interest Rate. That, in accordance with Section 2306.226 of the Act, the Board hereby finds and determines that the interest rate on the Loan will produce the amounts required, when combined with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4 No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be special limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

Section 4.3 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4 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.

[Execution page follows]

PASSED AND APPROVED this 7th day of September, 2017.

[SEAL]

J.B. Goodwin, Chair

ATTEST:

James B. Eccles, Secretary

#5523393

EXHIBIT A

Description of Development

Borrower: THF Casa, LP, a Texas limited partnership

Development: The Development is a 200-unit affordable senior multifamily housing development known as Casa Inc. Apartments, located at 3201 Sondra Drive, Fort Worth, Tarrant County, Texas 76107. It consists of one (1) residential apartment building with approximately 107,700 net rentable square feet. The unit mix will consist of:

195	one-bedroom/one-bath units
5	two-bedroom/one-bath units
200	Total Units

Unit sizes will range from approximately 536 square feet to approximately 636 square feet.

7e

TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING

7f

TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING

8a

TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING

8b

TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING