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Contact Information

<p>Mailing Address: TDHCA PO Box 13941 Austin, TX 78711-3941</p>	<p>Physical Address: TDHCA 221 East 11th Street Austin, TX 78701</p>
-------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------

Department Website: <https://www.tdhca.texas.gov>

Department Phone Number: (512) 475-3800
or (800) 525-0657 (toll free in Texas only)



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Department Resources

- **Compliance Forms**
 - <https://www.tdhca.texas.gov/compliance-forms>
- **Manuals and Rules**
 - <https://www.tdhca.texas.gov/compliance-manuals-and-rules>
- **Income and Rent Limits**
 - <https://www.tdhca.texas.gov/income-and-rent-limits>
- **Training and Presentations**
 - <https://www.tdhca.texas.gov/compliance-training>
- **TBRA Links**
 - <https://www.tdhca.texas.gov/tenant-based-rental-assistance-tbra-program>
- **Contact List**
 - <https://www.tdhca.texas.gov/compliance-division-staff>
- **Section 811 PRA**
 - <https://www.tdhca.texas.gov/programs/section-811-project-rental-assistance-program>



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TDHCA Expectations



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TDHCA Expectations: Why should Owners care about Compliance?

TDHCA is committed to providing decent, safe, affordable housing to low-income Texans.

Why should Owners care about Compliance?

- In most cases, potential consequences for noncompliance are against the Owner.
- Examples:
 - Form 8823 filed with the IRS (if HTC and within the Compliance Period);
 - Possible administrative penalties of up to \$1,000 per day per violation against the owning entity; and
 - Possible debarment of Control parties, including both entities AND individuals. Includes individual natural persons who Control an entity.
- This is the case even if the Owner is using a property management company.

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TDHCA Expectations: Why is the Owner responsible?

Why is the Owner responsible?

- LURAs are program agreements between TDHCA and the Owner.
- Owners with Control Authority are responsible for compliance with TDHCA requirements. This includes natural persons in Control of an entity. Control is defined at 10 TAC §11.1(29):

(29) Control (including the terms "Controlling," "Controlled by," and "under common Control with")—The power, ability, or authority, acting alone or in concert with others, directly or indirectly, to manage, direct, superintend, restrict, regulate, govern, administer, or oversee. As used herein "acting in concert" involves more than merely serving as a single member of a multi-member body. A member of a multi-member body is not acting in concert and therefore does not exercise control in that role, but may have other roles, such as executive officer positions, which involve actual or apparent authority to exercise control. Controlling entities of a partnership include the general partners, may include special limited partners when applicable, but not investor limited partners or special limited partners who do not possess other factors or attributes that give them Control. Persons with Control of a Development must be identified in the Application. Controlling individuals and entities are set forth in subparagraphs (A) - (E) of this paragraph. Multiple Persons may be deemed to have Control simultaneously.

(A) For for-profit corporations, any officer authorized by the board of directors, regardless of title, to act on behalf of the corporation, including, but not limited to, the president, vice president, secretary, treasurer, and all other executive officers, and each stock holder having a 50% or more interest in the corporation, and any individual who has Control with respect to such stockholder.

(B) For nonprofit corporations or governmental instrumentalities (such as housing authorities), any officer authorized by the board, regardless of title, to act on behalf of the corporation, including, but not limited to, the president, vice president, secretary, treasurer, and all other executive officers, the Audit committee chair, the Board chair, and anyone identified as the executive director or equivalent.

(C) For trusts, all beneficiaries that have the legal ability to Control the trust who are not just financial beneficiaries.

(D) For limited liability companies, all managers, managing members, members having a 50% or more interest in the limited liability company, any individual Controlling such members, or any officer authorized to act on behalf of the limited liability company.

(E) For partnerships, Principals include all General Partners, and Principals with ownership interest and special limited partners with ownership interest who also possess factors or attributes that give them Control.

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TDHCA Expectations: Property Management Company Selection

- Properties are privately owned and TDHCA does not regulate or approve property management companies.
- Owners should ensure that selected property management has:
 - Program experience and competency.
 - Regular training for onsite management staff and supervisors.
 - Supervision for onsite management.
- Owners should not solely rely upon property management.
- Owner should independently:
 - Exercise appropriate and regular oversight of management company activities.
 - Review correspondence from TDHCA.
 - Oversee resolution of issues of noncompliance by property management.
 - Track TDHCA deadlines.
 - Ensure complete and timely submission of corrections.

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Compliance Monitoring Tracking System (CMTS)

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Compliance Monitoring & Tracking System (CMTS)

Login to the CMTS

If you have already received your user id and password from the Department, login to update or submit required information.

[Login to CMTS](#)

[CMTS User Guidelines](#)

To ensure that information is properly entered into CMTS, please review the following references:

- [Attaching Documents to CMTS \(PDF\) **NEW**](#)

To use the CMTS Unit Upload feature for uploading household and tenant data from other systems to CMTS, please read the [CMTS Unit Upload Instructions \(PDF\)](#). As mentioned on the first page of that document, the file layouts and field definitions for the CMTS Unit Upload feature are contained in the [CMTS Unit Upload Specification \(xlsx\)](#).

Visit the [Compliance Reports](#) page for additional information.

Visit the [Trainings/Presentation](#) page for CMTS training.

Set Up to Report Online

If you have not received a user id and password from the Department, two steps are required to initiate online compliance reporting:

1. Read, complete and submit the [2023 CMTS Filing Agreement \(DOCX\)](#)
2. You can now enter your buildings and units directly into CMTS. Please read the [Instructions for Adding Buildings and Units in CMTS](#) for guidance.

Submit via email to cmts.requests@tdhca.texas.gov and we will process your request and send you an Administrator of Accounts id and password. Please allow three (3) to five (5) business days to process your request.

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CMTS: What is it used for?

Set-up to Report Online

- CMTS Filing Agreement
- Instructions for Adding Buildings and Units in CMTS

CMTS User Guidelines & Resources

- Attaching Documents to CMTS
- CMTS Unit Upload Instructions & Specification

CMTS Online Reporting

- Annual Owner's Compliance Report
- Quarterly Vacancy Report
- Unit Status Report

CMTS Attachment System (Virtual Filing Cabinet)

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CMTS: Contact Information

Updating contact information in CMTS:

- Within 10 days of a change in the contact information (including contact persons, physical addresses, mailing addresses, email addresses, phone numbers, and/or the name of the property as know by the public) for the Ownership entity, management company, and/or Development the Department's CMTS must be updated.
- Separate contact information must be provided for Ownership entity, management company, and on-site manager at the Development. A single contact may be used for the owner and management if they are the same entity.
- Failure to comply is an issue of noncompliance.
- The Department will not send mailed or emailed letters to the Owner; all official correspondence will be uploaded into the attachment system

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CMTS: Contact Information

CMTS Contact information for the property should include the property's physical address and correct phone number. This will be the information used when we contact the property while we are out in the field and if we cannot reach the onsite staff and the office is closed, we will leave and cite noncompliance for failure to allow monitoring review.

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CMTS: Notices to Owners

Per 10 TAC §10.602

- (c) The Owner is responsible for providing the Department with current contact information, including address(es) (physical and electronic) and phone number(s). The Owner must also provide current contact information to the Department as required by §1.22 of this title (relating to Providing Contact Information to the Department), and ensure that such information is at all times current and correct.
- (d) The Department will notify Owners of upcoming reviews and instances of noncompliance. **The Department will rely solely on the information supplied by the Owner in the Department's web-based Compliance Monitoring and Tracking System (CMTS) to meet this requirement.** It is the Owner's sole responsibility to ensure at all times that such information is current, accurate, and complete. Correspondence sent to the email or physical address shown in CMTS will be deemed delivered to the Owner.

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CMTS: Contact Information and Why it Matters

- All TDHCA correspondence is **ONLY** uploaded to the Compliance Monitoring and Tracking System (CMTS).
- Ownership and Management should be checking CMTS attachments regularly but also need to (1) verify in CMTS to ensure that all of the contact information entered there is correct (particularly the email addresses), and (2) ensure that the "owner" contact is an owner contact and not property management or management company contact.
- Management needs to receive the automated email notices; however, it is vital for the owner to also receive notices since the owners are ultimately responsible for any noncompliance.
- The owner would be subject to administrative penalties and/or debarment for noncompliance, so they need to receive and review notices, and supervise corrections by management.

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CMTS: Attachment System continued

TDHCA Compliance Monitoring & Tracking

SEARCH / CREATE: Organization | Person SEARCH: Address | Property CREATE: Property REPORTS: Project Inventory | B11 Project Rental Assistance | Asset Manager

- The attachment was successfully uploaded, but please note that there is no email address associated to the selected TDHCA Contact (From Compliance Monitoring), so the TDHCA Contact did not receive an attachment notification email.
- Record updated successfully.

Electronic Document Attachments for Pandora Springs

ATTACHMENTS [1 RECORDS FOUND] [Refresh] [Attach a Document]

Type	Description	TDHCA Contact	Path	Date	Read?	Created By
TDHCA Correspondence	Testing - no action required	From Compliance Monitoring	20211130125623-CMTS-Attachment-Test-Page.docx	11/30/21	N	cpollei

[Return to Property Detail](#)

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CMTS: Attachment System continued

The Attachment System is used by the Department for a number of purposes. This is the digital filing cabinet for the property and will be used by various divisions (Compliance, Physical Inspections, Asset Management, Fair Housing, Complaints, etc.) to communicate with the Development. It should be monitored regularly and anything uploaded into the system to the property's attention should be responded to accordingly.

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CMTS: Attachment System continued

When documentation is uploaded into CMTS by the Department, only the email addresses associated with the property, ownership entity and management company entity will be notified by email.

If the company/group would like more than one person notified of uploads into CMTS it is the company/group's responsibility to setup an email address that would allow more persons to be notified. Note: only one email address may be entered for each of these.

The ownership entity must have a dedicated email or be included in the umbrella email explained below and there must be a direct contact number of the Owner.

For example, instead of the management entity being john.doe@propertymgmt.com there could be an email address that allows emails to multiple persons, like compliance@propertymgmt.com. You should work with your IT staff to set this up. The Department does not offer this resource.

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CMTS: Attachment System Upload Notification Email

From: cmts.notifications@tdhca.state.tx.us
To: [REDACTED]
Subject: New Attachment for [REDACTED] by TDHCA Staff
Date: Tuesday, February 13, 2024 8:40:49 AM

Notification of Attachments in CMTS

A document has been uploaded by TDHCA to [REDACTED] CMTS ID [REDACTED] in the Compliance Monitoring and Tracking System (CMTS). Please login to CMTS at https://www.tdhca.state.tx.us/comp_reporting.htm and click the Attachments link on the Property Listings screen to view the attachments.

Please do not send a response to this unmonitored email address as it will not be read. Email cmts.requests@tdhca.state.tx.us if you have questions or need assistance.

Thank you,
 TDHCA Staff

Document Type: TDHCA Correspondence
 Document Description: Monitoring Report with regards to onsite monitoring review which was conducted on February 8, 2024. Action is required by May 13, 2024.
 File Name: [REDACTED]_Monitoring-Report_2024.02.13.pdf

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CMTS: Set-up to Report Online

If you have not received a user id and password from the Department, two steps are required to initiate online compliance reporting.

1. Read, Complete and Submit the CMTS Filing Agreement.
2. You can now enter your buildings and units directly into CMTS. Please read the Instructions for Adding Buildings and Units in CMTS for Guidance.

Submit via email to cmts.requests@tdhca.texas.gov and we will process your request and send you an Administrator of Accounts id and password. Please allow three (3) to five (5) business days to process your request.

CMTS: The Filing Agreement

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Compliance Monitoring and Tracking System (CMTS) Filing Agreement

This is an agreement between the Texas Department of Housing and Community Affairs and the affordable housing property Owner to facilitate compliance with requirements established through existing laws, regulations, and Department policy.

In accordance with 10 Tex. Admin. Code §10.002 (Notice to Owners and Corrective Periods) and 10 Tex. Admin. Code §12.22 (Providing Contact Information to the Department), the Owner is responsible for providing the Department with full, accurate, and complete information. The Department will rely solely on the information supplied by the Owner to meet notification requirements. Owner agrees to ensure such information is full, accurate, and complete. Further, the Owner agrees to update CMTS with any changes in contact information (including contact persons, physical addresses, mailing addresses, email addresses, phone numbers, and/or the name of the property as known by the public) for the Owner, management company, and/or Development within ten (10) days of the change.

The Owner acknowledges that correspondence from the Department may be directly up to the property's CMTS account using the secure electronic document attachment system at <http://www.tdhca.state.tx.us/cmts/cmtsuserguide.htm#compliance> rather than sending correspondence by mail, and that all responses from Owner are required to be up to that system unless otherwise specifically directed in writing by the Compliance Division.

An authorized representative of the Owner must sign this Agreement. The signature of the Owner on this Agreement is deemed to appear on all electronically filed Compliance Reports if actually appearing, including, without limitation, all forms filed electronically by any property management employee or any other independent, third-party contractor. Owner acknowledges that all information submitted in an electronically filed Compliance Report must be accurate and that property management employees or any third-party contractor completing those reports must have sufficient knowledge and access to all applicable information in order to file an accurate report.

This Agreement is effective as of the latest date specified below and remains effective until terminated by written notification from either party.

HOWEVER, if there is a transfer of ownership or change in the Management Company, then the existing Owner must submit an updated Filing Agreement within ten (10) days of the date the Accounts that are inactive or for whom the assigned Administrator of Accounts is no longer employed with the Management Company/Ownership will be deactivated.

This Agreement may be amended at any time by the execution of a written addendum to this Agreement by the Owner and the Texas Department of Housing and Community Affairs.

Revised February 24, 2014
Page 1 of 3
Revised June 27, 2022

Initial Contact Information:

Property Name:	CMTS ID:
Property Address:	City and Zip Code:
Owner Organization:	Name of Owner Representative:
Role of Owner Representative:	Owner Representative Email:

Administrator of Accounts Designation:

I declare that I am authorized to make this Administrator of Accounts Designation and I entrust the Administrator of Accounts to: assign and control access rights to all property and tenant information entered into CMTS, and to allow access only to those select individuals who are responsible for the information required by the Compliance Division. I also entrust the Administrator of Accounts to establish security policy and procedure to protect those access rights and the integrity of the data, and to ensure compliance with the agreements/procedures specified in this Agreement, and any other requirements of the Compliance Division related to electronic reporting.

I, owner representative _____, designate _____ as the Administrator of Accounts for the above referenced property as of the date of this Agreement.

Administrator Contact Name:
Administrator Contact Email:
Administrator Contact Organization:

When is the effective date of the change? _____ (Please note this agreement will not be processed before this date)

Reason for Filing Agreement submission (check all that apply):

Ownership change
 Management Company change
 Addition of a 3rd party consultant
 Adding access for additional owner/management company staff
 Other reason: _____

Is this individual currently serving as an Administrator of Accounts for another property in the TDHCA portfolio? Yes No If yes, enter existing username here: _____

This process will provide you with two (2) levels of access. The first will be assigned to the Administrator of Accounts and will begin with "adm" and the second is for the property manager and will begin with "mg."

Revised February 24, 2014
Page 2 of 3
Revised June 27, 2022

Would you like a separate login for the owner (if applicable but not required)? Yes No
If yes, enter existing username here: _____

If an Administrator of Accounts is currently assigned to the property, would you like to replace them with the Administrator of Accounts designated above? Yes No

The default is to replace the previous Administrator of Accounts with the new individual designated above. By answering "no," you are indicating you wish to add an additional Administrator of Accounts besides the individual currently assigned. Please note, this Filing Agreement does not automatically enroll you to receive email notifications when correspondence has been uploaded into CMTS. Please contact cmts.requests@tdhca.state.tx.us for further details.

SIGNED on the date indicated below.

Signature of Owner _____ Date _____

Signature of Administrator of Accounts _____ Date _____

Please complete and return this form to cmts.requests@tdhca.state.tx.us and allow for three (3) to five (5) business days to process.

Revised February 24, 2014
Page 3 of 3
Revised June 27, 2022

CMTS: The Filing Agreement

Initial Contact Information:

Property Name:	CMTS ID:
Property Address:	City and Zip Code:
Owner Organization:	Name of Owner Representative:
Role of Owner Representative:	Owner Representative Email:

This should be the owner. This will be the person that the Department will contact for the ownership.

****We want the specific Ownership Organization, as would be listed in the LURA and CMTS, not the Parent Company that oversees the development.****

****This person should match the signatory on page 3.****

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CMTS: The Filing Agreement

Administrator of Accounts Designation:

I declare that I am authorized to make this Administrator of Accounts the Administrator of Accounts to: assign and control access to the information entered into CMTS, and to allow access only to those responsible for the information required by the Compliance Division. As Administrator of Accounts to establish security policy and procedures, to ensure the rights and the integrity of the data, and to ensure compliance with the agreements/procedures specified in this Agreement, and any other requirements of the Compliance Division related to electronic reporting.

This section of the form is to designate the Administrator of Accounts. This person will then have the ability to submit AOCR, Quarterly Reports, and have all the same functions as the manager user. In addition, the administrator also has the ability to reset the password for the manager user. An Owner user will have the same rights as the Administrator of Accounts outlined above.

I, owner representative _____ designate _____ as the Administrator of Accounts for the above referenced property as of the date of this Agreement.

Administrator Contact Name:
Administrator Contact Email:
Administrator Contact Organization:

When is the effective date of the change? _____ *(Please note this agreement will not be processed before this date)*

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CMTS: The Filing Agreement

Reason for Filing Agreement submission (*check all that apply*):

- Ownership change
- Management Company change
- Addition of a 3rd party consultant
- Adding access for additional owner/management company staff
- Other reason _____

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CMTS: The Filing Agreement

Is this individual currently serving as an Administrator of Accounts for another property in the TDHCA portfolio? Yes No If yes, enter existing username here: _____

This process will provide you with two (2) levels of access. The first will be assigned to the Administrator of Accounts and will begin with "adm" and the second is for the property manager and will begin with "mgr."

Would you like a separate login for the owner (if applicable but not required)? Yes No
If yes, enter existing username here: _____

If an Administrator of Accounts is currently assigned to the property, would you like to replace them with the Administrator of Accounts designated above? Yes No

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CMTS: The Filing Agreement

The default is to replace the previous Administrator of Accounts with the new individual designated above. By answering “no,” you are indicating you wish to add an additional Administrator of Accounts besides the individual currently assigned. Please note, this Filing Agreement does not automatically enroll you to receive email notifications when correspondence has been uploaded into CMTS. Please contact cmts.requests@tdhca.state.tx.us for further details.

SIGNED on the date indicated below.

Signature of Owner

Date

Signature of Administrator of Accounts

Date

The last page is for all parties to sign. Please make sure that the Owner AND the Administrator of Accounts designee sign and date the form.

****Unsigned forms will be returned for corrections, thus delaying the process.****

Please complete and return this form to cmts.requests@tdhca.state.tx.us and allow for three (3) to five (5) business days to process.

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CMTS: Password Resets

- **The Owner or Administrator of Accounts can reset a manager user account password**
 - The Department will not reset manager user passwords unless there is a technical issue.
- **The Department can reset an Owner or Administrator of Accounts password**
 - Submit the request via email to cmts.requests@tdhca.texas.gov and we will process your request and send you an Administrator of Accounts new password. Please allow three (3) to five (5) business days to process your request.

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CMTS: Detailed Training

The Department has conducted a mini-webinar with the CMTS processes, tips and troubleshooting information. This webinar would be beneficial for all staff that will utilize and/or be responsible for online reporting for your development(s).

<https://www.tdhca.texas.gov/compliance-program-training-presentations>

<https://www.youtube.com/@tdhca>

<https://www.tdhca.texas.gov/sites/default/files/pmcdocs/23-CMTS-Training-Handout.pdf>

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Physical Inspections: National Standards for the Physical Inspection of Real Estate (NSPIRE)



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Physical Inspections and NSPIRE

- The Physical Inspection section of the Compliance Division performs inspections of multifamily developments funded through the Department's Multifamily programs.
- TDHCA utilizes the new NSPIRE standards (adopted 1/1/2024).
- Former inspection protocol: Uniform Physical Condition Standards (UPCS).
- NSPIRE prioritizes health and safety deficiencies over the appearance of the development.
- Health and safety deficiencies (Life-Threatening and Severe) have a much higher point deduction on the overall score if found within the units.

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NSPIRE Standards

- Life-Threatening deficiency: presents a high risk of death.
- Severe deficiency: presents a high risk of permanent disability, or serious injury or illness.
- There are 63 standards that fall under NSPIRE inspection protocol, the list can be found at https://www.hud.gov/program_offices/public_indian_housing/react/nspire/standards.
- NSPIRE has over 300 potential health and safety defects with more than 100 being the 24-hour repair type defects. TDHCA may provide an extension for good cause if requested within 24 hours of inspection for LT & S.
- A sample checklist can be found online at <https://www.tdhca.texas.gov/physical-inspections>.

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NSPIRE and Final Construction Inspections

- Both inspections will be conducted when the Final Construction Inspection (FCI) is requested by the owner.
- The initial NSPIRE inspection is conducted in conjunction with the FCI and at least every 3 years after that.
- These are two separate inspections and should be treated individually with regards to corrections and deficiencies.
- There will be two reports and two corrective action periods.

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NSPIRE Inspections: Scoring

- TDHCA bases development scores on a 0-100, score for multifamily properties inspected using NSPIRE.
- Inspections may be more frequent if the NSPIRE score is below 70.
- The Responsible Party may be referred to enforcement for possible debarment if on more than one occasion scored 50 or less on a NSPIRE inspection.

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NSPIRE Inspections

- Inspections are conducted by Department staff; some are conducted by a Department contractor.
- TDHCA inspectors will select units and buildings and provide the unit lists to the Department contractor.
- When the contracted inspector completes the inspection, they will submit the reports to TDHCA, and a TDHCA inspector will issue all inspection reports.

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Common NSPIRE Deficiencies

- Inoperable Smoke Detectors and placement requirements
- Electrical outlets within 6 feet of water sources that are not GFCI protected
- Missing/damaged outlet and switch cover plates
- Carbon Monoxide detectors are required in a unit with a fuel burning appliance or a unit has attached garages
- Water heater temperature & pressure relief valve (TPR) type and placement
- Items stored within 18 inches of a Fire sprinkler assembly
- Missing/damaged/expired extinguisher
- Infestation

Questions about NSPIRE protocol should be directed to
Manuel Peña, Jr.; manuel.pena@tdhca.texas.gov

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NSPIRE Inspection Report: High Scoring

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
www.tdhca.texas.gov

August 2, 2024

City, State
Owner E-mail Address
RE: [REDACTED] CMTS ID: [REDACTED]
Dear Sir:

The Texas Department of Housing and Community Affairs has completed a review of the National Standards of the Physical Inspection of Real Estate (NSPIRE) of [REDACTED] Apartments, performed by Department staff on July 25-26, 2024. The inspection resulted in violations of NSPIRE protocols. A copy of the report is included for your review.

This letter begins the corrective action period (CAP) for all remaining deficiencies recorded within this report. "Moderate" deficiencies must be corrected within 30 days, and "Low" deficiencies corrected within 60 days and all requested documentation must be submitted no later than October 31, 2024, the last day of the corrective action period. The attached Deficiency Report has been prepared to explain the Department's findings of non-compliance and details when deficiencies are "Low" and "Moderate" that require corrective action.

As a result of the inspection score of 76 or above, copies of work orders (listing the deficiency, action taken or repairs made to correct the deficiency, date of corrective action, and signature of the person responsible for the correction), invoices (from vendors, etc.) are not required at this time. When all deficiencies are corrected, update the Deficiency Report with the date that each deficiency was corrected and the party responsible for correcting, and complete the attached Owner Certification of Corrected Non-compliance.

Upload your corrective action to the Electronic Document Attachment system using the development's Compliance Monitoring and Tracking System (CMTS) account. For instructions on how to use the attachment system, please see Attaching Documents to CMTS found on the Department's website. To access, on the home page, select "Support and Services" tab; then select "Compliance." From the submenu, select "Online Reporting."

If clarification is necessary to complete the corrective action, contact us as soon as possible. The Department may have the ability to extend the corrective action deadline, but only if there is good cause and a request is received prior to the end of the corrective action period (CAP). If an extension to correct the event(s) of

an email request prior to October 31, 2024 to the Department is unable to consider requests received after this date.

Note the corrective action deadline above will result in referral of non-compliance is ultimately the Owner's responsibility, even if you see 10 TAC Chapter 2 for information regarding potential law that the Owner receives a copy of this notice and that their

Department to report all non-compliance under the HTC Act if the non-compliance is corrected. Form(s) 8823 (Notice of copy to the owner, after the corrective action deadline.

or their hospitality extended during the inspection visit. If you act us toll free in Texas at (800) 543-8204, directly at (512) 475-

Sincerely,
Walter Griner
Inspection Specialist

Apartment: (Multiple Units)
Results by Area
NSPIRE: Annual
Scheduled: 07/25/2024 Closed: Jul 26 2024 ID: [REDACTED]
Score: 95.96

Scoring Summary - NSPIRE

Units Inspected	Outside		Inside		Unit		Totals	
	#	Pts	#	Pts	#	Pts (A-B)	#	Pts
Life Threatening	0	0.00	0	0.00	1	1.40	1	1.40
Severe	0	0.00	0	0.00	3	1.03	3	1.03
Moderate	0	0.00	0	0.00	7	0.90	7	0.90
Low	1	0.10	0	0.00	11	0.61	12	0.71
Totals	1	0.10	0	0.00	22	3.94	23	4.04

Score: 95.96* Note: The unit points are adjusted based on the count of units inspected and not the HUD-defined unit sample size. Outside and inside points are based on the HUD Sample Size.

Message: Non-scoring findings excluded from score: (Smoke Detectors). Temporary non-scoring findings excluded from score: Repeated HUD Standard findings within an area are counted only once.

Inspection Results

Outside										
Location	Item	Results	Notes	Pts	Date	Filed	Sev	Pts	Pts (A-B)	Fix By
Apartment Location	Unit	Large item (trash, appliance, etc.) protruding into hallway	By unit 10	0.00	07/26/24		Low	0.10		8/0
See Notes for Details	See Details	See Details		1	1423.96					
Life Threatening: 00				Severe: 00	3 Outside NSPIRE Totals		Moderate: 00	Low: 10.1		

Unit										
Location	Item	Results	Notes	Pts	Date	Filed	Sev	Pts	Pts (A-B)	Fix By
Apartment Location	Unit	Missing SPD protruding on wall	By owner	2	07/25/24		Severe	0.00*	0.00*	8/1
See Notes for Details	See Details	See Details		1	1113.99					
Life Threatening: 00				Severe: 10	1 Unit 2 Unit NSPIRE Totals		Moderate: 00	Low: 00		

NSPIRE Inspection Report: High Scoring

Scheduled: 07/25/2024 Closed: Jul 26 2024 ID: [REDACTED]
Score: 95.96

Scoring Summary - NSPIRE

Apartment: (Multiple Units)
Results by Area
NSPIRE: Annual
Scheduled: 07/25/2024 Closed: Jul 26 2024 ID: [REDACTED]
Score: 95.96

Scoring Summary - NSPIRE

Units Inspected	Outside		Inside		Unit		Totals	
	#	Pts	#	Pts	#	Pts (A-B)	#	Pts
Life Threatening	0	0.00	0	0.00	1	1.40	1	1.40
Severe	0	0.00	0	0.00	3	1.03	3	1.03
Moderate	0	0.00	0	0.00	7	0.90	7	0.90
Low	1	0.10	0	0.00	11	0.61	12	0.71
Totals	1	0.10	0	0.00	22	3.94	23	4.04

unit points are adjusted based on the count of units inspected and not the HUD-defined unit sample size. Outside and inside points are based on the HUD Sample Size.

excluded from score: (Smoke Detectors). Temporary non-scoring findings excluded from score: Repeated HUD Standard findings within an area are counted only once.

Inspection Results

Outside										
Location	Item	Results	Notes	Pts	Date	Filed	Sev	Pts	Pts (A-B)	Fix By
Apartment Location	Unit	Large item (trash, appliance, etc.) protruding into hallway	By unit 10	0	07/26/24		Low	0.10		8/0
See Notes for Details	See Details	See Details		1	1423.96					
Life Threatening: 00				Severe: 00	3 Outside NSPIRE Totals		Moderate: 00	Low: 10.1		

Unit										
Location	Item	Results	Notes	Pts	Date	Filed	Sev	Pts	Pts (A-B)	Fix By
Apartment Location	Unit	Missing SPD protruding on wall	By owner	2	07/25/24		Severe	0.00*	0.00*	8/1
See Notes for Details	See Details	See Details		1	1113.99					
Life Threatening: 00				Severe: 10	1 Unit 2 Unit NSPIRE Totals		Moderate: 00	Low: 00		

NSPIRE Inspection Report: High Scoring Owner Certification

Scheduled: 07/25/2024

Closed: Jul 26 2024

Score: 95.96

Scoring Summary - NSPIRE

Texas Department of Housing and Community Affairs
Owner Certification of Corrected Noncompliance

Development Name: [REDACTED] CMTS ID: [REDACTED]

The National Standard for the Physical Inspection of Real Estate ("NSPIRE") inspection was performed on July 25-26, 2024 at the development listed to assess compliance with the rTC program. The review resulted in a finding of noncompliance under Title 19, Chapter 10, Subchapter F related to Compliance Monitoring, §10.621, Property Condition Standards, and §10.251. Please see attached Deficiency Report that details the deficiencies identified.

Because the inspection resulted in a score that exceeds 75, to correct, submit gdy the following:

- Update the Deficiency Report:
 - In the column named "Corrected By" enter the name of the person or contractor that completed the work to correct that deficiency. (NOTE: If state or local code requires a licensed professional to complete the work to correct a deficiency (e.g., installation or fire systems), it is the Owner's responsibility to be familiar with such codes and to correct deficiencies accordingly. The Department relies on the Owner's due diligence in these instances.)
 - In the column named "Date Corrected" enter the date on which the work to correct that deficiency was completed.
- Execute this certification to support that the work represented in the Deficiency Report has been performed. **Only the Owner can sign this form; property management cannot sign this certification.**

In accordance with 19 TAC §2.403(a)(3), Providing fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation or omission with regard to any documentation, certification or other representation made to the Department is grounds for debarment. If it is found that the deficiencies cited in the Deficiency Report were not resolved, the Department will consider the Owner to have materially misrepresented the facts and circumstances related to the NSPIRE inspection conducted on July 25-26, 2024 and may be recommended for debarment.

I, [REDACTED], on behalf of [REDACTED], am authorized to sign this Certification by reason of my position as [REDACTED] and hereby certify, as true and correct, that the above referenced noncompliance has been corrected in the manner described and I further understand that if it is found that this certification was fraudulently executed, the owner is subject to debarment.

Signature of Owner: [REDACTED] Date: [REDACTED]

Affiliation and Authority to sign (e.g. President, VP, COO, Managing Member of OP, etc.): [REDACTED]

Warning: This is a Notice of the U.S. Code makes it a criminal offense to make willful false statements to a government agency. Employment of Agents in the United States is an exempt matter to conditions.

CMTS-CA
February 2024

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NSPIRE Inspection Report: Low Scoring

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 www.tdhca.texas.gov

August 22, 2024

Dear Mr. Fambro:

The Texas Department of Housing and Community Affairs has completed a review of the National Standards of the Physical Inspection of Real Estate (NSPIRE) [REDACTED] performed by Department staff on August 21, 2024. The inspection resulted in violations of NSPIRE protocols. A copy of the report is included for your review.

This letter begins the corrective action period (CAP) for all remaining deficiencies recorded within this report. "Moderate" deficiencies must be corrected within 30 days, and "Low" deficiencies corrected within 60 days and all requested documentation must be submitted no later than ~~November 26, 2024~~ the last day of the corrective action period. The attached Deficiency Report has been prepared to explain the Department's findings of noncompliance and details what deficiencies are "Low" and "Moderate" that require corrective action.

When all deficiencies listed are corrected, provide documentation of work completed. Acceptable documentation includes: copies of work orders (listing the deficiency, action taken or repairs made to correct the deficiency, date of corrective action, and signature of the person responsible for the correction), invoices (from vendors, etc.), or other proof of correction. **Photographs are not required** but may be submitted if labeled and only in support of a work order or invoice. In order to expedite the closeout process, it is important that the documentation of work completed is arranged and submitted in the same order as on the List of Deficiencies Found.

Upload your corrective action to the Electronic Document Attachment system using the Department's Compliance Monitoring and Tracking System (CMTS) account. For instructions on how to use the attachment system, please see [Attaching Documents to CMTS](#) found on the Department's website. To access, on the home page, select "Support and Services" tab, then select "Compliance." From the submenu, select "Online Reporting."

If clarification is necessary to complete the corrective action, contact us as soon as possible. The Department may have the ability to extend the corrective action deadline, but only if there is good cause and a request is

221 East 11th Street P.O. Box 13941 Austin, Texas 78711-3941 (800) 525-0557 (512) 475-3800

period (CAP). If an extension to correct the event(s) of mail request prior to ~~November 26, 2024~~ to apartment is unable to consider requests received after this.

the corrective action deadline above will result in referral of the deficiency to the Owner's responsibility, even if 19 TAC Chapter 2 for information regarding potential at the Owner receives a copy of this notice and that their

ended and notice of violations is no longer supplied to the units in effect for an additional 15 years (or longer) after all continue to monitor for compliance with all restrictions.

for hospitality extended during the inspection visit. If you still free in Texas at (800) 643-6204, directly at (512) 463-

Sincerely,

Chad Farquhar
 Inspection Specialist

Results by Area (Multiple Units)
 NSPIRE: Annual

Scheduled: 08/21/2024 Closed: Aug 21 2024 ID: [REDACTED]
 Score: 55.68

Scoring Summary - NSPIRE

Units Inspected: 20	Outside	Inside	Unit	Totals				
HUD Stamp: Score: 14	#	Pts	#	Pts	#	Pts	#	Pts
Life-Threatening	0	0.00	7	27.25	4	12.00	11	39.25
Severe	0	0.00	0	0.00	1	0.74	1	0.74
Moderate	4	1.29	0	0.00	6	2.20	12	3.49
Low	0	0.00	0	0.00	7	0.84	7	0.84
Totals	4	1.29	7	27.25	20	15.78	31	44.32

Score: 55.68* Note: The unit points are adjusted based on the count of units inspected and not the HUD-defined unit sample size. Outside and inside points are based on the HUD sample size.

Message: Non-scoring findings excluded from score: (Smoke Detectors). Temporary non-scoring findings excluded from score. Repeated HUD Standard findings within an area are counted only once.

Inspection Results

Location	Item	Results	Notes	Pts	Date	Fixed	Sev	Pts	Fix By (A/E)
1	Life-Threatening	OS	Severe OS	1	08/21/24			0.00	0.00
	Life-Threatening	OS	Severe OS	1	08/21/24			0.00	0.00
Outside NSPIRE Totals				Moderate: 20.04				Low: 0.00	
3	Life-Threatening	OS	Severe OS	3	08/21/24			0.00	0.00
	Life-Threatening	OS	Severe OS	3	08/21/24			0.00	0.00
Outside NSPIRE Totals				Moderate: 10.32				Low: 0.00	

4/27/2024

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NSPIRE Inspection Report: Low Scoring

Scheduled: 08/21/2024 Closed: Aug 21 2024 ID: [REDACTED]

Score: 55.68

Scoring Summary - NSPIRE

(Multiple Units)
Results by Area
NSPIRE: Annual

Scheduled: 08/21/2024 Closed: Aug 21 2024 ID: [REDACTED]
Score: 55.68

Scoring Summary - NSPIRE

Units Inspected: 20 HUD Samp. Size: 14	Outside		Inside		Unit		Totals	
	#	Pts	#	Pts	#	Pts (A-E)	#	Pts
Life Threatening	0	0.00	7	27.25	4	12.00	11	39.25
Severe	0	0.00	0	0.00	1	0.74	1	0.74
Moderate	4	1.29	0	0.00	8	2.20	12	3.49
	0	0.00	0	0.00	7	0.84	7	0.84
	4	1.29	7	27.25	20	15.76	31	44.32

68' Note: The unit points are adjusted based on the count of units inspected and not the HUD defined unit sample size. Outside and inside points are based on the HUD Sample Size.

69' Non-scoring findings excluded from score (Smoke Detectors). Temporary non-scoring findings excluded from score. Repeated HUD Standard findings within an area are counted only once.

Inspection Results

Outside										
Location	Item	Results	Notes	Pts	Date	Fixed	Sev	Pts	Pts	Fix By
1	Staircase/Walkway	Cracks, voids, or gaps		2	08/15/24	yes	0.32			300
	Staircase/Walkway	Cracks in concrete		2	08/15/24	yes	0.32			300
	Staircase/Walkway	Loose surface material		2	08/15/24	yes	0.32			300
	Staircase/Walkway	Cracks in concrete		2	08/15/24	yes	0.32			300
Life Threatening 00				Severe 00	1 Outside NSPIRE Totals		Moderate 20.64			Low 00
3										
Location	Item	Results	Notes	Pts	Date	Fixed	Sev	Pts	Pts	Fix By
2	Roof Drain/Flooring	Water component is damaged		2	08/15/24	yes	0.32			300
Life Threatening 00				Severe 00	3 Outside NSPIRE Totals		Moderate 10.32			Low 00

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NSPIRE: Corrective Action Response

Score 75 or below :

- Upload (into CMTS) written documentation for the correction of each deficiency cited in the report.
 - Including the work orders for the Exigent Health and Safety deficiencies that were corrected immediately
- Invoices (not bids) for all deficiencies corrected by a vendor
- Pest control-service tickets, if applicable
- Detailed, complete maintenance requests

WORK ORDER
The Envirotrol Co., Inc.

AGENCY NUMBER: [REDACTED]
DATE: 02-13-24

BLDG NO.: [REDACTED] APT NO.: [REDACTED] SERVICE CODE: [REDACTED] PEST/LOCATION: [REDACTED]

PRODUCTS USED: [REDACTED]

SERVICE CODES: [REDACTED]

TOTAL: 75

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What is considered acceptable for NSPIRE Corrective Action?

Acceptable evidence of correction of deficiencies is a certification from an appropriate licensed professional that the item now complies with the inspection standard or other documentation that will allow the Department to reasonably determine when the repair was made and whether the repair sufficiently corrected the violation(s) of NSPIRE standards. Acceptable documentation includes copies of work orders (listing the deficiency, action taken or repairs made to correct the deficiency, date of corrective action, and signature of the person responsible for the correction), invoices (from vendors, etc.), or other proof of correction. Photographs are not required but may be submitted if labeled and only in support of a work order or invoice. The Department will determine if submitted materials satisfactorily document correction of noncompliance.

Someone from the Ownership is required to sign the certification if part of the corrective action response. An Owner should contact the report issuer if there are questions on the required Corrective Action. It is the Owner's responsibility to remedy all issues.

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NSPIRE: Corrective Action Response Requirements

Work Orders must include:

1. The identified deficiency for repairs
2. The location of the deficiency
3. A **DETAILED** description of the action taken, or repair made to correct the deficiency (single words like complete, done, repaired are not acceptable).
4. Date the repair was complete
5. The signature of the person responsible for the repairs or the person who is accountable for the quality of the repair.

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NSPIRE: Corrective Action Response Example

Project and unit location

Deficiencies that require correction

Date and time of completion

Detailed description of the actions taken to correct each deficiency

Signature of person who completed the corrective action

Work Order (Closed)

Project: Wood Colonial Mobile Apartments
Unit: 102202
Phone: 202-462-7746

Work Order ID: 457
Location: Apartment Unit
Unit No: 102
Title & Issue Reported: 10/10/2024 10:45 AM
Call Received: 10/10/2024
Actual Date: 10/10/2024
Priority: Normal
Status: No
Transfer to Date: 03/17/2025
Work Order Type: PHYSICAL INSPECTION

Reported by: DANIELLE MARTIN
Service Location: DANIELLE MARTIN
Address: 10201 WOOD COLONIAL RD
Address 2: WOOD COLONIAL, TX 75086
Phone Number:
Mobile ID:
Work Assigned to: JAMES COMPTON
Transfer Time Assigned: 10/10/2024 03:45 PM

Work Order Description:
UNLOCKED BLDG. BLDG. BLOCKING WINDOW
INSPECTED UNLOCKED ROOMS IN UNIT AND INSPECTION
LOCKED ROOMS WITH KEYS AND UNIT LOCK
REPAIRS IN THE PROPERTY RECORDS
UNLOCKED ROOMS WITH KEYS AND UNIT LOCK

Date & Time Closed: 10/10/2024 03:55 PM
Customer Name: DANIELLE MARTIN
REQUEST FOR SERVICE: UNIT ACCESS DENIED IN FIRST BEDROOM
HOW WORK WAS HANDLED: LANSER HAS BEEN INSTALLED. WINDOWS PLAYING WITH PROPERTY IN BED ROOM 2
CROWD AT EXHAUSTED
LOCK HAS BEEN UNLOCKED OFF KEY TO PROPERTY IN UNIT
FOUR IN PROPERTY RECORDS HAS BEEN PROVIDED AND FINISHED (NO S.M.F.)
BEYOND THE PROPERTY RECORDS, ADDING NEW ACTIONS TO UNIT RECORDS. ALL IN GOOD WORKING ORDER.

Labor Description	Labor Code	Labor Rate	Labor Total	Rate Code
Part Used	No. Used	Part Cost	Total	Charge Code
			Total Part Used \$	0.00
			Total Labor & Part Cost \$	0.00

Signature of Inspector: *[Signature]*
Signature of Property Manager: *[Signature]*

NSPIRE Notifications

Please make sure that on-site staff notifies all residents of the inspection at least 24 hours in advance since unit access is required.



What are final construction inspections?

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Final Construction Inspections (FCI)

- The Physical Inspection section of the Compliance Division performs inspections of multifamily developments funded through the Department's Multifamily programs.
- Inspectors conduct a final construction inspection prior to final allocation of Department funds.
 - Inspection is scheduled within 30 days of receiving the request.
 - Inspection occurs.
 - Final Construction Inspection Report is issued within 45 days.
 - Corrective Action Period is 90 days; due date will be outlined in the Report.
- The final construction inspection will ensure that developments follow appropriate accessibility standards, comply with all applicable program rules and regulations, and supply all amenities promised at application.
- Questions about Final Construction Inspections should be directed to Manuel Peña, Jr.; manuel.pena@tdhca.texas.gov or Michael Podoloff; mike.podoloff@tdhca.texas.gov.

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FCI Construction Requirements

- To verify that the Owner is in compliance with construction requirements of 2010 ADA standards with the exceptions listed in "Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities" 79 Federal Register 29671
- Many of the exceptions found in Chapter 2 of the 2010 ADA are not permissible due to the Department's adoption of the HUD 11 exceptions
- The Fair Housing Act Design Manual as originally written with no safe-harbors
- Housing designed and constructed for first occupancy after March 13, 1991, must comply with the Fair Housing Act. This includes Units, common areas, and amenities added to existing buildings, or on land under common ownership and contiguous with housing otherwise exempt from the Fair Housing Act.
- Owner is to submit a Final Construction Inspection Request within 30 days of the final Certificate of Occupancy (CO); <https://www.tdhca.texas.gov/construction-inspections-and-accessibility>
- A sample checklist can be found online at the link above;
- Some key things that we inspect:
 - The accessible route, which must extend to the site arrival point which includes public streets/sidewalks/bus stops when present; Parking lots (including garages and carports), Stairwells and all other common area buildings and spaces
 - All employee work spaces, for example the maintenance shop
 - All leasable interior units and exterior spaces of the units
- All rehabilitations are considered substantial alterations
- Cost is not a factor we consider in bringing a building up to current standards

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What are frequent problems we see?

- The largest problem that we see is that required turning spaces are not present as required in secondary bathrooms and utility rooms.
- Detached garages and carports are required to have at least one (1) van accessible spot, which must be at least 98 inches tall.
- Attached garages are an amenity of the unit and if provided on a per unit basis and are inspected with the unit. One (1) in every six (6) accessible garages must be van accessible, this includes a 98-inch vertical clearance at the garage door.
- Open risers are not allowed for stairs, all stairs must have closed risers; the only exception is interior, existing stairwells when an accessible elevator is present.
- Handrail extensions are required at the top and bottom. At the top of stairs, handrails are required to terminate into a wall, post, or ground. If the handrails are turned and attached to the security railing it must follow the security railing all the way to the wall or final post.
- When doors open into an interior hallway the minimum width required is 42 inches.
- A 30-inch workspace in the kitchen are required to be directly next to the stove with a bottom hinged oven.
- If Fair Housing applies and an elevator is present at your property, the maximum height for all mailboxes is 54 inches. ADA unit mailboxes are required to be at 48 inches, no matter what.
- Fold down bathtub seats that require tools to be removed are not allowed.
- Exposed pipes are still required to be fully covered even if doors are present for marketing purposes.

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What is considered acceptable for Corrective Action?

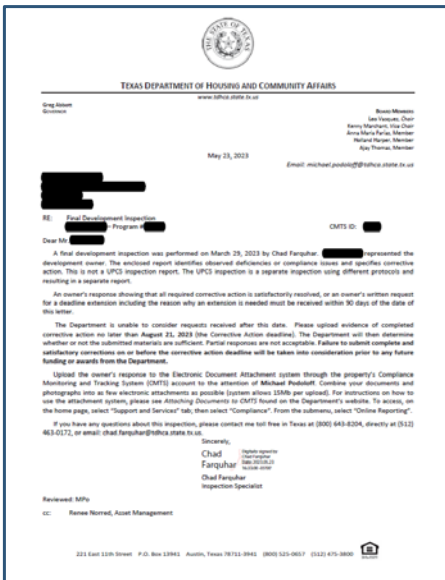
Detailed corrective action response instructions are found in the Final Construction Inspection Report. An Owner should contact the report issuer if there are questions on the required Corrective Action. It is the Owner's responsibility to remedy all issues.

Failure to submit detailed architectural certifications can cause deficiencies to remain open/uncorrected. Photographs that do not reflect measurements as required can also result in delays.

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Final Construction Report: What does it look like?



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Final Construction Report: What does it look like?

A final development inspection was performed on March 29, 2023 by Chad Farquhar. [REDACTED] represented the development owner. The enclosed report identifies observed deficiencies or compliance issues and specifies corrective action. This is not a UPCS inspection report. The UPCS inspection is a separate inspection using different protocols and resulting in a separate report.

An owner's response showing that all required corrective action is satisfactorily resolved, or an owner's written request for a deadline extension including the reason why an extension is needed must be received within 90 days of the date of this letter.

The Department is unable to consider requests received after this date. Please upload evidence of completed corrective action no later than August 21, 2023 (the Corrective Action deadline). The Department will then determine whether or not the submitted materials are sufficient. Partial responses are not acceptable. Failure to submit complete and satisfactory corrections on or before the corrective action deadline will be taken into consideration prior to any future funding or awards from the Department.

Upload the owner's response to the Electronic Document Attachment system through the property's Compliance Monitoring and Tracking System (CMTS) account to the attention of Michael Podoloff. Combine your documents and photographs into as few electronic attachments as possible (system allows 15Mb per upload). For instructions on how to use the attachment system, please see *Attaching Documents to CMTS* found on the Department's website. To access, on the home page, select "Support and Services" tab; then select "Compliance". From the submenu, select "Online Reporting".

If you have any questions about this inspection, please contact me toll free in Texas at (800) 643-8204, directly at (512) 463-0172, or email: chad.farquhar@tdhca.state.tx.us.

Final Construction Report: What does it look like?

Unit Amenity	Value	Verified
1. Greater than 30% stucco or masonry (excl windows, Hardi plank, incl. stone, brick)	2 pt.	X
2. Microwave oven	.5 pt.	X
3. Self-cleaning or continuous cleaning oven	.5 pt.	X
4. Refrigerator w/ ice maker	.5 pt.	
5. Kitchen Island	.5 pt.	
6. Kitchen pantry with shelving	.5 pt.	
7. Natural stone or quartz counters kitchen and bath	1 pt.	
8. 48" inch upper cabinets	1 pt.	
9. EPA watersense toilets	.5 pt.	X
10. EPA watersense or equivalent shower heads and all faucets	.5 pt.	X
11. Double vanity in at least one bathroom	.5 pt.	
12. Covered entries	.5 pt.	X
13. Covered patios or balconies	.5 pt.	
14. Electric vehicle charging station	.5 pt.	
15. High speed internet service to all units	1 pt.	*
16. HVAC 15 SEER / Evap cooler region 13 (new construction); radiant barrier attic (rehab)	1.5 pt.	
17. HVAC 16 SEER or greater (new construction or rehabilitation)	1.5 pt.	
18. Laundry equipment E-star or equivalent (front loading in accessible units)	2 pt.	
19. E-star ceiling fans or equivalent all bedrooms	.5 pt.	
20. Nine foot ceilings bedroom, living room every story	1 pt.	
21. Covered parking 1 per unit carport or garage (att. or detached)	1.5 pt.	X
22. Metal or 30 year architectural shingles	.5 pt.	
23. Storage ≥ 9 sq. ft. on property (in addition to bedroom, entry, linen)	.5 pt.	
24. Walk in closet at least one bedroom	.5 pt.	
25. Breakfast bar (between kitchen and dining w/ seating)	.5 pt.	
26. Recessed or track LED lighting (kitchen and living areas)	1 pt.	
27. Shelving units recessed into wall	.5 pt.	
28. Hard floor surfaces over 50% all units NRA	.5 pt.	
29. ICC Rating of at least 55 and STC rating of at least 60	3 pt.	
30. Enterprise Green Community or LEED or ICC 700 Green Building	4 pt.	
31. Rainwater harvesting/collection system and/or locally approved graywater system	.5 pt.	
	Total Points	6

Threshold Met – Unit Amenities. The inspection confirmed that amenity items that were identified by the owner in the inspection request form were verified by the inspector to be present. Confirmed items are marked with an "X" above. Items marked with an asterisk * indicates that the amenity was not verified as being present or as described. The combined point value of the confirmed items is 11 points which meets the required threshold.

Instructions for Owner's Response

The Texas Department of Housing and Community Affairs (TDHCA) performed a final development inspection of the above mentioned property. The following report was based on a limited scope of inspection focusing on application commitments and representations, common-use and unit amenities, and program requirements including accessibility design. Any deficiencies that may exist but which are not identified in this report remain the owner's responsibility to correct. Additionally, only a selection of units were inspected and some Corrective Action instructions below may require you to make corrections in all affected units, not just the specific units that were inspected. It is your responsibility to ensure that you fully read the deficiency and Corrective Action instruction to ensure that complete corrections are made. When preparing corrective action, keep in mind that the owner's response must provide enough evidence to ensure that the work has been done correctly and is 100% complete. The Department may have the ability to extend the corrective action deadline, but only if there is good cause and a request is received prior to the end of the corrective action period (CAP). If an extension to correct the event(s) of noncompliance is needed, please send an email request prior to CAP to compliance_extensions@tdhca.state.tx.us

Certifications of compliance provided by owners in response to the deficiency or clarification items listed in this report are not accepted if they do not fully address all of the issues identified in the required corrective action for each item. Blanket or vaguely worded statements do not effectively put the owner on the record as having confirmed that the repair is complete and the corrected condition meets the technical specification cited in the deficiency letter. Required certifications must state that the correction was made in the cited unit and in all other units where the requirement applies. Certifications from accessibility specialists, architects, engineers and other service providers must be provided on company letterhead and be dated and signed with the certifier's printed name, designation and registration number.

Acceptable photographic evidence involving dimensions, clearances, slope, etc. requires the photographer to compose each shot so that the details of the condition as well as a wide view showing the greater context are all included in the same picture. This requires a digital camera to be set at a high enough resolution so that the reviewer can adjust the image and clearly see both the ramp slope being checked and the level's digital readout, or tape's measurement with both ends of the tape visible in the frame. This also requires the camera to be positioned at an angle that aligns the measurement on the tape with the condition being measured.

Design Requirements for Accessibility

Section 504: This Housing Tax Credit development of five or more dwelling units, having submitted a full application for funding after January 1, 2014, is required to comply with the program accessibility provisions of Section 504 of the Rehabilitation Act of 1973, Titles II and III of the Americans with Disabilities Act, as further defined through the 2010 ADA Standards for Accessible Design ("2010 ADA"), and the Department compliance rules in Title 10 of the Texas Administrative Code, Chapter 1, Subchapter 8 (10 TAC 993.201-1.212) ("Accessibility Rules").

The Accessibility Rules further specify 11 specific exceptions to the 2010 ADA Standards. Refer to HUD Deeming Notice: *Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities* Federal Register 79 FR 29671 <https://www.federalregister.gov/articles/2014/05/28/2014-11844/nondiscrimination-on-the-basis-of-disability-in-federally-assisted-programs-and-activities>

Accessibility Rules require five percent (5%) of the dwelling units to be designed and constructed in accordance with the scoping and technical specifications for mobility unit design, and require an additional two percent (2%) to be designed and constructed in accordance with the specifications for sight and hearing unit design. This obligation is an absolute requirement. For buildings that fall into this

Final Construction Report: What does it look like?



The common area amenities can be changed as long as the points values continue to be met as required in the Application/LURA.

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What are file monitoring reviews?



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What is a file monitoring review?

- The Compliance Monitoring division monitors long-term compliance with the multifamily housing programs funded by TDHCA.
- What will they review?
 - We will discuss the basics today.
- How often will they review?
 - Compliance Monitors conduct reviews at least once every three years. In addition, they review the annual and quarterly reports that you submit via CMTS.

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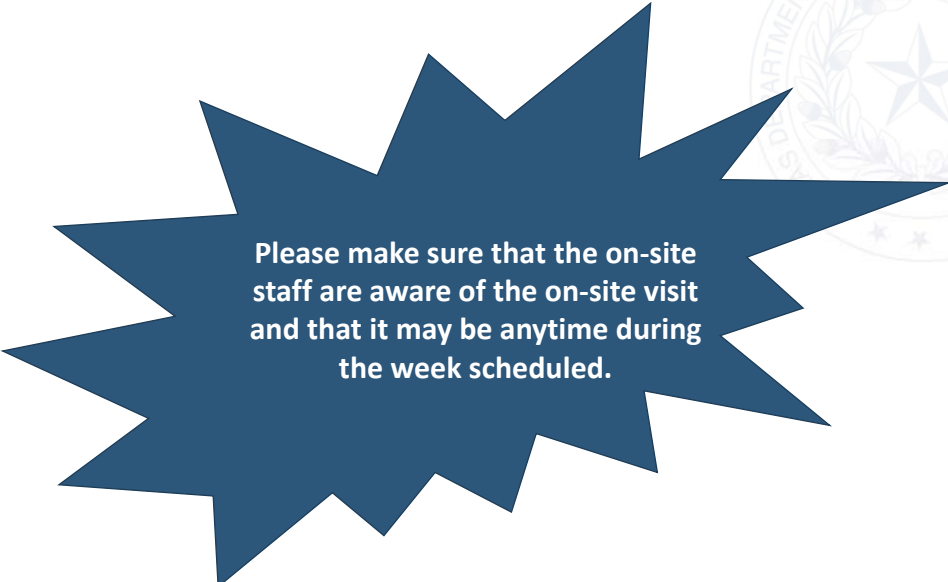
The Monitoring Review: Timeline

- The lead monitor will upload a notification letter into the CMTS Attachment System for the development.
 - The notification will indicate a date and time monitor(s) will be at the development.
 - The notification will indicate the due date for the Unit Status Report and Monitor Review Questionnaire.
- Once the “pre-onsite” documentation is received the monitor will prepare for the review. Deadlines are very important due to 15-day notification window.
- Monitor(s) will conduct the review, either desk or on-site, in accordance with the program(s) requirements under which the property operates.
- The lead monitor will then issue a Monitoring Report which will detail any issues of noncompliance, if applicable, and offer technical assistance.
- There is a 90-day Corrective Action Period (CAP) in which the issues can be corrected. This can be extended for good cause for an additional 90 days, written approval is required for this extension and the request must be submitted prior to the end of the original Corrective Action Period.

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The Monitoring Review: Timeline



Please make sure that the on-site staff are aware of the on-site visit and that it may be anytime during the week scheduled.

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The Monitoring Review: The Actual Review

- If this is a Desk Monitoring Review, the development will have 24 hours from the time of the file request to upload the tenant files. The monitor will review the files timely from their computer rather than at the property.
- The monitor(s) will need a space to set up their laptops, near electrical outlets, and review the files. The lead monitor will provide the file request at this time.
- While the monitor(s) are setting up, the on-site staff should pull tenant files and take them to the monitor(s) so that the review can begin and end timely.
- The monitor(s) will review the tenant files provided and any additional documents requested at the time of the review.
- The lead monitor will conduct an Exit Interview.
 - The Exit Interview may not include specific issues of noncompliance; however, the monitor will go over the general strengths and weaknesses of the files.

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The Monitoring Review: After the Review

- A final review of all the documents and checklists will be conducted.
- The lead monitor will write a Monitoring Report.
 - **No Issues of Noncompliance with, or without, Technical Assistance (TA):** this type of report indicates that the monitors did not identify any area of noncompliance during the review, but may have noted items that were of importance and offered in the form of Technical Assistance.
 - **Events of Noncompliance with, or without, Technical Assistance (TA):** this means that there were issues of noncompliance identified during the review, and may have noted items that the monitor wanted to further address through TA. This letter will come with a Detailed Findings Report to explain what the issue is and how to correct it.
- If the owner or owner's representative has questions about the Monitoring Report, please reach out to the monitor sooner, rather than later, to get any questions answered.
- If the development staff would like a detailed Exit Interview (after reading the full Monitoring Report and Detailed Noncompliance Report), this would be the time to ask for it.

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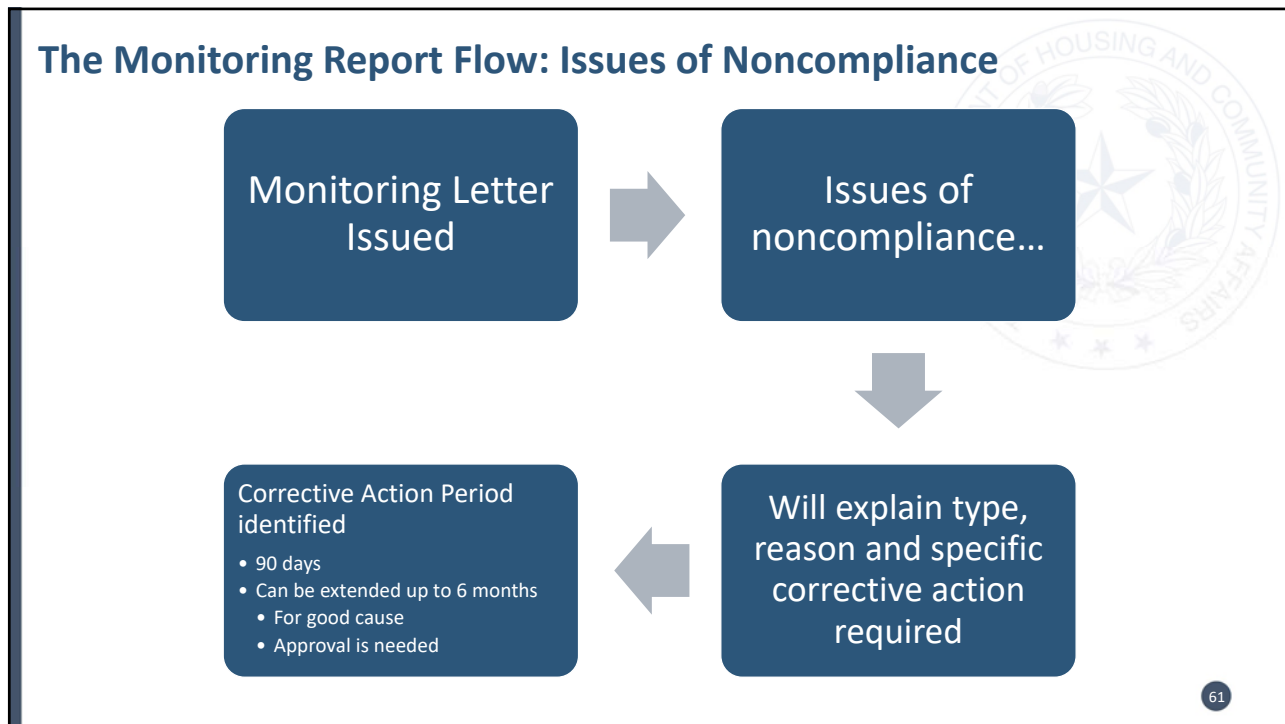
The Monitoring Report: Technical Assistance

Reasons for Technical Assistance (TA):

- Changes to the program rules/requirements that are being noted in TA
- Issues that could become future areas of noncompliance if they are not addressed
 - If these items are still an issue at the next review they will most likely be cited as noncompliance, please make adjustments when needed based on TA
- Imperfect documentation
 - If the monitor is able to determine that the household is eligible, but imperfect documentation was used, i.e. activity print outs instead of bank statements, to qualify the household but the file contains enough information to determine eligibility that the monitor did not cite noncompliance.
- Details that will further explain the issues of noncompliance on the Detailed Findings Report
- Anything else the monitor wants to make the owner aware of from the review

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The Monitoring Report: Issues of Noncompliance, Pages 1 & 2

If the monitor issues a report that indicates there are issues of noncompliance after the monitoring review, then there will be more steps to complete. Pages 1 & 2 of this letter are informational in content and should be reviewed.

- Please supply all requested documentation no later than the specified Corrective Action Due Date, which is the last day of the 90-day corrective action period.
- If an extension to correct the event(s) of noncompliance is needed, please send an email request prior to the end of the Corrective Action period outlining the extension and reason to compliance.extensionrequest@tdhca.texas.gov.
- The Department recommends submitting a dated cover letter explaining the documentation submitted to address each event of noncompliance. Upload the corrective action to the Electronic Document Attachment system using the development's Compliance Monitoring and Tracking System (CMTS) account.
- Any Outstanding Noncompliance issues from past reviews will be outlined and the findings report from that review will also be attached to this letter.

The Monitoring Report: Issues of Noncompliance, Pages 3+

Monitoring Report
Shallow Creek Apartments
LHFC File: 17815
CMTS ID: 1135

The Texas Department of Housing and Community Affairs completed an on-site monitoring review of Shallow Creek Apartments on May 25, 2022. Cara Follet and Trisha Smith represented the Department.

The review resulted in two (2) events of noncompliance:

1. Noncompliance with utility allowance requirements described in §10.614 of this subchapter and/or Treasury Regulation 1.42-10
2. Program Unit not leased to Low-income household/Household income above income limit upon initial occupancy affecting unit 15

The following Technical Assistance is offered:

- During the review, it was noted that white out was being used while completing documentation to correct information, if an error is made by management or a tenant makes an error when completing documentation, white out must not be used. Instead, the erroneous item should be crossed out and initialed.

Files reviewed:

1	7	9	15	21
26	34	37	40	42
46	47	51	53	57
60	62	66	70	73
76	79	82	86	90
92	94	96	97	100

Additional tips and links for future reference:

- **Join Our Email List:** The Department recommends signing up for the Email list to receive updates regarding important compliance rule and form changes. Sign up at the "Join our Email List" link in the left column of the TDHCA homepage at <http://www.tdhca.state.tx.us/>
- **Compliance Monitoring Rules:** These rules change periodically and you are responsible for staying apprised of any and all updates. The rules are published on the Secretary of State website at: <http://www.sos.state.tx.us/electronicPublications/ActorsIndex.html>
- **Compliance Forms** are available at: <http://www.tdhca.state.tx.us/compliance/forms.htm>
- **Income and Rent Limits** are published at least annually at: <http://www.tdhca.state.tx.us/compliance/limits.htm>
- **Frequently asked questions and answers** are available at: <http://www.tdhca.state.tx.us/compliance/faq.htm>
- **Ownership transfer:** If you are contemplating a sale, transfer, or exchange of the Development or the structure of the owning entity, you are required to review an approved form TDHCA. Procedures are outlined in the Ownership Transfer section of the Post Award Activities Manual at: <http://www.tdhca.state.tx.us/post-award-activities-manual.htm>

If the monitor issues a report that indicates there are issues of noncompliance after the monitoring review, pages 3+ (length of letter will depend on the number of findings and any Technical Assistance offered):

- This will tell the owner when the review was conducted, and the names of the monitors that were present for the review.
- In this section, events of noncompliance cited will be listed and, if any, what units were affected by the issues.
- This section will outline and detail technical assistance, if any, that the monitor identified during the review. This is also some of the information that might be provided during an on-site Exit Interview.
- The files reviewed will be listed.
- The last section offers some additional resources and links that are useful to all parties in connection with the Affordable Housing Programs that are monitored by the Department.
- The pages following this will detail the noncompliance listed in the Report.

The Monitoring Report: Detailed Noncompliance Report

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMPLIANCE REVIEW
DETAIL FINDINGS AND CORRECTIVE ACTION
By program

Printed Date: 06/20/22
Page: 1 of 3

Property ID # 1135
Property Shallow Creek Apartments
Address 130 Shallow Creek Rd, Austin, TX 78710

Last Onsite Review Date: 05/25/22
Last Onsite Review File #: 17815
Occupancy as of 06/20/22

PROGRAM: ALL FILES

PROGRAM: LHFC FILE# 17815

PROPERTY FINDINGS

Finding 1.42-10
Noncompliance Date 01/01/2022
Current Status Uncorrected - Not Reportable to IRS
Correction Date

Reason The Development does not have a properly implemented utility allowance. The Department approved the use of the HUD Utility Schedule Model for the electric portion of the Utility Allowance (UA) on November 18, 2021. The Development also uses the Austin Housing Authority (AHA) for gas, water and sewer. At the time of the monitoring review the total of the combined methodologies was not reflected on the USLR.

Corrective Action To correct, implement the Utility Allowance, the HUD Model for the electric portion dated November 18, 2021 and the most current (PNA) schedule from the Austin Housing Authority, dated December 1, 2021 for the gas, water and sewer utilities. The finding will be considered corrected when the owner can demonstrate that the gross rent for each unit is restricted using the correct and current Utility Allowance. Once implemented, submit to the Department an updated the Unit Status Report for all units. Once a properly calculated utility allowance is in effect, the Department will review the gross rent for each unit to conform compliance with the LURA. Any additional non-compliance which results from that review will be addressed under separate cover.

Potential Administrative Penalty

Finding Noncompliance with social service requirements
Noncompliance Date 06/02/2022
Current Status Uncorrected - Not Reportable to IRS
Correction Date

Reason Per Appendix A of the Land Use Restriction Agreement (LURA), the Development is required to provide services which total a point value of eight (8). The monitor was able to identify services adding up to six (6) points from the submitted April and May 2022 documentation. Submission indicated that a plan would be available while on-site; however, this was not presented to the monitor during the review.

Corrective Action Identify an additional program in Appendix A worth two (2) points and implement, or adjust the services offered to total eight (8) points in another way. Submit evidence to the Department for review of services offered.

Potential Administrative Penalty \$5 per day per violation

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMPLIANCE REVIEW
DETAIL FINDINGS AND CORRECTIVE ACTION
By program

Printed Date: 06/20/22
Page: 2 of 3

PROGRAM: LHFC FILE# 13117 Continued

INIT FINDINGS

Unit # 1 **Blgd # 1** **BIN # TX1781501**

Finding Failure to provide Tenant Income Certification and documentation
Noncompliance Date 04/30/2022
Current Status Uncorrected
Correction Date

Reason In accordance with Title 10 of the Texas Administrative Code §10.612, LHFC projects (as defined on Part 8 question, 8b of IRS Form 9809) with Market Units must complete annual income recertification. During the on-site monitoring review the Department did not observe an annual Income Certification for unit 1. The annual recertification for unit 1 was due on April 30, 2022.

Corrective Action Complete an annual Income Certification for this household and submit the following documentation to the Department: application, necessary income and asset verifications/certifications, Income Certification and first and signatory page of the lease.

Potential Administrative Penalty \$250 per violation

Unit # 15 **Blgd # 10** **BIN # TX1781510**

Finding Failure to provide Tenant Income Certification and documentation
Noncompliance Date 05/24/2022
Current Status Uncorrected
Correction Date

Reason In accordance with Title 10 of the Texas Administrative Code §10.612, LHFC projects (as defined on Part 8 question, 8b of IRS Form 9809) with Market Units must complete annual income recertification. During the on-site monitoring review the Department did not observe an annual Income Certification for unit 15. The annual recertification for unit 15 was due on May 24, 2022.

Corrective Action Complete an annual Income Certification for this household and submit the following documentation to the Department: application, necessary income and asset verifications/certifications, Income Certification and first and signatory page of the lease.

Potential Administrative Penalty \$250 per violation

Unit # 82 **Blgd # 18** **BIN # TX1781518**

Finding Program Unit not leased to Low-income household/Household income above income limit upon initial occupancy
Noncompliance Date 05/09/2022
Current Status Uncorrected
Correction Date

Reason Per the Development's Land Use Restriction Agreement (LURA), building 5 has an applicable fraction of 63.63%; however, according to the tenant file for unit 82, it is the most recent move-in to a market unit in the building. During the on-site monitoring review the monitor was able to determine that this household is not income eligible based on the file documentation that was present at the time of the review. Based on the USLR submitted for the review, building 5 has an applicable fraction of 63.50% based on the square footage of 14 low-income households designated on the report. The issue is corrected when enough units in the building are occupied by income eligible households to satisfy the required applicable fraction of 63.63%. The household in unit 82 moved in on May 9, 2022 and is not an eligible low-income household. Based on the USLR, unit 97 is a vacant market unit, this unit must be occupied with a low-income household.


Notes for Success

- Communication is key!
 - **Make sure that CMTS has current and correct contact information for all parties!**
 - Ask questions when given the opportunity while the monitor conducts the Exit Interview
 - Contact the monitor when the Monitoring Report is received after a review has been conducted if there are any questions. This should be done as early in the Corrective Action Period as possible.
- Read the Monitoring Report and Detailed Noncompliance Report carefully and completely. They may all look the same, but the information does change based on the development and the review, so reading the report fully is necessary.
- Respond to Monitoring Reports as required in order to avoid being referred unnecessarily.
 - As soon as the Monitoring Report is uploaded into CMTS, review the report internally and ask questions early-on so that you have the full corrective action period to work on the response.
- Owners and Compliance Staff should conduct a review of the Corrective Action response before submission. If the on-site staff puts together a response that is not reviewed by the owner and management/compliance group, it may result in undue delays in correcting the issues and an unnecessary referral.

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What happens if you do not agree?



Contact the Monitor and/or the Director of Compliance Monitoring	
National Center for Housing Management (NCHM)	<ul style="list-style-type: none"> • Income/Asset • Inclusion/Exclusions
Internal Revenue Service (IRS)	<ul style="list-style-type: none"> • HTC Specific Program concerns
HUD Field Office	<ul style="list-style-type: none"> • MFDL Specific Program concerns

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Monitoring Reviews: Detailed Training

The Department has conducted a mini-webinar with the Monitoring Review process, tips and troubleshooting information. This webinar would be beneficial for all owners and staff of affordable housing development(s).

<https://www.tdhca.texas.gov/compliance-program-training-presentations>

<https://www.youtube.com/watch?v=rC5AG7vCYJO>

<https://www.tdhca.texas.gov/sites/default/files/pmcdocs/MonitoringReviewsTraining.pdf>

<https://www.youtube.com/watch?v=2XWFPbORm0s>

<https://www.tdhca.texas.gov/sites/default/files/pmcdocs/22-NewEntrance-InterviewQuestionTraining.pdf>

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The Monitoring Review: What is an 811 Monitoring Review?

- 811 Monitoring Review are conducted:
 - Annually by management company
 - Separately from other multifamily programs' reviews
 - Remotely and not on-site
- Since the reviews are conducted annually by management company:
 - The Department will be conducting an 811 Monitoring Review **every year**
 - There is a time period of scope, which are the start and end dates of focus for the review (documents and tenant files)
 - The reviews for all properties for a management company are conducted at the same time
- Since the reviews are conducted separately from other multifamily programs' reviews:
 - 811 Monitoring Reviews will focus on the 811 PRA program
 - Monitoring reviews for other programs will be conducted every 3 years at a different time/date
 - Coincidentally, both reviews may be conducted at the same time, but are treated separately
- Since the reviews are conducted remotely and not on-site:
 - Documentation must be submitted through the SERV-U (not CMTS)
 - All documentation requested is needed, focusing on the period of scope
 - Tenant files, including ledgers, must be submitted

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The Monitoring Review: 811 Monitoring Review Timeline

- Approximately one month prior to the 811 Monitoring Review, a notification letter is sent
- On the first of the month after the notification letter, all documentation is due
- During the review month, an 811 Monitoring Review of all notified properties is conducted by Compliance Monitoring
- At the same time, the 811 Administration Division provides feedback on the properties' reporting of availability of units, outcomes of applications and written policies and procedures
- Within approximately 45 days after the submission, a monitoring letter with detailed report will be uploaded separately for each property
- A 90-day corrective action period is provided, but may be extended by following the instructions within the monitoring letter
- During this time, a peer-to-peer meeting is offered in place of an exit interview
- A 10-day period is given after a review of the corrective action
- Any uncorrected noncompliance is referred for administrative penalties. Referrals are by property, and any penalty would be assessed against the owning entity.

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Complaints

- Per 10 Texas Administrative Code §1.2, the Texas Department of Housing and Community Affairs has a process to address complaints about its properties and programs.
- Within 15 business days, the complainant will receive a response from the Department either that the complaint has been resolved or that it will be resolved by a certain date. After that, the complainant will be notified about the complaint at least quarterly until final resolution.
 - Please note that once a complaint is entered into the Department's Complaint Submission System, all information entered could be subject to a Public Information Request.
- The Department will request documentation from the Owner, and the complainant if necessary. Upon receipt the response will be reviewed and a response will be issued.
 - No issue, complaint closed
 - Issue identified, corrective action required
 - This would be an instance where the response due date may be less than the standard 90 days.
 - Not in Department jurisdiction
- Complaint Requests should be regarded with the same timeliness and attention as any other request from the Department.

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Fair Housing Division

- 10 TAC Subchapter G outlines the requirements for the Fair Housing Division with regards to the Affirmative Marketing Requirements and Written Policies and Procedures.
- Questions and concerns about the Affirmative Marketing requirements and Written Policies and Procedures should be sent to fair.housing@tdhca.texas.gov.
- The Fair Housing Division may request documentation from the Owner. Upon receipt the response will be reviewed and a response will be issued.
 - No issues, a letter will be uploaded into CMTS to close the review
 - Issues that need to be corrected, a letter will be uploaded into CMTS that details the corrective action requirements and due dates for the submission
 - Not all corrective action periods are 90 days, please pay close attention to this deadline
 - If the Owner fails to respond the noncompliance will be referred to the Enforcement Committee
- Fair Housing Requests should be regarded with the same timeliness and attention as any other request from the Department.

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Corrective Action (CA) Deadlines

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Corrective Action Deadlines

The Compliance Division will provide notice via CMTS that includes a corrective action deadline:

- Imminent hazard or threat to health and safety: 30 days
- Annual Owner's Compliance Report (AOCR) noncompliance: 30 days
- National Standards for the Physical Inspection of Real Estate (NSPIRE) noncompliance: 90 days; ("Life Threatening / Severe" deficiencies must be corrected within 24 hours; "Moderate" deficiencies within 30 days, and "Low" deficiencies within 60 days)
- File monitoring noncompliance: 90 days
- Complaints and Fair Housing Requests: Specific to the matter

You must track deadlines. No Reminders are sent.

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Corrective Action

- Please supply all requested documentation no later than the deadline set by Compliance, which is the last day of the corrective action period.
- If clarification is necessary to complete the corrective action, contact the issuing monitor as soon as possible.
- The Department may have the ability to extend the corrective action period for a total of six months (if allowed federally or under state law), but only if there is good cause and a request is received prior to the end of the corrective action period. If an extension to correct the event(s) of noncompliance is needed, please send an email request prior to said date to compliance.extensionrequest@tdhca.texas.gov.
- The Department recommends submitting a dated cover letter explaining the documentation submitted to address each event of noncompliance.

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Corrective Action: How to Submit

How to submit Corrective Action:

- Upload the corrective action to the Attachment system using the development's Compliance Monitoring & Tracking System (CMTS) account.
 - This must be completed before the end of the Corrective Action Period, or by the deadline of the extension, if one is granted.
 - For instructions on how to use the attachment system, please see Attaching Documents to CMTS found on the Department's website. To access, on the home page, select "Support and Services" tab; then select "Compliance". From the submenu, select "Online Reporting".
- Failure to submit complete and satisfactory corrections on or before the corrective action deadline will result in:
 - Referral to the Department's Enforcement Committee;
 - Issuance of form 8823 to the IRS (if HTC and within the Compliance Period); and
 - Considered in future funding decisions.

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Corrective Action: What if the deadline is not enough time?

What if the deadline plus any approved extension does not give enough time to correct?

- Upload a detailed corrective action plan to the Attachment system using the development's Compliance Monitoring & Tracking System (CMTS) account.
 - This must be completed before the end of the Corrective Action Period, or by the deadline in the extension, if one is granted.
- The detailed corrective action plan should include what will be done to correct the issue of noncompliance, how long will it take and when the owner anticipates completion of the corrective action and submission of the documentation to evidence completion.
 - The plan must include dates for the above mentioned items.
 - The Owner must indicate a date on which the response will be uploaded into the Attachment System and then upload on, or by, that date. Failure to upload as noted will result in a referral to the Enforcement Committee.
 - If something changes with the upload timeline please contact the applicable monitor.
- While a corrective action plan will prevent the referral, it will not prevent the issuance of the 8823s for Tax Credit Communities.

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Corrective Action: Review of Submission

How the Department will review Corrective Action:

- The Department will review the submission of CA and issue a response accordingly.
 - If all issues of noncompliance are corrected by the submission, a close-out letter will be issued, and no further action is required.
 - If all issues of noncompliance are addressed, but not corrected, by the submission, the Department will issue a 10-day letter, allowing the development an additional window of time to completely correct the issues of noncompliance.
 - If the submission does not address an item of noncompliance, a 10-day allowance cannot be given.
 - If no response is received, the Department will issue a letter referring the development to the Enforcement Committee.
 - If the CA submission, either initially or within the 10-day window, does not fully correct the issues of noncompliance cited under the monitoring review, the Development will be referred to the Enforcement Committee.

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Corrective Action: Previous Participation Review (PPR)

- If anyone affiliated with the development submits an application for a new award/funds/or transfer a PPR will be conducted in accordance with §1.301 (for MF & Proposed Transfers requests) or §1.302 (for SF and CA funds).
- If there is a monitoring review open at the time a PPR is conducted that has reached the end of the designated corrective action period, the Department will review any CA submission uploaded to CMTS. A response will be issued to the development and the outcome taken into consideration by the PPR contact in their assessment.
 - There is typically a seven (7) day period for this review, so timely submissions and communication are essential.
- Noncompliance that was corrected after the applicable corrective action period and noncompliance that has not been corrected will be taken into consideration when conducting a PPR for a three (3) year period (starting on the date of correction).
- Monitoring reviews with Noncompliance corrected after the CAP will result in Events of Noncompliance during a PPR assessment; however, failure to submit any type of corrective action/response during the designated corrective action period (unresponsiveness) also plays a significant role in the PPR assessment.

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Enforcement: Administrative Penalties and Debarment

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Enforcement: Consequences of “Failure to Comply”

Failure to submit timely and complete corrective documentation within the corrective action period will result in:

- Referral to the TDHCA Enforcement Committee for potential administrative penalties and/or debarment, per 10 TAC Chapter 2.
- Issuance of Form 8823 to the IRS (if HTC and within the Compliance Period).
- Consideration during future funding decisions, per 10 TAC §1.301.

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Enforcement: What are administrative penalties?

- Administrative penalties are authorized by statute at TX Gov't Code §2306.041.
- Potential penalty amounts for each violation type are outlined at 10 TAC §2.302(k), and are considered in conjunction with statutory factors at Tex. Gov't Code §2306.042. The maximum amount is \$1,000 per violation per day.
- To assess a penalty, TDHCA must first offer an informal conference.
- The process is defined by rule at 10 TAC Chapter 2, Subchapter C.
- If assessed, the penalty would be against the owning entity.

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Enforcement: What is debarment?

- Debarment is authorized by statute at TX Gov't Code 2306.0504
- Who can be debarred?
 - Unlike with an administrative penalty that is assessed against the owning entity, the Department can consider different levels of responsibility for each individual Responsible Party in Control when considering a debarment.
 - This can include both entities AND any individual natural persons in Control of those entities. This includes individual natural persons who control an entity.
- What is "debarment"?
 - Prevents future participation in TDHCA programs for a specified term. Debarred parties may not purchase any TDHCA properties or receive further TDHCA funding during that term.
 - Does not prohibit participating in any existing engagements, nor does it affect any responsibilities or duties thereunder.
- What can cause debarment?
 - Violations that could cause debarment are outlined at 10 TAC Chapter 2, Subchapter D.
 - The list is extensive, but some important examples:
 - Repeated low physical inspection scores.
 - Repeated penalty referrals in portfolio after 4/1/2021 (50% or more of the portfolio).
 - Misrepresentation / fraud.
 - Refusal to reduce rents to compliant level.
 - See rule for a complete list.

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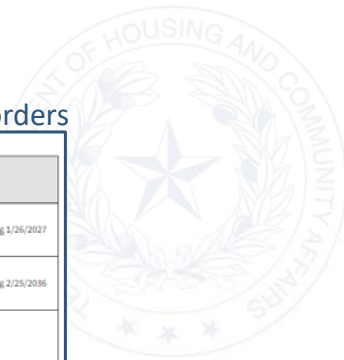
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Enforcement: Debarment



- What is the debarment process?
 - In order to debar, TDHCA must first offer an informal conference.
 - The process is defined by rule at 10 TAC Chapter 2, Subchapter D.
- What is the maximum debarment term?
 - The recommended debarment term is based upon material factors outlined at 10 TAC §2.401(j).
 - There is no upper or lower debarment term limit and TDHCA’s Governing Board has the authority to impose shorter or longer terms than those recommended.
 - TDHCA publishes its debarment list online.

Enforcement: Debarment List



Debarment List: <https://www.tdhca.texas.gov/tdhca-orders>

Board Meeting Date	Document	Debarred Party	Property Involved	Term
1/26/2017	Final Order - Ebenezer Anene	Ebenezer Anene	HOME Reservation System Participant Agreement 2011-0062	10 years, beginning 1/26/2017 and terminating 1/26/2027
2/25/2016	Final Order - Charles Miller	Charles Miller, President and Director of CVM Interests, Inc.	Southmore Park Apartments (HTC 94004 / CMTS 1204)	20 years, beginning 2/25/2016 and terminating 2/25/2036
5/25/2017	Final Order	Avalon Apartments, L.L.C., Xheladin Jasari (aka Xheladin Jasaroski), President of Avalon Apartments, L.L.C. Fiiza Jasaroski, Vice President of Avalon Apartments, L.L.C.	Avalon Apartments (HTC 91036 / CMTS 994)	10 years, beginning 5/25/2017 and terminating 5/25/2027
12/6/2018	Final Order	The David Yilmaz Living Trust David Yilmaz	Oak Park Apartments (HTC 91056/CMTS 965)	15 years, beginning 12/6/2018 and terminating 12/6/2033
7/27/2023	Final Order	Jared Remington	Hilcrest Apartments (HTC 060615 / Bond 060615B / CMTS 4342)	10 years, beginning 7/27/2023 and terminating 5/11/2033
12/7/2023	Final Order	Indio International, LP Double SB Ventures, Inc. Seth Bame	The Jones (HTC FILE # 93063 / CMTS # 1137)	5 years, beginning 12/7/2023 and terminating 12/7/2028.
12/7/2023	Final Order	WHY 2107 Lincoln Drive GPs LLC William Mitchell Voss	The Jones (HTC FILE # 93063 / CMTS # 1137)	5 years, beginning 12/7/2023 and terminating 12/7/2028. May petition the Board for reduction or termination of the remaining debarment term after 12/7/2025

Enforcement: What to do if referred for a penalty or debarment?

If a property is referred to the Enforcement Committee, Owners shouldn't ignore the referral or wait for legal to contact them. The best thing for the Owner to do after getting notice of penalty referral is to immediately talk to the management/compliance company, and then:

- Contact the referring monitor and Ysella Kaseman at ysella.kaseman@tdhca.texas.gov via email to explain what happened,
- Upload complete corrections into CMTS,
- Upload the "Acknowledgment of Administrative Penalty Referral."
- Adjust internal management policies to ensure that similar referrals do not occur again.

Taking these steps immediately could help the owner avoid penalty action in many cases.

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Enforcement Action: Owner's Acknowledgement of Referral

The Owner's Acknowledgement of Administrative Penalty Referral form is required as part of any penalty referral:

- Compliance will upload the form as a separate line item in CMTS when they issue a referral letter.
- This form must be completed by the Owner, not property management.
- This form ensures that the Owner is aware of the problem and is taking steps to resolve it. Exhibits 1 and 2 help TDHCA to analyze the stability of the ownership portfolio.
- CMTS must contain current and correct ownership contact information so that the Owner will be notified of any correspondence from the Department.

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Corrective Action: Owner's Acknowledgment of Referral

Texas Department of Housing and Community Affairs
ACKNOWLEDGMENT OF ADMINISTRATIVE PENALTY REFERRAL

Development Name _____ CMTS ID _____
Name of Authorized Development Owner Representative _____

This Acknowledgment has been prepared in accordance with 10 TAC §2.307(b), which requires Responsible Parties who Control a Development to submit a list of developments in their portfolio when there is an administrative penalty referral. **The Development Owner must sign this form; property management may not sign. Immediately submit this completed form and request exhibits, along with complete corrective documentation via CMTS upload to the attention of Yaela Kuzman.**

Through this certification, you hereby acknowledge and certify the following:

1. Noncompliance was identified by TDHCA during a physical inspection, an onsite or desk file review, an Affirmative Marketing Plan review, or a Written Policies and Procedures review of the above Development;
2. The above Development was referred to the TDHCA Enforcement Committee for consideration of an administrative penalty after finding to be timely and fully correct that noncompliance;
3. I understand that the Development Owner is responsible for ensuring that the Development is managed in accordance with TDHCA requirements per 10 TAC §10.626;
4. I have reviewed the contact information entered into the Compliance Monitoring and Tracking System (CMTS) and verify that the current contact information entered is correct;
5. I have read the rule at [10 TAC §2.401](#) (Debarment from Participation in Programs Administered by the Department) and will take precautions to prevent the types of violations listed in that rule;
6. I have read the "Technical Support for Avoiding Administrative Penalty Referrals" pdf from the Noncompliance section of this link: <https://www.tdhca.state.tx.us/compliance/index.htm>;
7. I understand that training is offered by the Department;
8. Development Owner representative(s) have discussed the administrative penalty referral with property management, and have implemented changes intended to prevent future penalty and/or debarment referrals;
9. A complete organizational chart is attached as **Exhibit 1**, including the names and ownership percentages of all Persons having an ownership interest in the Development Owner. Any entity shown includes ownership to the level of natural persons and includes percentages of interest;
10. A separate Actively Monitored Development list is attached as **Exhibit 2** for each Responsible Party that controls the Development Owner entity (i.e. organizations, entities, natural persons, etc. that have a controlling interest or oversight). This list is also completed for each board member, individual with signature authority, executive director, and elected official that represents the person/entity (as applicable).

The undersigned certifies that all statements and representations made in this acknowledgment, including all supporting materials, are true and correct.

Signature of Authorized Owner Representative _____ Date _____
Job Title / Role _____

Warning: Title 10, Section 1001 of the U.S. Code makes it a criminal offense to make willful false statements to an investigation or to any Department or Agency in the United States or to any matter within its jurisdiction.

TDHCA
January 2024



Corrective Action: Owner's Acknowledgment of Referral; Exhibit 1

Exhibit 1:

Texas Department of Housing and Community Affairs
ACKNOWLEDGMENT OF ADMINISTRATIVE PENALTY REFERRAL

Exhibit 1:
Organizational Chart

Submit an organizational chart as Exhibit 1. A sample is below.
Control is defined at [10 TAC 11.130](#).

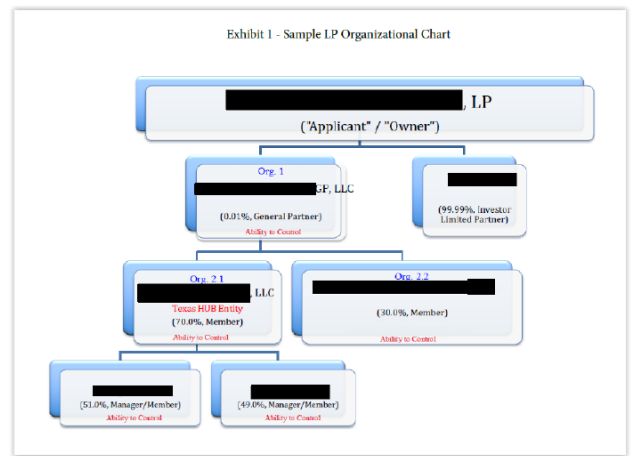
Ensure that you:

- Include all organizations and natural persons that Control the Development.
- Any organization in Control must show ownership to the level of natural persons.
- Include percentages of interest.
- Indicate which organizations and natural persons have the ability to Control the Development.

In the case of:

- Partnerships - Include all General Partners and Special Limited Partners down to the level of natural persons (any LP that is not the Syndicator is a "Special LP"). Investor Limited Partners without Control authority do not need to be expanded to the level of natural persons.
- Corporations - Include the executive director and all members of the board.
- Limited liability companies - Include all managing members and all other members down to the level of natural persons, and
- Nonprofits and public housing authorities - Include all board members and the executive director.

SAMPLE EXHIBIT 1 ORGANIZATIONAL CHART: These are redacted since they are actual organizational charts for TDHCA properties and are being posted online. Your organizational chart must include names, however.



Corrective Action: Owner’s Acknowledgment of Referral; Exhibit 2

Exhibit 2:

Exhibit 2:
Actively Monitored Development List

This form helps TDHCA to analyze the stability of the rest of the ownership portfolio under each organization and natural person identified at Exhibit 1. Submit a separate completed Exhibit 2 for each organization and natural person identified as being in Control at Exhibit 1. (As an example, all entities and persons shown in red in the sample organizational chart on the prior page would need to complete this Exhibit 2). Multiple organizations and natural persons may be listed in the "Legal Name" field below if they all Control the same group of Developments. This Exhibit 2 may be submitted in spreadsheet form.

Legal Name of Entity or Person to be analyzed: Senior American Nonprofit, Inc.; John Smith; Jane Smith

Contact Person (if an entity): John Smith

Email Address: johnsmith123456@gmail.com

List below all Actively Monitored Developments with TDHCA in which the Legal Name(s) entered above also have a Controlling interest. Only include active developments that have been monitored during the last three years, either through a Uniform Physical Condition Standards (UPCS) inspection, an onsite or desk file monitoring review, an Affirmative Marketing Plan review, or a Written Policies and Procedures Review. Add additional pages as needed, or a spreadsheet may be attached. Place an "X" in the table if there are no other properties.

	CMTS ID#	Property Name	Property City	Program	Role	Control began (mm/dd/yy)
1	1234	Autumn Leaf Park	Fort Worth	HTC	GP	1/19/2015
2	6566	Eagleton Parkville	Dallas	Bond	GP	3/30/2016
3	6578	Carolina Parkville	Livingston	HTC	GP	3/30/2016
4	1654	Live Oak Parkville	Arlington	HTC	GP	1/20/2021
5	3218	Red Oak Parkville	Dallas	HTC / HOME	GP	06/04/2022
6	4297	Pin Oak Parkville	Dallas	HTC	GP	11/12/2023
7						
8						
9						
10						

Legal Name: Enter the name of the Controlling organization, or natural person for whom this Exhibit 2 is being completed.
CMTS ID: Enter the 4-digit property number assigned by CMTS.
Property Name: Enter the Development Name as entered in CMTS.



Enforcement: Tips for avoiding penalties or debarment

- Technical Support for Avoiding Administrative Penalty Referrals has been compiled to help owners avoid an administrative penalty or debarment referral. It includes useful tips and guidance to help maintain compliance. It is not all-inclusive and it remains the owner’s responsibility to be aware of all applicable TDHCA statutes, TDHCA rules, and LURA terms.
 - The Technical Support document can be found online at <https://www.tdhca.texas.gov/sites/default/files/pmcdocs/23-TechSupport-AvoidAdminPenaltyRefs.pdf>.
- It is vital that owners and management groups proactively edit their internal management policies and take all necessary actions to ensure complete and timely compliance since failure to do so could cause the owner to be debarred if too many (a referral ratio of 50% or more) properties in the portfolio are referred. The above link should help with this.

Conclusion: Pay attention to managers! Deadlines are key!

- Hire experienced and competent property management.
- Calendar all reporting deadlines:
 - Quarterly Vacancy Report: Due the 10th of every January, April, July, October.
 - Annual Owners Compliance Report: Due every April 30th for the year prior.
- Exercise appropriate and regular oversight of property management activities.
- Review correspondence from TDHCA and track deadlines. You will not receive reminders.
- Oversee resolution of issues of noncompliance by property management.
- Ensure complete and timely submission of all corrections.
- Check CMTS regularly to ensure that TDHCA correspondence is not accidentally missed.

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Additional Training Opportunities



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Additional Training Opportunities

- The Department has a section devoted to previously recorded webinars.
 - <https://www.tdhca.texas.gov/compliance-program-training-presentations>
- Every quarter the Department offers an in-person Income Determination Training, registration opens about 30 days before the class and can be found online
 - <https://www.tdhca.texas.gov/compliance-training>
- The Department offers regular virtual training in conjunction with the Texas Apartment Association
 - <https://www.taa.org/event-category/affordable-housing/>
- The Multifamily Compliance division offers a monthly Office Hours, which is an open forum to ask questions of staff and get real-time answers
 - All of these will be posted online: <https://www.tdhca.texas.gov/calendar>
- You can also sign up for emailed announcements
 - Click the “Subscribe” button at the bottom of <https://www.tdhca.texas.gov/>

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Contact Information for Presenters

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THANK YOU

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Community Affairs

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