

COMPLIANCE MANUAL

**501(c)(3) Properties
2000-2003**

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TSAHC Compliance Procedures

Timeline

Calendar- TSAHC staff refers to calendar of scheduled Compliance Audit site visits as set and assigned by the Asset Oversight/Compliance Manager.

Monthly Reports- Borrowers submit through the online reporting system the Unit Status Report, Continuing Program Compliance Certificate, Occupancy Summary, and Resident Services Report, due by the 10th of every month.

Quarterly Reports- Borrowers submit through the online reporting system their Continuing Program Compliance Certificate and Occupancy Summary within 15 days of the end of each quarter.

Annual Reports- Borrowers submit the Resident Services Annual report no later than 60 days prior to the anniversary of the Closing Date of the Transaction.

Annual Audit- TSAHC staff performs the annual audit as scheduled.

Corrective Action- TSAHC staff sends the final Annual Compliance Audit report with any findings of deficiencies to the owner and the property manager no later than 30 days after the site visit.

Default Procedures- TSAHC may declare an Event of Default if outstanding findings are not resolved within 30 days, which starts the 60 day cure period.

TSAHC Compliance Procedures

I. Overview

The Texas State Affordable Housing Corporation conducts annual onsite compliance audits to insure that income set aside requirements, rent and lease requirements, and resident services requirements are being met. The guidelines laid out in this manual are based on the Bond Documents for TSAHC's 501(c)(3) portfolios, in particular the Regulatory Agreements and the HUD 4350.3 handbook. For more details on requirements and procedures please refer to both of these sources.

II. Set Aside Requirements

All owners have agreed that at least 75% of all units must be occupied by residents whose income does not exceed 80% of the area median gross income at move in, which is known as the Safe Harbor Requirement. These residents are considered Low Income (LI) residents. Each owner has agreed to one of the set aside requirements set forth in the chart below. The first option is that at least 20% of all units must be occupied by residents whose income does not exceed 50% of the area median income. The second option is that at least 40% of all units must be occupied by residents whose income does not exceed 60% of the area median income. These residents are considered Very Low Income (VLI) residents.

20/50	40/60
American Agape Foundation American Housing Foundation American Opportunity for Housing Common Wealth Housing Initiatives Corporation National Housing Trust South Texas Affordable Properties	San Antonio Low Income Housing

A. Income and Rent Limits. The most current HUD income and rent limits are to be used on all properties. A copy of this document can be accessed through the download section of the online compliance reporting system.

B. Establishing Household Eligibility. Income Certifications (Attachment 1) are used to determine if a resident is eligible to live in a rent restricted unit. Instructions on how to complete the Income Certifications are included as a part of the form.

- i. **Determining Income.** Annual income is the amount of gross income that is used to determine a family's eligibility. The owner and property staff should make a diligent and good-faith effort to determine that the income information provided by an applicant in an Income Certification is accurate by taking one or more of the following steps, as a part of the verification process:

- 1) obtain pay stubs for the most recent one-month period (so long as there are two pay periods per month)

- 2) obtain income tax returns for the most recent two tax years
- 3) conduct a consumer credit search
- 4) obtain an income verification from the applicant's current employer
- 5) obtain an income verification from the Social Security Administration
- 6) if the applicant is self-employed, unemployed, does not have income tax returns or is otherwise not reasonably able to provide other forms of verification as required above, obtain another form of independent verification as would, in the owner's reasonable judgment, be satisfactory and will comply with the terms of the bond documents.

Section 8 residents are only required to provide evidence that their income is two and one-half times (2.5x) greater than the actual out-of-pocket amounts to be paid by the resident rather than two and one-half times (2.5x) greater than the actual monthly rent for the unit, in order to qualify for the unit.

ii. Determining Assets

Assets are items of value that may be turned into cash. If the total "cash value" of a household's assets exceeds \$5,000 it must be verified. If it is less than \$5,000 it can be self verified. The annual income from the assets must be calculated.

Asset	Not An Asset
Cash held in savings, checking accounts, safe deposit boxes, home, etc.	Personal property such as clothing, furniture, cars, wedding ring, etc.
Revocable trusts	Interests in Indian trust land
Equity in rental property or other capital investments	Term life insurance policies
Stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts	Equity in the cooperative unit in which the family lives
Individual retirement, 401k, and Keogh accounts	Assets that are part of an active business
Retirement and pension funds	Assets that are NOT effectively owned by the applicant
Cash value of life insurance policies available to the individual before death	Assets that are not accessible to the applicant and provide no income to the applicant
Personal property held as an investment	
Lump-sum receipt or one-time receipts	
Mortgage or deed of trust held by an applicant	

iii. Verification Requirements

Each lease or rental agreement shall contain a provision to the effect that the owner has relied on the Income Certification and supporting information supplied by the resident in determining qualification for occupancy of the unit and that any material misstatement in such Certification may be cause for immediate termination of such lease or rental agreement.

- C. Maintaining LI Occupancy/ Recertification.** Income Certification must be completed before the resident occupies the unit initially. The Certificate is valid for a period no longer then one year from the effective date. The first reminder notice should be sent to residents 90 days before the Certificate’s expiration with additional reminders every 30 days. If a unit is not recertified within the appropriate time period it will be considered market rate until a recertification is completed.

Once a resident qualifies as an affordable resident the resident can continue to occupy the same unit unless during recertification his or her adjusted gross income exceeds 140% of the current applicable income limit for an affordable resident of the same family size. If the resident no

longer qualifies as a VLI resident, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a VLI resident to meet the set aside requirements.

III. Rent and Lease Requirements

A. Rent Restrictions and Lease Requirements. The set-aside units must be evenly distributed throughout the property and among all the different unit types (i.e. one-bedroom, two-bedroom and three-bedroom). No more than 60% of the set-aside units may consist of one unit type and no less than 20% of the set-aside units may consist of any particular unit type. This can be found in the General Eligibility Requirements Exhibit to the Compliance Agreement.

TSAHC uses the most current MSA rent schedule provided by HUD. The rents may not exceed 30% of the applicable Median Gross Income for the county or city in which the property is located. Utility allowances are not taken into account.

Rents for VLI and LI units cannot be raised more than five percent (5%) from the current rent or the Consumer Price Index, whichever is higher, without prior written consent from TSAHC after being formally notified in writing as stated in the Regulatory Agreement. If TSAHC does not respond within 10 days of receipt of the notice, the property can increase the rent to the amount stated in the notice.

None of the residential units in the property will at any time be utilized on a transient basis or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park. No unit within the property will be rented for a period of less than 30 days. No part of the property will at any time be owned by a cooperative housing corporation.

B. Fair Housing Compliance. All properties funded by TSAHC must follow the Fair Housing Act, Title VIII of the Civil Rights Act of 1968. Applicants cannot be discriminated against based on race, color, national origin, sex, age, disability, religion or familial status. The Fair Housing poster is required to be displayed in a visible place in the leasing office. If a significant amount of residents are Spanish speaking it is strongly recommended that a Spanish version of the Fair Housing poster be visible in the office also.

All of the units on all properties will be available for rent on a continuous basis to members of the general public, and no preference will be given to any particular class or group in renting the units, except to the extent that units are required to be leased or rented to Low-Income and Very Low-Income residents. At no time will any portion of the property be

exclusively reserved for use by a limited number of nonexempt persons in their trades or business.

Potential residents cannot be discriminated against based on their participation in the Section 8 Program sponsored by the U.S. Department of Housing and Urban Development.

- C. Owner/Management Responsibilities.** The owner is the responsible party for ensuring that the 501(c)(3) program is properly administered. The owner shall ensure compliance with the applicable rules, regulations and policies that govern the program and shall make certain that all requirements are met on an ongoing basis.

IV. Resident Services

All 501(c)(3) properties agreed to provide resident services according to their Compliance and Regulatory Agreements. TSAHC has created basic guidelines and reports for Resident Services.

- A. Appropriate Resident Services.** The following is a list of activities/courses that can be implemented. If you are interested in starting an activity or course that is not on the list, make sure that it will encourage economic self sufficiency and/or promote homeownership opportunities.

- Career Services
 1. Computer Literacy
 2. GED Classes
 3. Job Skills/Training
 4. Resume/ Job Search Workshop
 5. Job Fair

- Children's Services
 1. After School Care
 2. Swimming Lessons
 3. On-site Daycare
 4. On-site Tutoring Sessions
 5. Performing Arts
 6. Halloween Safety
 7. Site library

- Community Awareness
 1. Crime Watch
 2. Self Defense Course
 3. Child Id/Fingerprinting Program
 4. Fire Safety
 5. Domestic Violence Shelter/ Programs
 6. Host Support Groups Such as AA, Anger Management, etc.
 7. Community Gardens
 8. Community Service Activities (i.e. Habitat for Humanity)

- Domestic Skills
 1. Budgeting
 2. Tax Prep. Courses
 3. Low Cost Healthy Cooking
 4. Organization Classes
 5. Cleaning Supply Safety

- Medical and Health Services
 1. Basic First Aid and CPR
 2. Caring for the Disabled
 3. Health and Screening Services
 4. HIV/AIDS Classes
 5. Vaccinations/ Flu Shots
 6. Weight Lose Club
 7. Diabetes/ Heart Disease Courses
 8. Babysitting Safety Courses

- Personal Development
 1. Counseling Services
 2. Credit Counseling
 3. English as a Second Language Courses
 4. Home Ownership Counseling
 5. Parenting Classes
 6. Anger Management Courses
 7. Family Counseling

- Transportation Services
 1. Grocery Store
 2. Library
 3. Medical Visits
 4. Cultural Events

B. Inappropriate Resident Services. Inappropriate activities include children’s movie time, patio decorating contests, gambling trips, resident parties, Easter Egg Hunts or other activities along these lines. Properties are welcome to offer these activities but they will not count towards fulfilling the Resident Services obligation.

C. Resident Services Reporting. Annual and monthly reporting is required. The annual report should include a summary (Attachment 2) of all Resident Services planned per quarter along with the line item budget showing the dollar breakdown of planned events. The second part of the report should be the past year’s Resident Services summary of executed events, their cost, and effectiveness of the service. The effectiveness of the service should be assessed by using a questionnaire form or similar instrument. It is also important to have available the sign-in sheets for the

activities showing the unit number and names of residents. The Annual report is due 60 days prior to the anniversary date. A reminder notice will be sent by TSAHC 120 days before the anniversary date (Attachment 3). The monthly report is to be completed online and is due by the 10th of the following month for the previous month's activities.

V. Monthly Desk Reports

The following monthly reports are to be completed by the Borrower online and submitted before the 10th of every month. See Attachment 4 for more information regarding the online compliance system.

- A. Unit Status Report.** The unit status report should be updated on a regular basis throughout the month online.
- B. Certificate of Continuing Program Compliance.** After the information is completed in the Unit Status Report online it will automatically populate the Certificate's (Attachment 5) information. The Certificate is due by the tenth of every month. It is automatically submitted when the USR is submitted online. In addition, on the 15th of January, April, July, and October a Certificate of Continuing Program Compliance covering the previous three months must be received by TSAHC. This must also be submitted online.
- C. Occupancy Summary.** This monthly report is due by the tenth of every month and must be submitted online by the Borrower (Attachment 6).
- D. Resident Services Report.** The monthly Resident Services report must be either updated throughout the month or completed at the end of the month. Documentation of resident participation is to be kept onsite and not submitted, except for online services reporting sheets (i.e. 365 Connect). These can be emailed directly to the Compliance staff.

VI. Annual Audit

An Annual Audit will be conducted on every TSAHC property once every calendar year. The audit will verify compliance with the family income and eligibility requirements of the Regulatory Agreement. Twenty percent of the affordable unit files will be audited to verify compliance.

- A. Audit Prep Work.** Before the audit a letter (Attachment 7) will be sent via fax to the property manager and the owner no later than 30 days prior to the audit notifying them of the upcoming audit. As part of the prep work the auditor will select 20% of the affordable units to be audited a week before the visit. The most recent USR should be printed offline and used for this purpose. The 20% should include some recertifications, incomes close to rent limits, and other units that have some odd characteristics. The unit information such as the unit number, name, household size and rent can be filled out ahead of time on the audit spreadsheets. The income and other information cannot be filled out ahead of time. All information must be verified using the resident file the day of the audit.

B. Initial Interview. During the initial interview TSAHC staff will give the manager the list of pre selected units so that the property staff can pull the files during the interview. The series of questions (Attachment 8) that are a part of the audit should be asked at this time. This includes reviewing the resident services being provided.

C. File Review. During the file audit the following must be verified:

1. Rental application completed, including certification of assets and disposal of assets, if applicable;
2. Tenant income certification completed for move-in and current year, including all required signatures and dates;
3. Income verification(s) completed and documented;
4. Assets documented, and verified if total assets are more than \$5,000 in value;
5. Student eligibility documented; and
6. Lease and lease addendum completed at move-in.

The compliance audit spreadsheet must be used to fulfill the requirements above.

D. Exit Interview. After the audit is complete the TSAHC auditor should review all findings and observations with the manager. The TSAHC auditor should also allow time for the manager to ask any questions that might have come up during the audit.

E. Corrective Action. After the completion of the site audit, the TSAHC auditor has 5 business days to get the final draft of the audit report and the cover letter (Attachment 9) to the TSAHC Asset Oversight and Compliance Manager for review. After approval the auditor can fax the final report and cover letter to the property manager and owner. The final report is due to the property's owner within 90 days after completion of the annual audit but it is TSAHC's goal to have them distributed within 30 days.

F. Tracking and Monitoring Status.

i. **Findings.**

1. **Findings.** All Findings must be clear, concise, and specific to the problem discussed. The problem that has been outlined as a Finding should state the specifics of the problem, i.e. unit number, residents' names, document it is located on. Findings represent violations that require that the owner/agent take corrective action as required by TSAHC. The auditor should make copies of all information that is relevant to the Finding to be kept with the final audit report.
2. **Corrective Action.** Corrective Action requirements must also be concise and specific. The language must clearly state what the property must do to correct the Finding, by what date it needs to be completed, and by what manner the property should notify

TSAHC of the completed corrective action. For most Findings the property will have 30 days to current.

- ii. **Observations.**
 - 1. **Observations.** Observations are used as an important tool to allow TSAHC to address certain areas of concern and/or need for improvement.
 - 2. **Recommendations.** Recommendations accompany Observations in the same manner Corrective Action requirements accompany Findings. Adherence is not necessarily required; however, TSAHC expects that the property would give serious consideration to its content.
- iii. **Responses.**
 - 1. **Non Response.** If TSAHC has not received a Corrective Action response within the prescribed time frame, a Non Response letter (Attachment 10) will be sent via certified mail, return receipt requested, requiring a response within 7 calendar days.
 - 2. **Incomplete or Insufficient Responses.** Incomplete or insufficient submissions of Corrective Action will warrant follow-up correspondence (Attachment 11) informing the Owner and Property Manager of the specific Findings lacking completion. The follow-up correspondence will be drafted specifically to the outstanding Finding at hand and will be sent within 7 calendar days of receipt of the inadequate response. The letter will state that the Owner has 7 calendar days to finish correcting the Finding. It will also clearly explain what action needs to be taken to completely resolve the issue.
 - 3. **Extensions.** Properties requesting an extension to cure Corrective Action requirements must submit a formal written request on company letterhead to the TSAHC Asset Oversight/Compliance Manager. A written response to this request will be sent within five calendar days. All extensions must be approved by the Asset Oversight and Compliance Manager. The length of extensions will be determined on an individual basis. Extensions will only be granted if the Finding cannot be cured within 30 days and in TSAHC's judgment cure has commenced.
- iv. **Phone Calls.** During the corrective action process the TSAHC auditor will be in contact with the property manager to address any outstanding questions about the required or suggested Corrective Action and to check on the status of the required work.
- v. **Monitoring Status.** Any properties with outstanding Findings will be placed on monitoring status. All properties on monitoring status must be contacted every two weeks by either a phone call or written letter. Once all Findings at a property are cleared a notice must go to the property manager and the owner (Attachment 12) notifying them of the change in their status.

VII. Default Procedures

An event of default can occur if the owner fails to pay the compliance fee, fails to provide information requested by TSAHC, fails to meet set aside requirements for Low Income residents or Very Low Income residents, fails to provide Resident Services, or fails to meet any of the other requirements set forth in the Bond Documents.

To the extent legally permissible and upon advance notice, TSAHC staff can inspect the books and records of a TSAHC financed property or the incomes of any of their residents, including but not limited to resident files, during business hours. TSAHC staff may also choose to make copies if so desired and file such reports as are necessary to meet our requirements.

In determining whether a default by the owner exists, the Trustee shall not be required to conduct any investigation into or review of the operations or records of the Borrower and may rely on any written report, notice or certificate delivered to the Trustee by any person retained to review the owner's compliance by the owner or TSAHC with respect to the occurrence or absence of a default unless it has actual knowledge of facts that create a reasonable basis to suspect that the report, notice or certificate is erroneous or misleading.

If an owner defaults in the performance or observance of any covenant, agreement or obligation of the Regulatory Agreement the owner has a 60 day period to cure after notice has been given by TSAHC or the Trustee. The time to cure can only be extended if in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-exempt status of interest on the Tax-exempt bonds.

As a remedy to the default TSAHC can terminate the agreement, collect monetary damages, and use any other remedy available at law or in equity. TSAHC can use any or all of the available remedies.

VIII. Record Retention

Both TSAHC and each property must maintain all records pertaining to the properties for a period of no less than three years following the later of the date on which no Bonds remain outstanding or the end of the Qualified Project Period. All tenant files with supporting documentation, resident services information, and sign-in sheets must be made available. TSAHC will retain all monthly, quarterly, and annual reports along with the bond documents.



TENANT INCOME CERTIFICATION
 TEXAS STATE AFFORDABLE HOUSING CORPORATION
 501(C)(3) MORTGAGE REVENUE BOND PROGRAM

Initial Certification Recertification Other _____

Effective Date: _____
 Move-in-Date: _____
 (MM/DD/YYYY)

PART I - DEVELOPMENT DATA

Property Name: _____ County: _____
 Address: _____ Unit Number: _____ # Bedrooms: _____

PART II. HOUSEHOLD COMPOSITION

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Social Security or Alien Reg. No.
1			HEAD			
2						
3						
4						
5						
6						
7						

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$ _____	\$ _____	\$ _____	\$ _____

Add totals from (A) through (D) above TOTAL INCOME (E): \$ _____

PART IV. INCOME FROM ASSETS

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$ _____	\$ _____
Enter Column (H) Total If over \$5,000		\$ _____ X	Passbook Rate 2.00%	= (J) Imputed Income \$ _____
Enter the greater of the total of column I or J: imputed income				TOTAL INCOME FROM ASSETS (K) \$ _____
(L) Total Annual Household Income from all Sources [Add (E) + (K)]				\$ _____

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature (Date) _____ (Date)

Signature (Date) _____ (Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1	\$ 	Household Meets Income Restriction at: <input type="checkbox"/> 60% <input type="checkbox"/> 50% <input type="checkbox"/> 80% <input type="checkbox"/> ____ %	RECERTIFICATION ONLY: Current Income Limit x 140%: \$ _____ Household Income exceeds 140% at recertification: <input type="checkbox"/> Yes <input type="checkbox"/> No
Current Income Limit per Family Size:	\$ _____		
Household Income at Move-in:	\$ _____	Household Size at Move-in:	_____

PART VI. RENT

Tenant Paid Rent	\$ _____	Unit Meets Rent Restrictions at:	<input type="checkbox"/> 60%	<input type="checkbox"/> 50%
Utility Allowance	\$ _____			
Rent Assistance	\$ _____			
Other non-optional charges	\$ _____		<input type="checkbox"/> 80%	<input type="checkbox"/> ____ %
Gross Rent For Unit (See Instructions)	\$ _____	Maximum Rent Limit for this unit	\$ _____	

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS? Yes No

If yes, submit a copy of the marriage certificate and most recent joint federal income tax return

SIGNATURE OF OWNER / REPRESENTATIVE

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of program rules, regulations, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

Signature of Owner/ Representative

(Date)

**INSTRUCTIONS FOR COMPLETING
TENANT INCOME CERTIFICATION**

This form is to be completed by the owner or an authorized representative.

Part I - Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

- Move-in Date Enter the date the tenant has or will take occupancy of the unit
- Effective Date Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re) certification.
- Property Name Enter the name of the development.
- County Enter the county (or equivalent) in which the building is located.
- BIN # Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
- Address Enter the address of the building.
- Unit Number Enter the unit number.
- # Bedrooms Enter the number of bedrooms in the unit.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

- | | | | |
|---|-------------------|---|----------------------------|
| H | Head of Household | S | Spouse |
| A | Adult co-tenant | O | Other family member |
| C | Child | F | Foster child(ren)/adult(s) |
| L | Live-in caretaker | N | None of the above |

Enter the date of birth, student status, and social security number or alien registration number for each occupant.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the certification. Complete a separate line for each income-earning member. List the respective household member number from Part II.

- Column (A) Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
- Column (B) Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
- Column (C) Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
- Column (D) Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
- Row (E) Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

- Column (F) List the type of asset (i.e., checking account, savings account, etc.)
- Column (G) Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of certification).
- Column (H) Enter the cash value of the respective asset.
- Column (I) Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
- TOTALS Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

- Row (K) Enter the greater of the total in Column (I) or (J)
- Row (L) Total Annual Household Income From all Sources Add (E) and (K) and enter the total

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification on or before the move-in date. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification. Re-certification of income must be completed on an annual basis, on or before the annual date of the previous certification.

Part V – Determination of Income Eligibility

- Total Annual Household Income from all Sources Enter the number from item (L).
- Current Income Limit per Family Size Enter the Current Move-in Income Limit for the household size.
- Household income at move-in Household size at move-in For recertifications, only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.
- Household Meets Income Restriction Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.
- Current Income Limit x 140% For recertifications only. Multiply the Current Maximum Move-in Income Limit by 140% and enter the total. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the current income limit, then the available unit rule must be followed.

Part VI - Rent

- Tenant Paid Rent Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
- Rent Assistance Enter the amount of rent assistance, if any.

Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero. <i>Please note TSAHC Regulations require that rents be capped at 30% of the applicable AMI without taking into account an allowance for utilities. In addition, the utility allowance may be used to determine the amount of rent the tenant will pay if the tenant receives any rental assistance.</i>
Other non-optional charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.
Maximum Rent Limit for this unit	Enter the maximum allowable gross rent for the unit.
Unit Meets Rent Restriction at	Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

Part VII - Student Status

If all household members are full time* students, check “yes”. If at least one household member is not a full time student, check “no”. If “yes” is checked, the only exemption that is applicable under the bond program is for those tenants who are entitled to file a joint federal income tax return under Section 6013 of the Internal Revenue Code. If this exemption applies, documentation of meeting the exemption must be attached to the certification. If the explanation does not apply, the household is ineligible to rent the unit.

**Full time is determined by the school the student attends.*

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner’s representative to sign and date this document immediately following execution by the tenant(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

ABC APARTMENTS

RESIDENT SERVICES SUMMARY REPORT 2004

PLANNED ACTIVITIES

1st Quarter 2004

- Fire safety training- The local fire department will help residents plan out an escape route and meeting spot. Residents will also learn how to use a fire extinguisher which will be added to everyone's unit.
- English as a Second Language Courses- This will be a six month course to which residents will have to sign up a head of time to enroll. It will be taught by a local high school teacher once a week in the evenings.
- Nutrition Class- A local dietitian will be hosting a cooking class on how to prepare well balanced meals on a tight budget.
- Tutoring- Twice a week tutoring sessions will be offered in the clubhouse for any student needing help in any subject at school.

2nd Quarter 2004

- Red Cross training- Red Cross will be teaching a basic First Aid and CPR class for all interested residents.
- Chemical Safety- Poison Control will be doing a lesson on cleaning supply safety.
- ESL Courses- ESL courses will continue to be held.
- Tutoring- Tutoring will continue through the end of the school year.

3rd Quarter 2004

- Car Seat Safety Checkpoint- ABC apartments is hosting a Car Seat Safety Checkpoint that is open to both the resident and the public to help insure proper usage of car seats.
- Career Counseling- A career counseling day will be offered to help residents with all stages of their career and career search.
- Swimming Lessons- Swimming lessons will be offered at the pool 2 days a week for 4 weeks during the summer.
- AA meetings- ABC will start hosting monthly AA meetings for both its residents and the public.

4th Quarter 2004

- Halloween Safety- Halloween Safety tips will be given to both children and their parents. Those who attend will be given a ticket they can redeem (for a small bag of candy) in the office on Halloween, if they follow the safety tips.
- Tutoring- Student tutoring will start up again for the school year.
- Budgeting Workshop- Residents will have professional help learning how to set up a budget that works for their family.
- Flu Shots- Flu shots will be given to residents free of cost.

See attached copy of budget for a cost breakdown.

COMPLETED ACTIVITIES

1st Quarter 2003

- Fire safety training- We were able to train 34% of our residents in fire safety. Everyone learned something new from the event. One of the residents who attended was able to stop their kitchen fire before it could spread.
- English as a Second Language Courses- We had a full enrollment for the course. The residents who attended seemed to progress very well. Some of those same residents are now more active in the community.
- Nutrition Class- Residents had lots of positive feedback on their surveys. Everyone seemed to have a lot of fun that night.
- Tutoring- The students seemed to really benefit from the extra help with their studies.

2nd Quarter 2004

- Red Cross training- We only had 3 residents attend this session. They did indicate on their form that they learned some valuable skills.
- Chemical Safety- We had a 12% turnout rate for this event. It had mixed reviews from the residents. We did hand out safety cabinet latches to all residents that attended and they seemed to like that.
- ESL Courses- ESL courses continued.
- Tutoring- Almost all of the students saw their grades improve. At the end of the school year we invited the students who participated to a special pizza party to celebrate their achievement.

3rd Quarter 2004

- Car Seat Safety Checkpoint- We had more people turn up than planned. A lot of people had their car seats installed incorrectly. This program probably helped to save some child's life.
- Career Counseling- The career counseling day was a big hit. All of the residents left feeling more confident about their career outlook.
- Swimming Lessons- 13 children attended the swimming classes this summer.
- AA meetings- AA meetings are still being held every month in our clubhouse. The group leader said that we do have a couple residents (and their families) that are benefiting from this.

4th Quarter 2004

- Halloween Safety- This had a huge turn out. We also had lots of trick-or-treaters in our office wearing safe costumes on Halloween to get their candy.
- Tutoring- Student tutoring started up again for the school year.
- Budgeting Workshop- The residents that attended got some great advice from a professional. The feedback has been very positive.
- Flu Shots- Almost every resident received a flu shot.

See attached copy of budget for a cost breakdown and resident surveys.

Date

Owner
Owner/Agent's Address
City/State/Zip

Re: Annual Resident Services Summary

Dear Owner/Agent:

It's that time of year! Your Annual Resident Service Summaries are due on _____. I have attached a sample summary for you to use as an example while you are drafting your own report. We are looking forward to seeing all the great things that you are doing for your residents.

All reports should be sent to the attention of: Emily Lah, Asset Oversight and Compliance Manager at the Texas State Affordable Housing Corporation. Thank you for your attention to this important matter. Please do not hesitate to call Emily at 477-3555 ext. 409 should you have any questions regarding this report.

Respectfully,

TSAHC Staff Member

Online Compliance Instructions

Getting Started.

Go to:

www.tsahc.org

Enter the following:

User Name/Email Address: _____

Password: _____

(both of the above are case sensitive)

Basics.

The first page you will see will list all of the properties you have access to view and/or edit. Simply click on the property you would like to view/edit.

It will take you to a spreadsheet of the different reports broken up by the month for that specific property.

For any report you wish to print select the print preview button at the top of that page then the full screen option. Then you can select the print option in your browser.

Unit Status Report.

To edit your Unit Status Report (USR) simply click on the edit button under the USR column in the row with the month you would like to edit.

It will take you to the spreadsheet. Click on the unit number that you would like to edit. Next scroll down to the bottom of the page or hit the end button on your key board. Under the Add/Edit Unit section you will see that unit's information.

If you are moving someone out simply remove the date of move-in and the last name. Then add the date of move-out. Lastly click the save button at the bottom of the page.

To do a renewal simply update the income, HH size, TIC effective date, and the unit qualification. Next answer "yes" for Recert. Make sure to include the previous status under that question. Lastly, click the save button at the bottom of the page.

Once you have the report ready to be submitted at the end of the month click the Submit Report button at the top of the report page. It should then say in red "Report Submitted Successfully" at the top of the page and show the yellow checked box symbol.

Once the report has been approved by TSAHC it will appear with a green checked box saying "Approved". At this point you can then start to enter information for the next month.

To start a new month's report click on the month that you are working in. It will bring you to the report page with no resident information in it. Select the month's report that you would like to use to pull the data. This is normally the most current month shown. It will then show the information in your current month's report. You can now update it as needed.

Certificate of Continuing Program Compliance and Occupancy Summary.

Both the Certificate of Continuing Program Compliance (CCPC) and the Occupancy Summary's data is automatically calculated from the data entered into the USR report. It is important to read over both of these reports to check for accuracy prior to submitting your monthly reports.

Resident Services.

Go to the spreadsheet of the different reports broken up by the month for that specific property. Under the Resident Services Report column click the edit button for the month that you would like to use.

To fill in the form for that month's activities check the activities that were available, enter the number of residents served that month along with the name of the service provider (can be in house). If you select "other" please include the topic in the space provided.

After you have filled in all of the information click the save button at the bottom of the page before clicking the print preview button or any other links.

When you are ready to submit the report click the submit report button. It should then say in red "Report Submitted Successfully" at the top of the page and show the yellow checked box symbol. Once the report has been approved by TSAHC it will appear with a green checked box saying "Approved".

Downloads.

On the left hand menu column you will see Downloads. This section contains information in PDF format that is commonly used. Simply click on the blue text for the item that you wish to view.

Additional Help.

If you are in need of any additional help please contact me at (512) 477-3555 ext. 409 or via email at elah@tsahc.org. If I am unavailable you can also contact Sheila Cruz at ext. 404 or via email at scruz@tsahc.org.

Certificate of Continuing Program Compliance:

Property:

Completed by:

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

TO: (Trustee Contact Information)

Texas State Affordable Housing Corporation

1715 W. 35th Street

Austin, Texas 78763-0264

Attention: President

Re: Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds ([BORROWER] Portfolio) List Series

[BORROWER], a Texas limited liability company of which the sole member is the **ABC Company**, a Texas nonprofit corporation (the "Borrower"), hereby represents and warrants that:

1. A review of the activities of the Borrower during the period of **1 months** through (monthly and/or the last three calendar months) and of then Borrower's performance under the Loan Agreement has been made under the supervision of the undersigned.
2. The Borrower owns **ZZ Demo Property** (the "Property").
3. The Property was financed, in substantial part, as a result of the indirect loan of the proceeds of the Bonds.
4. The undersigned and the Borrower have read and are thoroughly familiar with the provisions of (1) the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") dated as of among the Borrower, Texas State Affordable Housing Corporation (the "Issuer") and , as Trustee (the "Trustee"); and (2) the Loan Agreement dated as of (the "Loan Agreement") among the Issuer, the Borrower and the Trustee. The Regulatory Agreement was executed, delivered, and recorded against the Project in connection with the issuance of the Bonds. Hereinafter, unless otherwise expressly provided herein or unless the context requires otherwise, the capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Regulatory Agreement.
5. The Project's Qualified Project Period commenced on and will end on the latest of (a) the date which is fifteen years after (b) the first date on which no Tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding, or (c) the date on which any assistance was provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.
6. Commencing on the Closing Date and continuing throughout the remainder of the Qualified Project Period no less than % (or residential units) of the total number of units of the Property named in paragraph 2 above (residential units) shall at all times be rented to and occupied by Very Low-Income Residents and no less than % (or residential units) shall at all times be rented to and occupied by Low-Income Residents.
7. As of the date of this Certificate, the following percentages of completed residential units in the Property named in paragraph 2 above (i) are occupied by Very Low-Income Residents or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date an Very Low-Income Resident vacated such unit, as indicated:

Occupied by Very Low-Income Residents: __ (__%)

Held vacant for occupancy continuously since last occupied by Very Low-Income Residents: __ (__%)

Occupied by Low-Income Residents: __ (__%)

Held vacant for occupancy continuously since last occupied by Low-Income Residents: __ (__%)

8. At no time since the date of filing of the last Continuing Program Compliance Certificate has less than 20% (or 40%) and 75% of the residential units in the Property been occupied by or, if vacant, been last occupied by Very Low-Income Residents and Low-Income Residents, respectively.

9. To the best knowledge of the undersigned, after due inquiry, all residential units were rented or available for rental on a continuous basis during the immediately preceding calendar quarter to members of the general public, and the Borrower is in compliance with and is not now and has not been in default under the terms of the above-referenced Regulatory Agreement and, to the best knowledge of the undersigned, no Determination of Taxability (as defined in the Indenture) has occurred with respect to the Bonds.

10. (If the Borrower is in default under the terms of the Regulatory Agreement or the Borrower has actual knowledge of a Determination of Taxability with respect to the Bonds, such knowledge should be detailed here:)

none

11. The Borrower has not transferred any interest in the Project since the date of submission of the Continuing Program Compliance Certificate last submitted to the Trustee and the Issuer with respect to the Property. (If the Borrower has transferred any interest in the Property, such transfer should be detailed here:)

none

See separate report (the “Occupancy Summary”) listing, among other items, the following information for each residential unit in the Property: the number of each unit, the name of the primary occupants of such unit, the number of occupants in the unit, the size of the unit, whether such unit was treated as being occupied or last occupied by an Very Low-Income Resident, the date of the last Income Certification for the occupants of the unit, and which units became Very Low-Income Units since the filing of the last Certificate of Continuing Program Compliance. The information contained thereon is, to the best knowledge of the Borrower (based upon information supplied by Residents of the Property), true and accurate.

[BORROWER]

Occupancy Summary Report :

Property: **ZZ Demo Property**
Completed by: **15 2004-07-01 00:00:00**

\$____
Texas State Affordable Housing Corporation
Multifamily Housing Revenue Bonds
([BORROWER] Portfolio) Series ____

\$____
Texas State Affordable Housing Corporation
Multifamily Housing Revenue Bonds
([BORROWER] Portfolio) Junior Series ____

\$____
Texas State Affordable Housing Corporation
Multifamily Housing Revenue Bonds
([BORROWER] Portfolio) First Subordinate Series ____

\$____
Texas State Affordable Housing Corporation
Multifamily Housing Revenue Bonds
([BORROWER] Portfolio) Second Subordinate Series ____

OCCUPANCY SUMMARY

TOTAL NO. UNITS: ____

REQ'D NO. VERY LOW-INCOME UNITS: ____

TOTAL UNITS OCCUPIED: ____

TOTAL VERY LOW-INCOME OCCUPIED: ____ (PERCENTAGE: ____%)

Number of Very Low-Income Residents commencing occupancy this month: ____

Number of Very Low-Income Residents whose Adjusted Gross Income exceeded 140% of the applicable income limit for an Very Low-Income Resident of the same family size this month: ____

Number of Very Low-Income Residents terminating occupancy this month: ____

Today's Date

Owner/Agent Name

Address

City,State, Zip

RE: Property's Name

Dear Owner/ Property Manager:

The purpose of this letter is to serve as notification that a TSAHC Representative will conduct a Compliance review at ***Property's Name*** on ***Review Date*** at approximately ***Time***. In order to facilitate an efficient review, we intend to complete as much of the review as possible in our office prior to our on-site visit. We will be using your Unit Status Report that is on the TSAHC website. Please make sure to keep it up to date so that we have access to accurate information.

The site visit consists of a 20% file review to verify income eligibility and unit set aside requirements, a review of resident services, and a comprehensive interview with at least one member of the management staff. The list of files to be reviewed will be given to management staff the day of the review.

The ability to develop a productive partnership is important to us, and we welcome the opportunity to serve you and your residents. We hope that our work together will assist in providing the best possible affordable housing within the State of Texas. As always, you may contact me via telephone or e-mail for assistance or information.

Respectfully,

Your Name

Position

E-Mail Address

(512) 477-3555 ext.

Texas State Affordable Housing Corporation
Compliance Review Observation Report
 “Bringing Affordable Housing Closer to Home”

Property				
Address				
City, State, Zip				
Owner Name:				
INSPECTION DATE:				
Number of Units:		Number of required LI units:		Number of required VLI units:
COMPLIANCE AUDIT				
		YES	NO	N/A
1) Do the files reviewed have a fully executed and current Income Certificate?				
2) Do the files reviewed establish that the property is meeting the Low Income residency requirement whereby 75 percent of the units are rented to tenants whose adjusted income is 80 percent or less of the median gross income for the Metropolitan Statistical Area where the property is located?				
3) Do the files reviewed establish that the property is meeting the Very Low Income residency requirement?				
4) Does the Owner/Agent make an effort to determine that the income certification provided by the resident is accurate?				
5) Does the lease or rental agreement inform the resident of Very Low Income/Low Income and Recertification requirements?				
6) Does the file audit establish that residents are being recertified on an annual basis?				
7) Does the owner maintain all records relating to resident income certifications, together with supporting documentation?				
8) Is the property accepting section 8 households?				
9) Are the set-aside units evenly distributed?				
10) Are the rent increases smaller than 5%?				
COMMENTS:				

RESIDENT SERVICES				
		YES	NO	N/A
1) Does the programming appear to cater to the resident profile of the property?				
2) Does the programming appear to be effective? Discuss your observations in the comments section below. Provide examples of the program effectiveness or ineffectiveness.				
3) Is there a resident services notebook available to review?				
4) Does the property comply with the resident services requirement?				
COMMENTS:				

OFFICE				
		YES	NO	N/A
1) Is the office neat, the desk uncluttered?				
2) Are accurate office hours posted?				
3) Are the following displayed in full view:				
Occupancy Qualifications?				
Fair Housing Poster?				
COMMENTS:				

Date

Owner

Address

City, State, Zip

RE: *Property Name*

Dear Owner/Agent:

On *Date*, an Annual Compliance Audit was performed at the above referenced property. Details of the review can be found in the enclosed report summary.

The results of this review may indicate items in need of correction in order to be in compliance with your TSAHC Multifamily Bonds. A list of Findings and/or Observations resulting from the review is enclosed. Each Finding will include Corrective Action dates for those items considered deficient. Properties with any Corrective Action Requirements will be placed on a Monitoring Status pending correction.

For Clarification:

Observations will address issues that can be improved upon, but do not require immediate action. An **Observation** will always be followed by a **Recommendation**. Management should consider **Recommendations** but there is no written response required. **Findings** address serious issues that need to be cured immediately. **Findings** will always be followed by **Corrective Action Requirements**. Management must complete the **Corrective Action Requirements** and send certification to TSAHC that they have been resolved as stipulated within each **Corrective Action Requirement**. This certification must be on company letterhead and address each item individually.

I appreciate the time and effort your staff allotted to our review. If you wish to discuss the report findings before preparing your response, please feel free to contact me at the number listed below.

Respectfully,

Emily Lah

Asset Oversight/ Compliance Manager

Date

By Facsimile/Original by Certified Mail
Return Receipt Requested

NON RESPONSE NOTICE
REQUEST FOR CORRECTIVE ACTION

Owner
Owner/Agent's Address
City/State/Zip

Re: Property's Name/

Dear Owner/Agent:

The Texas State Affordable Housing Corporation (TSAHC) has not received a response to the Findings identified on the Compliance Review report dated **Report Date** (“the Report”), sent to you (Date). To ensure compliance, we must receive documents meeting the Corrective Action Requirements set out in the Report no later than ***Extended due date*** (7 days from this letter). Please refer to the Narrative pages of the Report for the corrective action requirements.

Thank you for your attention to this important matter. If you have forwarded the required documents, please contact us to ensure that we have received the documents. Please do not hesitate to call should you require additional information or clarification on this important request.

Respectfully,

TSAHC Staff Member

Date

By Facsimile/Original by Certified Mail
Return Receipt Requested

Owner
Owner/Agent's Address
City/State/Zip

Re: Property's Name

Dear Owner/Agent:

The Texas State Affordable Housing Corporation (TSAHC) has received an incomplete response to the Findings identified on the Compliance Review report dated **Report Date** (“the Report”), sent to you (Date). Specifically, your response has not sufficiently addressed the following Corrective Action requirement: _____. To ensure compliance, we must receive documents meeting the Corrective Action Requirements set out in the Report no later than ***Extended due date*** (7 days from this letter).

Thank you for your attention to this important matter. If you have forwarded the required documents, please contact us to ensure that we have received the documents. Please do not hesitate to call should you require additional information or clarification on this important request.

Respectfully,

TSAHC Staff Member

Date

Owner

Owner/Agent's Address

City/State/Zip

Re: Property's Name Monitoring Status

Dear Owner/Agent:

The Texas State Affordable Housing Corporation (TSAHC) has received sufficient information to establish that the Findings have been corrected. ___ has been removed from monitoring status at this time.

Thank you for your attention to this important matter. Please do not hesitate to call should you have any questions regarding this notice.

Respectfully,

TSAHC Staff Member