

November 19, 2015

## **RHAC- El Nido, LLC**

Attn: Mr. Chris Flynn 275 Battery Street, Suite 500 San Francisco, CA 94111

## **RE: El Nido Apartments**

Dear Mr. Flynn,

On October 26, 2015, a Compliance Review was performed at the above referenced property. Details of the review can be found in the enclosed Observation Report. The purpose of this review is to determine compliance with your TSAHC Multifamily Bonds.

The Compliance review included:

- o A review of the Entrance Interview Questionnaire
- o A review of the current Unit Status Report
- A 20% file review to verify income eligibility and unit set aside requirements
- o A review of resident services, and
- o A comprehensive Exit Interview with the Property Manager

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 in the detailed Compliance Report. 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.

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,

Celina myst

Celina Mizcles Senior Multifamily Analyst <u>cmizcles@tsahc.org</u> 512.334.2154

## Texas State Affordable Housing Corporation Compliance Review Observation Report

| <b>El Nido Apartments</b><br>204 Alicia Drive, El Paso, Texas 79905 |  |                |          |     |  |  |  |
|---|--|----------------|----------|-----|--|--|--|
| Owner   | : RHAC – El Nido, LLC <b>Date Built:</b> 1951  |                |          |     |  |  |  |
| Manage  | ement Company: Capstone Real Estate Service, Inc. Property Manager: Juan   | a Pineda       |          |     |  |  |  |
| Inspecti  | ion Date & Time: October 26, 2015 at 8:30 p.m. Inspector's Name: Celi  | na Mizcles     |          |     |  |  |  |
| Numbe   | er of Units: 104 Number of required LI units: 104 Number   | of required VL | l units: | N/A |  |  |  |
|   | COMPLIANCE AUDIT   | YES            | NO       | N/A |  |  |  |
|   | re procedures that ensure compliance with the set aside requirements and rent requirements ffective?             | x              |          |     |  |  |  |
| 2) Is   | the property accepting Section 8 households?   | X              |          |     |  |  |  |
| 3) Is   | the income to rent ratio for Section 8 households less than 2.5?   | x              |          |     |  |  |  |
| 4) Ar   | e the rent increases smaller than 5%?  | x              |          |     |  |  |  |
| 5) Is   | there any discriminatory language on the Application for Tenancy or Occupancy Qualifications?                    |                | х        |     |  |  |  |
|   | pes the lease or rental agreement inform the resident of Very Low Income/Low Income ecertification requirements? | x              |          |     |  |  |  |
| 7) Is   | additional monitoring by TSAHC recommended?  |                | х        |     |  |  |  |
| COMMEN  | TS:  |                |          |     |  |  |  |

|    | SET-ASIDES   | YES | NO | N/A |
|----|--|-----|----|-----|
| 1) | Is the property meeting all occupancy restrictions required by the property's Regulatory Agreement<br>and Asset Oversight and Compliance Agreement?                    | x   |    |     |
| 2) | Are the set-aside units evenly distributed?  |     |    |     |
|    | a) No more than 60% of the set-aside requirements consist of one unit type?  |     |    | Х   |
|    | b) No less than 20% of the set aside requirements consist of any particular unit type?   |     |    | Х   |
| 3) | If either of the set asides have not been met, are any units:  |     |    |     |
|    | a) Rented for less than 30 days, not including month-to-month?   |     | Х  |     |
|    | b) Utilized as a hotel, motel, dormitory, fraternity house, sorority house, rooming house,<br>nursing home, hospital, sanitarium, rest home, or trailer court or park? |     | x  |     |
|    | c) Leased to a corporation, business or university?  |     | Х  |     |
|    | d) Owned by a cooperative housing corporation?   |     | Х  |     |
|    | e) Not available for rental on a continuous basis to members of the general public?  |     | Х  |     |

COMMENTS:

|        | UNITS WALKED       |                    |          |  |  |  |  |
|--------|--------------------|--------------------|----------|--|--|--|--|
|        |                    |                    |          |  |  |  |  |
| Unit # | USR<br>Designation | New<br>Designation | Comments |  |  |  |  |
| 201AB  | 60                 | 60                 | N/A      |  |  |  |  |
| 209AA  | 60                 | 60                 | N/A      |  |  |  |  |
| 215AC  | 60                 | 60                 | N/A      |  |  |  |  |
| 219AA  | 60                 | 60                 | N/A      |  |  |  |  |
| COMMEN | COMMENTS:          |                    |          |  |  |  |  |

| ſ | RESIDENT SERVICES  | YES | NO | N/A |
|---|--|-----|----|-----|
| ſ | 1) Do the resident services appear to cater to the resident profile of the property? | х   |    |     |

## Texas State Affordable Housing Corporation Compliance Review Observation Report

| <ol> <li>Do the resident services appear to be effective? Discuss your observations in the comments<br/>section below.</li> </ol>                     | х |   |  |
|---|---|---|--|
| 3) Is the property meeting the Resident Service requirements as required by the Regulatory Agreement<br>and Asset Oversight and Compliance Agreement? | x |   |  |
| <ol><li>Is management monitoring the following:</li></ol>   |   |   |  |
| a) Resident attendance  | х |   |  |
| b) Frequency of service provided  | х |   |  |
| c) Notification to residents of services  | х |   |  |
| d) Number or type of services   | х |   |  |
| e) Survey of residents  |   | X |  |
| <ol> <li>Is management properly submitting monthly Resident Service reports through the Compliance<br/>System?</li> </ol>                             |   |   |  |
| 6) Did TSAHC provide any Technical Assistance regarding Resident Services?  |   | x |  |

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

| <b>RESIDENT FILE REVIEW</b>   | YES | NO | N/A |
|---|-----|----|-----|
| 1) Does the owner maintain all records relating to initial resident income certifications, together with supporting documentation?          | x   |    |     |
| <ol> <li>Does the Owner/Agent make an effort to determine that the income certification provided by the<br/>resident is accurate</li> </ol> | x   |    |     |
| 3) Does the file audit establish that residents are being recertified on an annual basis?   | x   |    |     |
| 4) For mixed (low-income and market units) developments, are there any Next Available Unit Rule Violations?                                 |     |    | x   |
| 5) Does the file audit indicate that staff needs additional training?   |     | Х  |     |

If a new household moves in to any of the units with Findings (listed below), instead of submitting the required Corrective Action documents, submit with your response: the application for tenancy, all income and asset verifications, the executed Income Certification, and the 1<sup>st</sup> page of the lease for the new household occupying the unit.

| Unit      | Finding | Corrective Action Requirement |
|-----------|---------|-------------------------------|
| N/A       |         |                               |
| COMMENTS: |         |                               |

| SUMMARY OF FINDINGS AND OBSERVATIONS    |  |
|---|--|
| There were no Observations or Findings. |  |