

Texas State Affordable Housing Corporation Compliance Review Observation Report

Tealwood Apartments
5300 Professional Drive, Wichita Falls, TX 79302

Owner: Dalcor Affordable Housing I, LLC **Date Built:** 2004
Management Company: Dalcor Management, LLC **Property Manager:** N/A
Inspection Date & Time: May 12, 2015 at 8:00 a.m. **Inspector's Name:** Celina Mizcles

| Number of Units: 180 | Number of required LI units: 180 | Number of required VLI units: | N/A | |
|---|---|--------------------------------------|------------|-----|
| COMPLIANCE AUDIT | | YES | NO | N/A |
| 1) Are procedures that ensure compliance with the set aside requirements and rent requirements effective? | | 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) Are the rent increases smaller than 5%? | | X | | |
| 5) Is there any discriminatory language on the Application for Tenancy or Occupancy Qualifications? | | | X | |
| 6) Does the lease or rental agreement inform the resident of Very Low Income/Low Income Recertification requirements? | | X | | |
| 7) Is additional monitoring by TSAHC recommended? | | | X | |

COMMENTS:

| SET-ASIDES | | YES | NO | N/A |
|---|--|-----|----|-----|
| 1) Is the property meeting all occupancy restrictions required by the property's Regulatory Agreement 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? | | | | X |
| b) No less than 20% of the set aside requirements consist of any particular unit type? | | | | X |
| 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? | | | X | |
| b) Utilized as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, or trailer court or park? | | | X | |
| c) Leased to a corporation, business or university? | | | X | |
| d) Owned by a cooperative housing corporation? | | | X | |
| e) Not available for rental on a continuous basis to members of the general public? | | | X | |

COMMENTS:

| UNITS WALKED | | | |
|--------------|--|--|--|
|--------------|--|--|--|

| Unit # | USR Designation | New Designation | Comments |
|--------|-----------------|-----------------|----------|
| 511 | 60 | 60 | N/A |
| 515 | 60 | 60 | N/A |
| 523 | 60 | 60 | N/A |
| 711 | 60 | 60 | N/A |
| 723 | 60 | 60 | N/A |

COMMENTS:

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

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| | | | |
|--|---|---|--|
| 2) Do the resident services appear to be effective? Discuss your observations in the comments section below. | X | | |
| 3) Is the property meeting the Resident Service requirements as required by the Regulatory Agreement and Asset Oversight and Compliance Agreement? | X | | |
| 4) Is management monitoring the following: | | | |
| a) Resident attendance | X | | |
| b) Frequency of service provided | X | | |
| c) Notification to residents of services | X | | |
| d) Number or type of services | X | | |
| e) Survey of residents | X | | |
| 5) Is management properly submitting monthly Resident Service reports through the Compliance System? | X | | |
| 6) Did TSAHC provide any Technical Assistance regarding Resident Services? | | X | |

COMMENTS:

| 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:

| RESIDENT FILE REVIEW | YES | NO | N/A |
|--|-----------------|----|-----|
| 1) Does the owner maintain all records relating to initial resident income certifications, together with supporting documentation? | X | | |
| 2) Does the Owner/Agent make an effort to determine that the income certification provided by the resident is accurate | X | | |
| 3) Does the file audit establish that residents are being recertified on an annual basis? | X (see comment) | | |
| 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? | | X | |

COMMENTS: During a tenant file review, the following items were discussed:

- Unit 106: The file review of the household revealed that there are two adult household members. One of the household members is a full-time student and the other adult household member states they plan to become a full-time student. Prior to the issuance of this report, management spoke to the household and confirmed that there is currently only one full-time student. Management was/is advised of this potential issue as low-income households cannot be comprised of full-time students currently and/or for the upcoming year, unless they meet one of the five exceptions. Please note, a full-time student is defined as someone who attends school full time for any part of five or more months in a calendar year. TSAHC suggest management meet with the household on a quarterly basis to review full-time student status and to ensure program eligibility.
- Unit 321: The tenant file contained a Verification of Employment (VOE) and paycheck stubs. The VOE disclosed little to no over-time hours yet the consecutive paychecks stubs indicate the resident received over-time hours consistently. When calculating the income from the paycheck stubs, the household is near the maximum income limit, which is a potential eligibility issue. Management was made aware of this issue during the onsite visit. Prior to the issuance of this report, management called the household's employer to gather additional supporting documentation regarding over-time hours. The employer confirmed the household member does not work over-time hours on a consistent basis and submitted a new VOE. The verification received confirms the household is eligible. Moving forward, management is advised that applicants must be properly screened to determine household eligibility regarding income and assets. When management receives conflicting information, it is management's responsibility to further investigate the issues to ensure that the household does not exceed program income limits and confirm the household is eligible for the program.
- Unit 707: The file review of the household in unit 707 did not contain the Annual Eligibility Certification (AEC) form that was due no later than 4/25/2015. Prior to the issuance of this report, a copy of the executed AEC form was provided for review. The form was executed within the

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required timeframe.

Observations:

- It was observed that office staff is completing documentation for prospective tenants. This practice is discouraged. Applicants should complete all paperwork to the best of their ability. If the applicant is unable to complete the application themselves, allow a caseworker, friend or relative to assist on their behalf. As a last resort, development staff could assist in completing applications, but the file should be noted in such cases.
- During the file review, discrepancies between the Tenant Income Certification (TIC) or AEC form, and the Unit Status Report (USR) were noted. Prior to the issuance of this report, the TSHAC staff confirmed that all discrepancies were updated. TSAHC reminded management that the USR is a tool used to ensure program compliance. The USR should be updated monthly and should be a snap shot of the current composition of the property.

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 1st page of the lease for the new household occupying the unit.

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

SUMMARY OF FINDINGS AND OBSERVATIONS

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No Findings.