



October 7, 2015

Mary Lee Foundation

Attn: Mr. Don Lilljedahl
1339 Lamar Square Drive
Austin, TX 78704

RE: **The Willows**

Dear Mr. Lilljedahl,

On **September 17, 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:

- A review of the Entrance Interview Questionnaire
- A review of the current Unit Status Report
- A 20% file review to verify income eligibility and unit set aside requirements
- A review of resident services, and
- 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 Mizcles
Senior Multifamily Analyst
cmizcles@tsahc.org
512.334.2154

Texas State Affordable Housing Corporation Compliance Review Observation Report

| | | | |
|---|--|---------------------------------------|--|
| The Willows | | | |
| 1332 Lamar Square Dr., Austin, Texas 78704 | | | |
| Owner: Mary Lee Community | | Date Built: 2010 | |
| Management Company: Mary Lee Leasing | | Property Manager: Max Courtney | |
| Inspection Date & Time: September 17, 2015 at 8:30 a.m. Inspector's Name: Celina Mizcles | | | |

| | | |
|----------------------------|--|---|
| Number of Units: 64 | Number of required LI units: 51 | Number of required VLI units: 13 |
|----------------------------|--|---|

| 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 |
|--------|-----------------|-----------------|--|
| 203 | 50 | 50 | N/A |
| 216 | 50 | 50 | N/A |
| 307 | 50 | 50 | N/A |
| 406 | 50 | Exempt | The unit is currently occupied by an employee. |

COMMENTS:
Observation: Unit 406 is currently occupied by a Mary Lee Foundation maintenance technician. On the Asset Oversight Report, management was advised that the staff member may reside in the unit (see Summary of Findings section on the Asset Oversight Report). If the employee qualifies as a low income household, then the 50% AMI designation may remain; however, if the unit is determined to be exempt, management must update the Unit Status Report and update the designation field as "Exempt."

Texas State Affordable Housing Corporation Compliance Review Observation Report

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

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 |
|--------------------------------------|
| No Observation or Findings. |