

Texas State Affordable Housing Corporation Compliance Review Observation Report

Vista Rita Blanca
701 Maynard, Dalhart, Texas 79022

Owner: Guadalupe Economic Services Corp (GESC) **Date Built:** 2014
Management Company: JL Gray Company **Property Manager:** Marti Harris
Inspection Date & Time: August 11, 2021, at 9:00 a.m. **Inspector's Name:** James Matias

Number of Units: 28 **Number of required LI units:** 28 @ 80% AMI **Number of required VLI units:** 6 @ 50% AMI

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)	Does the Application for Tenancy or Occupancy Qualifications exclude language that may appear to be discriminatory?	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	Comments
E-2	80%	
G-4	80%	

COMMENTS:

RESIDENT SERVICES		YES	NO	N/A
1)	Do the resident services appear to cater to the resident profile of the property?	X		
2)	Is the property meeting the Resident Service requirements as required by the Regulatory Agreement and Asset Oversight and Compliance Agreement?	X		
3)	Is management monitoring the following:			
	a) Resident attendance	X		

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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	
4) Did TSAHC provide any assistance regarding Resident Services based on the review conducted during the onsite visit?		X	
5) Is management properly submitting monthly Resident Service reports through the Compliance System?	X		
6) In the last 12 months, has TSAHC provided any assistance regarding the monthly Resident Service reports submitted through the Compliance System? If so, comment below.	X		

COMMENTS: In the last 12 months, there were a few times management was reminded to submit the monthly on-line compliance reporting (i.e., September 2020, November 2020, February 2021, March 2021, and April 2021).

Observation:

- **The required monthly on-line compliance system reporting is imperative because it allows TSAHC to ensure that Vista Rita Blanca is adhering to the set-aside affordability requirements. Moving forward, management must submit monthly reporting no later than the 10th of each month.**

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: Based on a review of the tenant files that were submitted for review, the owner properly maintains all necessary records when initially qualifying tenants. Other than the items noted below, the files had the necessary items needed to show tenant eligibility.

Observations:

- **It appears management is using the Annual Eligibility Certification (AEC) form at the time of recertification. The AEC form is only used when the property is not required to complete annual income and asset certifications. Per the Loan Agreement, Schedule 8, Compliance Requirements, Rita Blanca must obtain annual income certifications from each household after the initial occupancy. Therefore, the use of the AEC form is not required for TSAHC. Management must use the TSAHC Income Certification or the USDA Income Certification (RD-3560-8) to complete annual income certifications that will include income and asset verifications moving forward. In addition, management must complete annual recertifications timely.**
- **Two of the five files reviewed (Units 4F and 4B) had expired recertifications, which are normally findings. This type of finding may cause a unit to lose its low-income designation and can further cause the property to fail to meet the set-aside requirement. However, IRS Notice 2021-12 provided guidance that recertifications are waived through September 30, 2021. Therefore, a finding will not be issued for unit 4F and 4B. Please note, unless further guidance is**

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provided, that as of October 1, 2021, annual recertifications requirement of income and assets will commence. Management did not appear to be aware of the IRS Notice regarding deferred recertifications. Management is advised to add a clarification form in the two files to show that the annual recertification was waived per IRS Notice 2021-12. In addition, management must update the Unit Status Report (USR) home screen to show the correct date for the last completed annual recertification for these units. At the time of the review, the USR report indicated recertifications were completed for these units which is not accurate.

- Management is responsible for submitting accurate USR's to TSAHC monthly. Based on a review of tenant files (4F and 4B), it is clear the USR is not being updated properly. Moving forward, the USR must be accurate even if it discloses recertifications were not completed timely.

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 Findings.

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- It appears management is using the Annual Eligibility Certification (AEC) form at the time of recertification. The AEC form is only used when the property is not required to complete annual income and asset certifications. Per the Loan Agreement, Schedule 8, Compliance Requirements, Rita Blanca must obtain annual income certifications from each household after the initial occupancy. Therefore, the use of the AEC form is not required for our tax-exempt bond program. Management must use the TSAHC Income Certification or the USDA Income Certification (RD-3560-8) to complete annual income certifications that will include income and asset verifications moving forward. In addition, management must complete annual recertifications timely.
- Two of the five files reviewed (Units 4F and 4B) had expired recertifications, which are normally findings. This type of finding may cause a unit to lose its low-income designation and can further cause the property to fail to meet the set-aside requirement. However, IRS Notice 2021-12 provided guidance that recertifications are waived through September 30, 2021. Therefore, a finding will not be issued for unit 4F and 4B. Please note, unless further guidance is provided, that as of October 1, 2021, annual recertifications requirement of income and assets will commence. Management did not appear to be aware of the IRS Notice regarding deferred recertifications. Management is advised to add a clarification form in the two files to show that the annual recertification was waived per IRS Notice 2021-12. In addition, management must update the Unit Status Report (USR) home screen to show the correct date for the last completed annual recertification for these units. At the time of the review, the USR report indicated recertifications were completed for these units which is not accurate.
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