TSAHC COMPLIANCE MANUAL FOR QUALIFIED RESIDENTIAL RENTAL PROJECTS

Multifamily Low-Income Housing Financed with Tax-Exempt Bonds

Revised January 2025

TABLE OF CONTENTS

Contents

1. OVERVIEW 4
(1.1) Overview of this Compliance Manual 4
(1.2) Bond Financing Overview 5
A. Bond Financing Basics 5
B. Parties to a Bond Transaction 5
C. Bond Documents 6

2. COMPLIANCE REQUIREMENTS OF A QUALIFIED RESIDENTIAL RENTAL PROJECT 8
(2.1) General Discussion of Federal Income Tax Rules Governing Qualified Residential Rental Properties 8
(2.2) Set-Aside Requirements 9
(2.3) Set-Aside/Qualifying Tenant Requirement 15
(2.4) Determining Household Eligibility 16
A. Who is Considered a Household Member? 17
B. Social Security Numbers 19
C. Student Eligibility 20
D. Required Tenant File Documents 20
E. Income Verification Process 21
F. Income Certifications 22
(2.5) Determining Annual Household Income 22
A. Income & Income Calculation 22
B. Calculating Annual Household Income 23
C. Calculating Year-to-Date (YTD) Wages 25
D. Example – Calculating Anticipated Raise: 25
E. Self Employed & Peer-to-Peer Payment Platforms Verification Requirements 26
F. Social Security/SSI Income 27
G. Pensions, Veterans Benefits, and Retirement Income 28
H. Alimony or Child Support Income Verification Requirements 28
I. Public Assistance/Temporary Assistance for Needy Families (TANF) 29
J. Unemployment, Disability, Workers Compensation, Severance Pay 29
K. Military Pay Income 29
L. Monetary Gifts (Monetary contribution Income) 30
M. Student Financial Assistance 30
N. Resident Service Stipend 32
O. Certification of Zero Income 33
P. Unemployment Affidavit 33

(2.6) Determining Income from Assets 33
A. Background 33
B. Defining Assets 33
C. Calculating Income from Assets 35
D. Documenting Assets 37
E. Trust Accounts 38
F. Real Estate - Worksheets and Examples to Value Assets and Calculate Income 38
G. Certificate of Deposit (CD) 40
H. Cryptocurrencies (i.e., Bitcoin) 40
(2.7) Maintaining Low Occupancy/Recertification 41
A. Background on Income Certification and Recertifications 41
B. Next Available Unit Documentation 42
C. Family Size Increases 43
D. Family Size Decreases 43
(2.8) Rent and Lease Requirements 43
A. Rent Restrictions 43
B. Lease Requirements 44
C. Fair Housing Compliance 45
D. Owner/Management Responsibilities 46
(2.9) Resident Services 46

3. REGULATORY AGREEMENT, COMPLIANCE & SECURITY AGREEMENT AND ASSET OVERSIGHT AGREEMENT 47
(3.1) Regulatory Agreement 47
(3.2) Compliance & Security Agreement 47
(3.3) Asset Oversight Agreement 47

4. REPORTING REQUIREMENTS 47
(4.1) Overview of Reporting Requirements 47
(4.2) Annual Fair Housing Sponsor Report 48
(4.3) Annual Resident Program Plan 48
(4.4) Monthly Reporting Requirements 49
(4.5) Applicant/Tenant Complaints 49

5. TSAHC COMPLIANCE PROCEDURES 49
(5.1) The Benefits of a Successful Compliance Program 49
(5.2) Statement of Work 50
(5.3) Annual Compliance Review Procedures 51
(A) Background 51
(B) Auditor's Compliance Review Process 51
(C) Leasing and Occupancy Review 52
(D) Resident Service Review 53
(E) General Management Practice Review 53
(F) Close Out Meeting 53
(G) Compliance Report 53
(H) Submitting Corrective Action 53

6. BORROWER'S/OWNER'S GUIDE AND TIPS FOR ANNUAL REVIEW 54
(6.1) Compliance Review 54
(6.2) Desk Review 54
(6.3) Tenant File Reviews 55
(6.4) Close Out Meeting 56
(6.5) Annual Review Report 56
7. TRACKING AND MONITORING STATUS 56
(7.1) Findings 56
(7.2) Corrective Action 56
(7.3) Observations 57
(7.4) Responses 57
(7.5) Extensions 57
8. DEFAULT PROCEDURES/ENFORCEMENT AND OPPORTUNITY TO CURE 57
9. RECORD RETENTION 58
10. NONDISCRIMINATION POLICY 59
11. PRIVACY POLICY 59

Attachments for the TSAHC Compliance Manual

Attachment 1: The Income Certification and Instructions
Attachment 2: Military Basic Housing Memorandum
Attachment 3: Monthly Resident Service Reporting
Attachment 4A: Compliance On-site Review Notification Letter
Attachment 4B: Compliance Virtual Review Notification Letter
Attachment 5: Compliance Review Report
Attachment 6: Compliance Review Cover Letter
Attachment 7: Entrance Questionnaire
Attachment 8: Compliance Findings Cleared Letter
Attachment 9: Letter of Non-Response
Attachment 10: Letter of Incomplete Response

TSAHC COMPLIANCE MANUAL FOR
QUALIFIED RESIDENTIAL RENTAL PROJECTS
Multifamily Low-Income Housing Financed with Tax-Exempt Bonds

1. OVERVIEW

(1.1) Overview of this Compliance Manual

The purpose of this manual is to enhance compliance procedures as well as to provide guidance in the monitoring and on-going compliance requirements for qualified residential rental projects that are financed with tax-exempt bonds issued by the Texas State Affordable Housing Corporation ("TSAHC"). Additionally, it serves as a training tool for management staff to establish a foundation for creating, implementing, and enforcing a successful compliance program.

Moreover, this manual can be used to act as a guide for borrowers/owners and their management staff to help develop a compliance program that prevents deficiencies before they occur. Having strong compliance measures in place helps management staff understand the borrower's/owner's commitment, as well as the responsibility to abide by the agreements the borrower/owner has made in the initial application process. It also brings to light the serious nature of non-compliance and the measures that will be taken when non-compliance exists, and corrective action is not implemented within a timely manner. A successful compliance program is only as good as the enforcement behind it.

Therefore, borrowers/owners must be a major player when creating, implementing, and enforcing an effective compliance program. Implementing an effective compliance program provides management with the understanding that non-compliance is not an option for the borrowers/owners. It can also be seen as a safety measure for the management staff because of the many governing entities that must be considered to comply with the applicable federal, state, and local laws that govern multifamily tax-exempt bonds.

It is the sincere desire of TSAHC staff to communicate clear directives so that borrowers, management agents and on-site staff can maintain compliance with the tax-exempt bond requirements and their efforts to provide affordable housing to the general public.

This manual provides guidance in the following areas:

- Bond Review Process
- Compliance with Federal Income Tax Laws
- Determining Household Eligibility
- Calculating Household Income
- Annual Recertification Process
- Compliance Procedures
- Reporting Requirements
- Resident Services
- Preparing for an Audit
- The Benefits of Successful Compliance

(1.2) Bond Financing Overview

A. ***Bond Financing Basics***

TSAHC is an issuer of tax-exempt bonds for qualified residential rental projects (also referred to herein as affordable housing and described in more detail below). Generally, tax-exempt bonds are interest bearing promises to pay a specified sum of money to the bondholders. A third party, the Borrower, borrows the bond proceeds and uses such proceeds to acquire and/or rehabilitate the project. Issuers and Borrowers/Owners must establish procedures that ensure compliance with TSAHC requirements, state law, federal income tax requirements, etc.

Note that many, but not all (such as 501(c)(3) transactions), projects that are financed with tax-exempt bonds also receive tax credit financing. TSAHC only issues tax-exempt bonds and does not provide Low Income Housing Tax Credits ("tax credits"). The Texas Department of Housing and Community Affairs ("TDHCA") is authorized to provide tax credits in Texas. A project that receives tax credits is subject to additional compliance and federal tax rules controlled by an additional tax credit regulatory agreement. TDHCA works with the Borrowers/Owners to create this second tax credit regulatory agreement, which is a form document promulgated by TDHCA. This manual does not discuss tax credits in detail.

The development of affordable housing is created through the utilization of tax-exempt bonds (and often tax credits) which can be a very effective financing tool for borrowers/developers/owners. The following is a simple explanation of the terminology and mechanics used in the bond issuance process that will assist in the understanding of tax-exempt bonds.

Parties to a Bond Transaction:

Borrower –A for profit or non-profit entity (i.e., a 501(c)(3) organization) that is often a limited liability partnership or limited liability company which borrows the bond proceeds to own and operate an affordable housing project. **A Borrower will be referred to herein as an "Owner"**

Bond Counsel – A nationally recognized law firm with expertise in municipal bond transactions advising the issuer and underwriter/bond purchaser of the legal aspects of the bond issue.

Bondholder - The owner of the Bond. The bondholder receives interest payments and a return of their principal.

Issuer – State or political subdivision or a legal entity acting as an instrument on behalf of a state or political subdivision which has the authority to issue tax-exempt bonds. For example, TSAHC is an issuer.

Trustee – Commercial bank protecting and representing the bondholders' interest including the funds and security of the bonds. The Trustee performs various administrative duties with respect to the bonds.

Underwriter and/or Direct Bond Purchaser – An investment banking organization or other private company that helps structure the bond issuance to purchase and possibly resell the bonds.

C. ***Bond Documents***

The Bonds – Interest-bearing promises to pay a specified sum of money on a specific date to the bondholder. The Indenture contains the form of the bond. Bonds may be evidenced in a certificated form (physical bonds at all times) or in book-entry only form (one physical bond held by the Trustee with all trading and beneficial ownership of the Bond accomplished through an electronic securities depository such as DTC (defined below)). If the bonds are traded in electronic form, a Letter of Representations is executed by the Issuer, the Trustee, and the Depository Trust Company ("DTC") that sets forth the responsibilities of each with respect to the bonds. DTC provides an efficient and safe way for buyers and sellers of securities, such as bonds, to make their exchange and thus, clear and settle transactions. However, DTC does not monitor any transfer restrictions related to the bonds, therefore it may be preferable for certain unrated bond transactions to be issued in physical form only.

Trust Indenture – The contract between the bank, acting as Trustee for the bondholders and the issuer. It is an important document and includes the form of the bonds. The Trust Indenture does the following:

- Sets the terms and provisions of the bonds such as interest rates, maturities, and redemption rights
- Sets forth the security for the bond, that may include a project mortgage and a gross revenue pledge
- Provides for procedures in the event of redemption and defeasance
- Establishes the funds and accounts and the flow of funds
- Provides for permitted investments of money held under the Trust Indenture
- Provides procedures for amending the Trust Indenture
- Provides for Trustees duties and rights

- Establishes events of default and remedies with respect to the bonds
- Provides and describes transfer restrictions on the bonds if any

The terms of the Trust Indenture create certain responsibilities for the Issuer and Trustee.

The Issuer assures the following:

- It is duly authorized to issue the bonds and assist to preserve their existence
- Compliance with tax covenants relevant to the Issuer and to the Borrower to a limited extent
- Compliance with certain program "covenants"

The Trustee assures the following:

- Examines documents prepared by the Borrower to determine if the documents conform to the requirements of the Regulatory Agreement, Trust Indenture and/or Loan Agreement
- Notify the Issuer and the Borrower/Owner in writing if documents are not received according to the Regulatory Agreement
- Acts on behalf of the bondholders in the event of default

Financing Agreement or Loan Agreement – The generic name for the agreement in a conduit financing between the Issuer and the Borrower, then assigned from the Issuer to the Trustee in accordance with the granting clauses of the Trust Indenture (other than the reserved rights of the Issuer), pursuant to which the bond proceeds are lent to the Borrower and the Borrower promises to repay the principal of and interest on the bonds. The Financing/Loan Agreement includes the following:

- Terms and provisions for the loan of the bond proceeds to the Borrower
- The agreement of the Borrower to repay the loan in amounts and at times sufficient to enable the bonds to be repaid
- Security for the Borrowers repayment obligations
- Borrower's/Owner's representations and warranties
- Maintaining, operating, and insuring the project
- Events of default by the Borrower and remedies
- Borrower's/Owner's prepayment rights

Official Statement – A publicly filed document that contains the final terms of the bond and provides disclosure to prospective investors. The official statement ("OS") is dated the sale date of the bonds. By law, the OS must contain any pertinent information that would allow an investor to make an informed decision of whether to purchase the bonds. Many private placement transactions with sophisticated private direct bond purchasers will not require an OS due to securities laws exemptions and the sophistication of the private direct bond purchaser.

Purchase Contract/Bond Purchase Agreement – Agreement between the Issuer and the Underwriter/Direct Bond Purchaser to sell and purchase the bonds at a specific purchase

price. This contract also sets forth the terms and conditions whereby the Underwriter/Direct Bond Purchaser will purchase the bonds.

Regulatory Agreement and Declaration of Restrictive Covenants – Agreement that is recorded with the mortgage and contains certifications required to be made by the Issuer and the Borrower to ensure compliance with state law and federal tax law requirements.

Compliance and Security Agreement – Agreement between the Borrower/Owner and TSAHC that is recorded with the mortgage and contains additional representations and covenants with respect to the project.

Asset Oversight Agreement - Agreement between the Borrower/Owner and TSAHC pursuant to which an asset oversight agent assesses the property, personnel, procedures, compliance procedures and the operation of the facilities.

2. COMPLIANCE REQUIREMENTS OF A QUALIFIED RESIDENTIAL RENTAL PROJECT

(2.1) General Discussion of Federal Income Tax Rules Governing Qualified Residential Rental Properties

Under Section 142 of the Internal Revenue Code of 1986, as amended (the "Code"), tax-exempt bonds can be issued for qualified residential rental projects. As discussed above, TSAHC issues tax-exempt bonds for such projects. To qualify as a qualified residential rental project, the various Code requirements must be met. Below is a general discussion of the basic requirements. The Regulatory Agreement contains various provisions to assure that the federal income tax requirements are satisfied.

To qualify as a qualified residential rental project, the project must meet one of two tests to meet the property's Set-Aside requirement ("set-aside"):

(1) ***20-50 Test*** - 20% or more of the residential units in the project must be occupied by individuals whose income is 50% or less of area median gross income ("AMGI"); or

(2) ***40-60 Test*** - 40% or more of the residential units in the project must be occupied by individuals whose income is 60% or less of AMGI.

If the Borrower is a 501(c)(3) tax-exempt organization, the qualified residential rental project must meet one of the above tests and must also satisfy the *75-80 Test* (i.e., 75% or more of the residential units in the project must be occupied by individuals whose income is 80% or less of AMGI. Note that units counted towards meeting the 20-50 Test or the 40-60 Test may also be counted towards meeting the 75-80 Test).

Owners have the option at initial application to choose a minimum set-aside of 20/50 or 40/60. The option chosen by the owner must be maintained throughout the qualified project period of the Regulatory Agreement and cannot be changed.

Note: Applicants that meet the income restriction are considered Qualifying Tenants. Units that are occupied with Qualifying Tenants are given an Affordable Unit status that can be counted towards the 20-50 Test and 40-60 Tests.

Note: Any project that receives low-income housing tax credits may be subject to further set-aside restrictions that may include up to 100% of the units in such project.

The 20-50 Test or the 40-60 Test, whichever is elected, (and the 75-80 Test, if the borrower/owner is a 501(c)(3) corporation) applies during the *qualified project period*, which begins on the first day on which 10% of the residential units in the project are occupied and ends on the latest of (i) the date which is 15 years after the first date on which 50% of the residential units are occupied, (ii) the 1st day on which no tax-exempt private activity bond issued with respect to the project is outstanding or (iii) the date on which any assistance provided under Section 8 of the United States Housing Act of 1937 (the " 1937 Housing Act") terminates. Please note the relevant Regulatory Agreement sets forth the actual qualified project period with respect to a particular project.

Both the 20-50 Test and the 40-60 Test (and the 75-80 Test) are based on percentages of AMGI, which is determined in a manner consistent with determinations of lower income families and AMGI under Section 8 of the 1937 Housing Act. Income levels are determined based on the number of household members.

Sections 2.4 – 2.6 of this manual provides a detailed explanation of determining household eligibility, household income and calculating and determining income from assets for purposes of satisfying the 20-50 Test and the 40-60 Test.

(2.2) Set-Aside Requirements

Section 142(d) of the Code provides that a project must meet either the 20-50 Test or the 40-60 Test (the set-aside) in order to be a qualified residential rental project.

- Under the 20-50 Test residents whose income does not exceed 50% of AMGI are considered Qualifying Tenants
- Under the 40-60 Test, residents whose income does not exceed 60% of AMGI are considered Qualifying Tenants
- If the borrower is a 501(c)(3) tax-exempt organization, the project must also meet the 75-80 Test, *i.e.*, 75% of the residents must have an income that does not exceed 80% of AMGI (this is inclusive of the 20-50 Test or 40-60 Test units discussed above); to the extent any residents are not also under one of the other tests, they are considered Qualifying Tenants.

*Example: The owner of a 200-unit development has applied for tax-exempt bond financing. At the time of application, the owner has chosen the 20-50 Test. To be in compliance with this set-aside, at least 40 units (200*20% = 40 units) must be leased to residents meeting the 50% income requirements. If the 40-60 Test was chosen, the set*

*aside would be at least 80 units (200*40% = 80 units) leased to residents meeting the 60% income requirements.*

*In addition, if the owner is a 501(c)(3) tax-exempt organization, at least 150 units (200*75% = 150 units) must be leased to residents meeting the 80% income requirements. These residents will be considered Qualifying tenant. The units that are leased to residents who meet the 20/50 and 40-60 Tests for purposes of meeting the property set-aside can also be counted towards meeting the 75-80 Test.*

Below is a practical summary that attempts to guide you through determining whether a particular unit will be counted towards the applicable set-aside requirement based on various common factual scenarios. This guide is general in nature and does not address every possible situation and should be used in conjunction with this manual. Note that the Regulatory Agreement, Compliance and Security Agreement, and Asset Oversight Agreement for each project must also be reviewed in detail for specific compliance requirements of a particular project.

The following chart is meant to provide a quick guide to evaluating the various set-aside requirements.

Definitions for the chart below:

- **Affordable Unit** – a unit that is occupied by Qualifying Tenant that is counted towards the Set-Aside. A vacant unit that was most recently occupied by a Qualifying Tenant is treated as an occupied unit.
- **AMGI** - Area Median Gross Income.
- **Down Unit** – A Vacant Unit that meets one or more of the following requirements: i) uninhabitable due to infestations, sewer backups, foundation and subfloor issues, missing drywall and carpets, missing cabinets and appliances, mold, significant water damage not caused by a natural disaster ii) uninhabitable and "not made ready" for over 180 calendar days iii) uninhabitable due to casualty loss (unit or building damage due to disaster or sudden, unexpected accidents). When the necessary repairs are completed, a Down Unit cannot be designated with the prior set-aside designation until it is occupied by a qualified tenant. Note, Down Unit(s) due to casualty loss are not included in the property's set-aside calculation. These units must be returned to a good condition withing a reasonable period (no more than 24 months).
- **Down Unit from Natural Disaster** – A Down Unit due to a natural disaster as declared by the state or federal governments. A natural disaster includes flood, earthquake, landslide, blizzards, cyclonic storms, hurricanes, tornadoes, fire. A Down Unit from Natural Disaster is not included as a Set-Aside Unit while under repair. When the unit is repaired, a Down Unit can be designated with the prior Set-Aside Unit designation.

- **Income Certification** – The document each Qualifying Tenant must complete upon Initial Certification and any Recertification (to the extent required) attached hereto as Attachment 1.
- **Initial Certification** – An initial certification is completed for all Qualifying Tenants prior to the "move-in" date of a resident applicant.
- **Market Unit** – A unit that is not subject to the 20-50 Test, 40-60 Test or 75-80 Test, as applicable, and does not require an Income Certification.
- **Qualifying Tenant** – A tenant that meets the 20-50 Test or 40-60 Test (and the 75-80 Test, if the borrower/owner is a 501(c)(3) corporation).
- **Recertification** – On an annual basis, the tenant's income and assets must be verified and documented on an Income Certification form. This requirement may be waived if the project maintains 100% Set-aside requirement due to tax credits or otherwise).
- **Set-Aside Units** – An Affordable Unit that is occupied but Qualifying Tenants/ affordable units that meet the 20-50 Test and 40-60 Test.
- **Vacant Unit** – A unit that is uninhabited and in livable condition. A Vacant Unit becomes a Down Unit if the unit has not been made ready in 180 calendar days of a resident move-out. A Vacant Unit keeps the prior set-aside designation if made ready but loses the set-aside designation if it becomes a Down Unit.

REGULAR QUALIFYING TENANTS			
CATEGORY	***FACTS***	***OUTCOME***	***NOTES***
Income Certification at Initial Certification	Resident(s) in Unit A is a Qualifying Tenant	Unit A counts as an Affordable Unit.	See Sections 2.4 - 2.6 for discussion of determining income, etc.
	Resident(s) in Unit A is not a Qualifying Tenant	Unit A does not count as an Affordable Unit.	See Sections 2.4 - 2.6 for discussion of determining income, etc.
Income Certification at Recertification	Resident(s) in Unit B was a Qualifying Tenant at Initial Certification and continues to be a Qualifying Tenant at Recertification	Unit B continues to count as an Affordable Unit.	
	Resident(s) in Unit B was not a Qualifying Tenant at Initial Certification, but becomes a Qualifying Tenant in the future	Unit B counts as an Affordable Unit, as applicable, when resident becomes an appropriate Qualifying Tenant	

REGULAR QUALIFYING TENANTS			
CATEGORY	***FACTS***	***OUTCOME***	***NOTES***
	Resident(s) in Unit B was a Qualifying Tenant at Initial Certification but income increases (but not by more than 140% of AMGI) and is a Qualifying Tenant at Recertification	Unit B continues to count as an Affordable Unit, as applicable, so long as rent remains restricted to its respective set-aside and tenancy continues (see exception below - Next Available Unit Rule)	
Next Available Unit Rule	Exception - Resident(s) in Unit B was a Qualifying Tenant at Initial Certification and income exceeds AMGI by more than 140% at Recertification	If, before such resident's next Recertification, the next available unit (Unit C) in the same project* of comparable or smaller size to Unit B is occupied by a new resident who is not a Qualifying Tenant, Unit B does not count as an Affordable Unit, as applicable	See Sections 2.7(B) for a discussion of the next available unit rule. *Note: Under the 2008 Housing Act, this rule applies on a building-by-building basis instead of a project-by-project basis if tax credits under Code Section 42 are allowed with respect to the project. Consider, the applicable provisions of the respective Regulatory Agreement.
Next Available Unit Rule	Exception - Resident(s) in Unit B was a Qualifying Tenant at Initial Certification and income exceeds AMGI by more than 140% at Recertification	If, before such resident's next Recertification, a unit (Unit C) in the same project* of comparable or smaller size to Unit B is occupied by a new Qualifying Tenant, Unit B continues to count as an Affordable Unit, as applicable, so long as tenancy continues and the rent remains restricted, but stops counting as Affordable Unit, as applicable, when Unit C is occupied by the new Qualifying Tenant	See Sections 2.7(B) for a discussion of the next available unit rule. *Note: Under the 2008 Housing Act, this rule applies on a building-by-building basis instead of a project-by-project basis if tax credits under Code Section 42 are allowed with respect to the project. Consider, the applicable provisions of the respective Regulatory Agreement.
Current Law (pursuant to 2008 Housing Act)	100% of the units in a project are housed with Qualifying Tenants pursuant to Initial Certifications	Recertification is not required for federal income tax purposes (but, may be required under the Regulatory Agreement, etc. unless waived)	See Section 2.7(A) Consider, the applicable provisions of the respective Regulatory Agreement.

REGULAR QUALIFYING TENANTS			
CATEGORY	***FACTS***	***OUTCOME***	***NOTES***
	Less than 100% of the units in a project are housed with Qualifying Tenants	Recertification is required for federal income tax purposes	See Section 2.7(A) Consider, the applicable provisions of the respective Regulatory Agreement.
Change in household members after Initial Certification or Recertification	Number of residents in an Affordable Unit, as applicable, increases after Initial Certification	The new resident(s) must be screened for income, assets and student status. Their information must be added to the most recent Income Certification. It is not necessary to update the income and asset information for the existing household member(s). If the total new income exceeds 140% of the applicable limit, comply with the Available Unit Rule. If the original household members move out, the new household member will be considered a Qualifying Tenant if their income was less than the move in income limit at the time they joined the household.	See Section 2.7 (C) for a discussion regarding a change in household
	Number of residents in an Affordable Unit decreases after Initial Certification	No changes until the next Recertification	See Section 2.7 (D) for a discussion regarding a change in household

REGULAR QUALIFYING TENANTS			
CATEGORY	***FACTS***	***OUTCOME***	***NOTES***
Vacant Units	Unit D is vacant, but previously housed a Qualifying Tenant	While vacant, Unit D continues to count an Affordable Unit, as applicable, if the unit is in livable condition and made ready. Reclassify Unit D as necessary depending on Initial Certification of new tenant	
	Unit D is vacant, but previously housed non-Qualifying Tenants	While vacant, Unit D does not count as an Affordable Unit, as applicable, while vacant; reclassify Unit D as necessary depending on Initial Certification of new tenant	
Damaged units due to natural disaster (fire, hurricane, etc.)	Unit F houses a Qualifying Tenant and is damaged by a Hurricane; Unit F cannot be occupied until repairs are made	Unit F should not be counted as an available unit for purposes of calculating the set-aside requirement while it is vacant and under repair	
	Unit F mentioned in the above row, and which previously housed a Qualifying Tenant is repaired and available for occupancy	Unit F becomes an available unit for purposes of calculating the set-aside requirement and counts as an Affordable Unit, as applicable, while vacant; Unit F must be reclassified when rented depending on new resident's Initial Certification	
	Unit G houses a non-Qualifying Tenant and is damaged by a Hurricane; Unit G cannot be occupied until repairs are made	Unit G should not be counted as an available unit for purposes of calculating the set-aside requirement while it is vacant and under repair	

REGULAR QUALIFYING TENANTS			
CATEGORY	***FACTS***	***OUTCOME***	***NOTES***
	Unit G mentioned in the above row, and which previously housed a non-Qualifying Tenant is repaired and available for occupancy	Unit G becomes an available unit for purposes of calculating the set-aside requirement but does not count as an Affordable Unit, as applicable, while vacant; Unit G must be reclassified when rented depending on new resident's Initial Certification	
	A Qualifying Tenant in an Affordable Unit, as applicable, is displaced due to natural disaster and moves into a different unit within the project	A new certification is not necessary at the time of transfer.	

UNIT VACANT FOR OVER 180 DAYS			
CATEGORY	***FACTS***	***OUTCOME***	***NOTES***
	Unit H is vacant and has been vacant for 180 calendar days.	TSAHC policy requires that personnel visit Unit H to determine whether it is "move in ready" and should be treated as an Affordable Unit, as applicable.	If Unit H is vacant for 180 days or more and is not "move in ready" upon inspection, then Unit H should not be considered in compliance and will be considered a Market Unit until a Qualifying Tenant occupies Unit H.

Set-Aside/Qualifying Tenant Requirement

The total number of affordable units rented to qualified tenant households plus the units held vacant by previous income qualified tenant households must equal or exceed the Owner's minimum set-aside commitment. Only those vacant units that were immediately previously rented to qualified tenant households may be counted toward the minimum set-aside commitment.

Quarterly reports must show rental information for the total number of units in the project, including information about units rented to qualifying tenants to date and

information about units currently vacant. Current vacant units must include household information as of the end of the reporting period. Failure to meet the minimum set-aside requirement is a serious non-compliance issue and can render severe consequences to the Borrower/Owner. This may occur as a result of counting non-qualified vacant units toward set-asides; failing to meet the income set-asides by the end of the reporting period; failing to rent market rate and qualified units proportionately during initial lease-up (new construction only).

Example: 100-unit new construction property with the 40/60 minimum set aside. If 10 units have been occupied, at least 4 of the households must be Qualifying Tenants. The owner cannot put off leasing qualifying units until after the market rate units have been rented. Doing so would be cited as failure to meet the minimum set aside.

Many non-compliance issues can be corrected. TSAHC staff works in conjunction with the entities involved giving support to management staff as they commit to maintain compliance or help them get back into compliance when outstanding violations exist. Although many issues of non-compliance can be corrected, certain uncorrected issues or recurrent issues of non-compliance can bring forth the following actions according to the Regulatory Agreement:

- Bonds losing tax-exempt status retroactively to the date of non-compliance.
- Bonds subject to early prepayment in full.
- Project loans declared in default and foreclosure proceedings initiated.
- Legal action initiated against non-complying properties/and or non-complying Owners barred from further financing with TSAHC. Borrower/Owners will be responsible for all costs of such legal actions.

Affordable communities having layered financing will have different governing documents and, in some cases, different program requirements. It is in the best interest of the Borrower/Owner that management staff is made aware of the different requirements in order to avoid "deficiencies or findings" that may occur due to lack of supervision or training in program requirements. Management staff should be knowledgeable of the federal, state, and local regulations and be provided on-going training in the areas of government regulations. It is equally important that management staff is aware of the frequent changes in the Tax-Exempt Bond Program and that the implementation of any required changes are made in the proper time frame.

(2.4) Determining Household Eligibility

Determining eligibility is an essential part of meeting and maintaining set-aside requirements. In order to ensure that residents are properly qualified, the owner and management staff should create a written rental criteria policy (i.e., tenet selection plan) that details the application process. This policy must be followed for each applicant. It is critical that the application process is given the time necessary to evaluate and verify information provided by the household.

The property's written rental criteria policy should include how to handle an application that is declined. It is important that management give clear consideration and have sound practices in place when applicants are rejected. The rejection letter must state the reason for the denial and must be kept with denied application packet as proof that the household was notified of the decision.

****TSAHC TIPS****

All documents should be completed in black or blue ink only or electronically. White out is never acceptable.

Staff should not write on employment verification forms.

Review check stubs carefully for undisclosed assets.

Households cannot handle eligibility verifications- retain documentation showing how sent and received.

Do not forget to use the annual COLA increase.

Residents should thoroughly complete the forms required; staff shall not write on any of the documents. A clarification form or a communication form for making notes to the file must be used when making notes to clarify information.

When determining the eligibility of a potential applicant it is important to have all documents filled out. There should not be any questions left unanswered on the application or any other document. If a question does not apply to the household, have the applicant/resident use N/A or NO on each line. For questions that the resident does not want to provide information on, have them state or have the property state "would not disclose" to indicate that the information was not overlooked. TSAHC must be able to determine that a household is program eligible.

The application is the most important tool for gathering household information to begin the qualification process. Information obtained from the household at the time they apply for occupancy is based on the current circumstances and any anticipated changes that will occur within the next 12 months. The application must gather pertinent information to properly determine a household's eligibility, especially the asset and student status information. If the standard application used does not request income, asset and student status information, a supplemental form that collects all three for each household member must be used.

A. ***Who is Considered a Household Member?***

In determining household members, management staff must count the total income of all household members who will be living in the unit. The following individuals are to be included as household members:

Household Members	Earned Income	Other Income (Including income from assets)
Head	Yes	Yes
Spouse	Yes	Yes
Co-Head	Yes	Yes
Other Adult	Yes	Yes
Dependents (Child Under 18)	No	Yes
Full-time Students over 18	Yes	Yes
Non-Members	**Earned Income**	**Other Income (Including income from assets)**
Foster Adult*	No	No
Foster Children (Under 18)*	No	No
Live-in Aide	No	No

*This is a change due to the Housing Opportunity Through Modernization Act (HOTMA) of 2016 that was implemented January 1, 2024. All certifications, including recertifications completed after January 1, 2024, shall not include foster children or adults as household members. If this change causes the recertified income of a household to exceed 140% of the area's median income, follow the Available Unit Rule.

Definition of a Live-in Aide:

A person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities, and who:
(a) Is determined to be essential to the care and wellbeing of the person(s);
(b) Is not obligated for the support of the person(s); and
(c) Would not be living in the unit except to provide the necessary supportive services

Requirements:

The owner must verify the need for the live-in aide. Verification that the live-in aide is needed to provide the necessary supportive services essential to the care and well-being of the person must be obtained from the person's physician, psychiatrist or other medical practitioner or health care provider. The owner may verify whether the live-in aide is

necessary only to the extent necessary to document that applicants or tenants who have requested a live-in aide have a disability-related need for the requested accommodation. This may include verification from the person's physician, psychiatrist or other medical practitioner or health care provider.

The owner may not require applicants or tenants to provide access to confidential medical records or to submit to a physical examination.

The live-in aide may not qualify for continued occupancy as a remaining family member. Owners are encouraged to use a HUD-approved lease addendum that denies occupancy of the unit to a live-in aide after the tenant, for whatever reason, is no longer living in the unit. The lease addendum should also give the owner the right to evict a live-in aide who violates any of the house rules.

Income of a live-in aide is excluded from annual income.

A relative may be considered to be a live-in aide if they meet the definition of a live in aide, especially part (c) of the definition: Would not be living in the unit except to provide the necessary supportive services.

Only in very unusual situations would a spouse be considered a live-in aide for their partner.

Household Members also include:

- Children temporarily absent due to placement in a foster home
- Children in joint custody arrangements who are present in the household 50% or more of the time
- Children who are away at school but live with the family during recess
- Unborn children (self-certified)
- Temporarily absent family members who are still considered family members
- Family members in the hospital or rehabilitation facility for periods of limited or fixed duration
- Persons permanently confined to a hospital or nursing home who are still considered family members
  Note the following:

  - Note: Earned income of full-time students 18 years of age or older, who is not the head, co-head or spouse is excluded to the extent that it exceeds the Student Income Allowance. This amount will be adjusted annually by the U.S. Department of Housing and Urban Development in accordance with the Consumer Price Index for Urban Wage Earners and Clerical Workers, rounded to the next lowest multiple of $25.

B. ***Social Security Numbers***

Per IRC Section 142(d), the tax-exempt bond program does not require social security numbers to be reported and does not require tenants to be US citizens. However, the

Owner may require a Social Security number as part of the standard tenant selection plan screening requirements.

C. ***Student Eligibility***

For program purposes, a student is defined as an individual, who during any part of five calendar months, is a full-time student at an educational organization as defined in Section 170(b)(1)(A)(ii) of the Code. Treasury Regulation 1.151-3(b) further provides that the five calendar months need not be consecutive.

Per the Housing Assistance Tax Act of 2008 (the "2008 Housing Act") a unit cannot be occupied entirely by full-time students unless the unit meets one of the following exceptions:

- (1) the student received assistance under Title IV of the Social Security Act (Aid and Services to Needy Families with Children and for Child Welfare Services) (i.e., TANF),
- (2) is the student is enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar federal, state, or local laws,
- (3) the student was previously in foster care,
- (4) the students are a married couple and entitled to file a joint income tax return; or
- (5) the students are single parents with children and neither the applicant/tenant nor the children are listed as dependents on anyone else's tax return

If it is necessary to document that a household is not comprised entirely by full time students, Management staff must obtain student status verification from the educational institution to verify whether the household is a part-time or full-time student. A student's school schedule or registration from the school is not sufficient supporting documentation.

D. ***Required Tenant File Documents***

Each qualifying resident file should contain a copy of the documents listed below when determining eligibility (the receipt of the documents listed below must occur within 120 days prior to the Initial Certification or Recertification effective date):

- Application that gathers all program required information, including student status and assets
- Tenant Release and Consent-signed by all adult household members
- Employment/Income Verification for all adult household members employed (See Section 2.5, subsection E)
- Zero Income Certification Form, if applicable
- Asset Self Certification or Asset Verification Form
- Income calculation sheet to show property calculations

- Income Certification (all 3 pages must be properly completed)
- Annual Certification (Recertification or Annual Eligible Certification)
- Student Self Certification Form
- Student Eligibility Verification, if applicable (must be documented)
- Affidavit of Student Financial Assistance Form, if applicable (must be documented)
- Housing Contracts, if applicable
- Notes to the file to clarify any eligibility uncertainties

Supporting documentation for the household depends on the information provided in the application.

Resident files should be well documented and have supporting information to verify that households have submitted all income documentation to the property. Please note that TSAHC staff will not be speaking directly with households as they review each file; therefore, the files must contain proper and explicit documentation.

If during the applicant's screening the credit report discloses information that was not provided by the tenant (i.e., a home mortgage), management staff must document and verify the undisclosed items.

Income Verification Process

The owner and management staff shall make a "diligent and good-faith effort" to determine that the income information provided by the applicant/resident is accurate. Methods of acceptable verification include, but are not limited to:

- Two current and consecutive pay stubs.
- Employment verification form (third-party)
- Printouts from the Work Number or similar employment verification service.
- Income tax returns for the most recent year for self-employment or a profit and loss statement for the most 120 days.
- Benefit Award letters for fixed income (Social security, retirement income, etc.), a statement dated within the appropriate benefit year.
- Income Verification for Households with Section 8 Certificates. If the Housing Authority is part of the ownership of the property-the Income Verification for Households with Section 8 Certificates cannot be used; firsthand or third-party documentation of income and assets must be obtained.
- Evidence of child support payments from the attorney general's office (applicable enforcement agency).

If the applicant is unable to provide any of the above documents or other independence verification, as would, in the management's staff's reasonable opinion, comply with the "diligent and good faith" requirement would be acceptable.

Income Verifications must be dated within 120 days from the date of the effective Income Certifications (at the time of move-in and at the time of recertification). Exceptions apply and are specific to documents such as Social Security Award letters, Life policy documents, or other documents that are issued annually.

Income Certifications

After all the household information has been obtained, clarified, and verified, the information must be recorded on TSAHC's Income Certification form (use income certification form from TDHCA, Rural Development or a Project-Based HUD programs is acceptable). All adults 18 and over, in addition to management staff, must sign and date the form to be compliant with the program. The Income Certification must be completed and executed by all parties within 120 days prior to the move-in date. An unsigned Income Certification is non-compliant and will generate a finding. A copy of the Income Certification and the Instructions to complete are included as an attachment. (Attachment 1)

(2.5) Determining Annual Household Income

A. *Income & Income Calculation*

TSAHC utilizes the definition of income for the Section 8 Housing Choice Voucher program to determine and calculate total household income.

Income is defined by all amounts, monetary or not, that go to or are received on behalf of the household's head, spouse or co-adult, or any other household member. This includes all amounts anticipated to be received from a source outside the household during the 12 months following initial or annual certification effective dates.

Income includes all amounts that are not specifically excluded by regulation. See 24 CFR §5.609, Notice 2023-10, and Notice 2023-27 for lists of excluded income. Note: Lump sum amounts received from excluded income that are placed in an asset account will count towards the household asset calculation, except for lump sum amounts from federal tax returns.

Household income is the gross amount (before any taxes or deductions) of anticipated income annualized for the next 12-month period for any of the following:

- Wages
- Salaries
- Overtime pay
- Commissions
- Tips
- Bonuses
- Other compensation of all household adults
- Unearned income of all members of the household (including dependents under 18)
- Income from Assets

- Student Financial Assistance

Calculating Annual Household Income

Annual household income is:

- Based on actual household size (all members do not have to be related)
- Based on anticipated income for the next 12 months
- Certified at initial occupancy and if required, annually thereafter
- Compared against income limits at the time of initial occupancy or recertification to ensure program eligibility

Only qualified tenant households may be counted in meeting the set-aside requirements. Households not meeting the income qualifications cannot be counted in the minimum set-aside.

The income limits for Tax-Exempt bond properties are based upon the county's Area Median Gross Income (AMGI). HUD annually posts the limits on their website as they are released. Tax-exempt bond properties use the Multifamily Tax Subsidy Income Limits (MTSP). Once a property has an Asset Oversight and Compliance (AOC) Agreement in place, because of the "hold harmless" provision found in IRC §142(d)(2)(E)(i), the income and rent limits for a tax-exempt bond property will not decrease.

For the Tax Exempt Bond program, when projecting the household's annual income, use the current circumstances to anticipate income. If information is available on changes expected to occur during the year, use that information to determine the total anticipated income from all known sources during the year. For example, if a verification source reports that a union contract calls for a 2% pay increase midway through the year, the owner may add the total income for the months before and the total for the months after the increase. (See the anticipated raise example below in Section 2.5 D).

Management staff may accept a tenant's notarized statement or signed affidavit regarding the validity of information submitted if the information cannot be verified by another acceptable verification method, however management's due diligence must be documented in the tenant file.

Use the chart below for assistance, when determining annual household employment income.

Hourly by 2080
Ex: John earns $7.00 per hour and works 40 hours per week $7.00 x 2080 = $14,560.00 John's annual income on his Income Certification would be $14,560
Weekly by 52
Ex: Mary Lou earns $6.75 per hour and works 35 hours per week $6.75 x 35 x 52 = $12,285.00 Mary Lou's annual income on her Income Certification would be $12,285.00
Bi-weekly by 26
Ex: Taylor earns $8.50 per hour and works 40 hours. Taylor has brought in 4-6 current consecutive check stubs to be used for income verification $340.00 + $380.00 + $347.00 = $1,067.00 / 3 = $355.67 x 26 = $9,247.42 Taylor's annual income on his Income Certification would be $9,247.42
Semi-monthly by 24
Ex: Martha Ray's employer has verified that she earns $1,750.00 semi-monthly and is paid on the 1st and the 15th of each month $1,750.00 x 24 = $42,000.00 Martha Ray's annual income on her Income Certification would be $42,000.00
Monthly by 12
Ex: Trey is employed is paid monthly. His gross monthly earnings have been verified as $2,450.00 $2,450.00 x 12 = $29,400.00 Trey's annual income on his Income Certification would be $29,400.00

C. ***Calculating Year-to-Date (YTD) Wages***

TSAHC does not require management staff to calculate year-to-date wages. However, if management staff has a policy to calculate gross income via year-to date methods then management must ensure they obtain and verify the year-to-date period to properly calculate. Management staff is reminded to ensure consistency in your income calculation methods.

Monthly:

- Divide the YTD wages by the number of months worked and multiply by 12.

Semi-Monthly:

- Divide the YTD wages by the number of semi-monthly pay periods and multiply the results by 24.

Bi-Weekly:

- Divide the YTD wages by the number of weeks and multiply the results by 26.

Weekly:

- Divide the YTD wages by the number of weeks worked and multiply the results by 52.

Example: Jessica is unable to provide third-party verification through her current employer, but she does have her most current paycheck stub. You use this information to qualify her in the month of May. According to her check stub her YTD wages as of April 30 is $5,500.00. Her current employment began on January 25 (date must be verified). Count the number of weeks between the two dates January 25 through April 30 that equates to a total of 13 weeks. Divide the $5,500.00 by 13 weeks, which equates to a total of $423.08 per week. Multiply the $423.08 by 52 for an annual income total of $22,000.16.

This process can only be completed when the YTD period has been verified by the employer.

D. ***Example – Calculating Anticipated Raise:***

For applicants/residents who will be receiving a raise within the next 12 months the raise must be factored into the income calculation to determine annual income:

February 1	= Certification effective date
$7.50 per hour	= Current hourly rate
$8.00	= New rate to be effective March 15
40 hours per week x 52 weeks = 2080 hours per year	

Calculate annual income as follows:	
February 1 through March 15 = 6 weeks	
6 weeks x 40 hours = 240 hours x $7.50 =	$1,800
March 16 through January 31= 46 weeks	
46 weeks x 1840 hours x $8.00 =	$14,720
Total Annual Income	$16,520

In the event the employer verifies a specific amount of tips, include the employer verified amount. However, because not all employees report the full amount of tips earned, an Undeclared Tip Income Certification should be used as well.

The income of individuals receiving sporadic or seasonal wages should be calculated according to the number of months worked. Because of weather conditions, a painter works 9 months out of a year and receives unemployment the remainder of the year, both incomes should be used in the calculation.

$1,200 x 9=	$10,800
$600 x 3 =	$1,800
Total Annual Income	$12,600

E. ***Self Employed & Peer-to-Peer Payment Platforms Verification Requirements***

Individuals who are self-employed must provide proof of income using a signed copy of their most recent 1040 federal income tax return, including the attachments listed below:

- Schedule C for Small Business
- Schedule E for Rental Property Income
- Schedule F for Farm Income
- Copy of Corporate or Partnership tax return
- Audited or unaudited financial statement(s) of the business (including profit and loss statement)

If the individual's only source of income is self-employment, the **net amount** reported on Schedule C will be used. Any additional income reflected on the tax return must be supported by separate documentation. In the event an individual has not been employed long enough to file a tax return, a Self-Employed Affidavit must be completed. In addition, the individual must provide a notarized statement agreeing to submit the required documentation at the time of recertification

Transportation & Delivery Service Income:

The standard requirements of two consecutive current paystubs may not provide sufficient documentation for residents or applicants who earn income through Uber, DoorDash or other similar contracted transportation or delivery services. Therefore, TSAHC requires a minimum of 120-days of income documentation of income for individuals earning income through these contracted services.

Peer-to-Peer Platform Applications:

Third-Party Payment Platforms (i.e., Venmo, PayPal, Cash App, etc.): Income received through third-party platforms for work performed is counted as income.

- Any balance maintained in the account is considered an asset.

Direct bank-to-bank transfer (Zelle): Income received through Zelle for work is counted as income. Note, amounts received as reimbursements are not counted as income.

- Zelle does not maintain an account balance and is therefore not treated as an asset.

Note: Individuals earning $400.00 or more a year must file a tax return as required by the IRS.

F. ***Social Security/SSI Income***

Social Security/SSI Recipients will need to have all pages of their current Social Security Award letter as income verification. Each year, the Social Security Administration publishes the Cost-of-Living Adjustment (COLA) indicating the cost-of-living raise that will be made to recipients of the program. This adjustment should be taken into consideration when qualifying a new household or recertifying existing residents. This adjustment is treated in the same way as the anticipated raise example.

If an agency is reducing a family's benefits to adjust for a prior overpayment (e.g., Social Security, SSI, TANF, or unemployment benefits), count the amount that is actually provided after the adjustment.

Count the gross amount, before deductions for Medicare, etc. of periodic social security payments. Include payments received by adults on behalf of individuals under the age of 18 or by individuals under the age of 18 for their own support.

Anyone that does not have a current copy of the Social Security Award Letter can call the Social Security Administration at 1-800-772-1213 to request a copy.

G. ***Pensions, Veterans Benefits, and Retirement Income***

Obtain a written copy of the benefit letter that indicates the monthly income received, or submit a copy of the appropriate income form for the following sources:

Income received from:

- Retirement funds* (IRA, 401k and annuities)
- Pensions
- Disability or Death benefits
- Other periodic payments of unearned income

*Although Retirement funds are not considered assets, regular periodic payments from IRAs' 401k plans and annuities are considered income.

Payments to veterans in need of regular aid and attendance are excluded from annual income under 38 U.S.C. 1521. This income exclusion applies only to veterans in need of regular aid and attendance and not to other beneficiaries of the payments, such as a surviving spouse.

Certain veterans are eligible for "aid and attendance" payments from the Veterans Affairs (VA) Administration. These payments are distinct from payments made to veterans under other VA programs, including the Veterans Pension program. Owners should carefully review any income documentation provided by the family, because many types of VA income, including the Veterans Pension and the VA Survivors Pension, are included in annual income.

Alimony or Child Support Income Verification Requirements

If child support or alimony is received by the household, you will need a copy of **ONE** of the following documents (a child support document is required for each child in the household. Documents must include frequency and amount.)

- A printout from the Attorney General's office showing the amount actually received within the last 120 days.
    - If fluctuating payments are shown, child support should be calculated by averaging the payments received within 120 days prior to the Income Certification effective date.

  Note: Cash medical amounts are <u>not</u> included in the calculation.

- Support letter from individual paying the support (frequency and pay periods required)

I. ***Public Assistance/Temporary Assistance for Needy Families (TANF)***

For a household receiving cash Public Assistance or TANF, the gross amount received by the household must be calculated to determine income:

- Obtain a copy of the statement with the monthly grant amount received
- The Public Assistance Verification form may be used in the same manner as the Employment Verification

Note: **DO NOT** include amounts received from food stamps when calculating income.

J. ***Unemployment, Disability, Workers Compensation, Severance Pay***

Income received in lieu of wages (also known as unearned income) must be included when determining annual income. Unemployment income is calculated on a 12-month basis, even though the individual may be receiving it for less than 12 months. Severance Pay and Disability are calculated as the written verification states. Supporting documentation must be provided by the issuing agency. Income verification forms for this type of income may be submitted to the agency.

Worker's compensation is excluded from income if it has been received for less than 12 months from the date of the certification.

- Obtain a copy of the Unemployment Verification showing frequency and amounts received
- For income received for Worker's Compensation, obtain a copy of the Employer Statement showing frequency and date the benefit began.

K. ***Military Pay Income***

Income must be counted if the Military Member is the Head of Household, Spouse or Co-Head of the households. Or, if the spouse or a dependent of the person on active military duty is a member of the applicant group. To determine income for Active Duty and Reserves Military Personnel you must use the following entitlements:

- Base Pay
- Basic Allowance Quarters (BAQ)
- Basic Allowance for Subsistence (BAS—food)
- Variable Housing Allowance (VAH) based on zip code (Note: See the TDHCA Memorandum regarding an exception with respect to certain projects in certain counties – Attachment 2)
- Family Separation Allowance (FSA)
- Clothing Allowance (CA)
- Foreign Duty Pay (FDP)
- Hazardous Duty Pay

Do **NOT** include the following when determining military income:

- Hostile fire pay

Supporting documentation required:

- Leave and Earnings Statement (L.E.S)

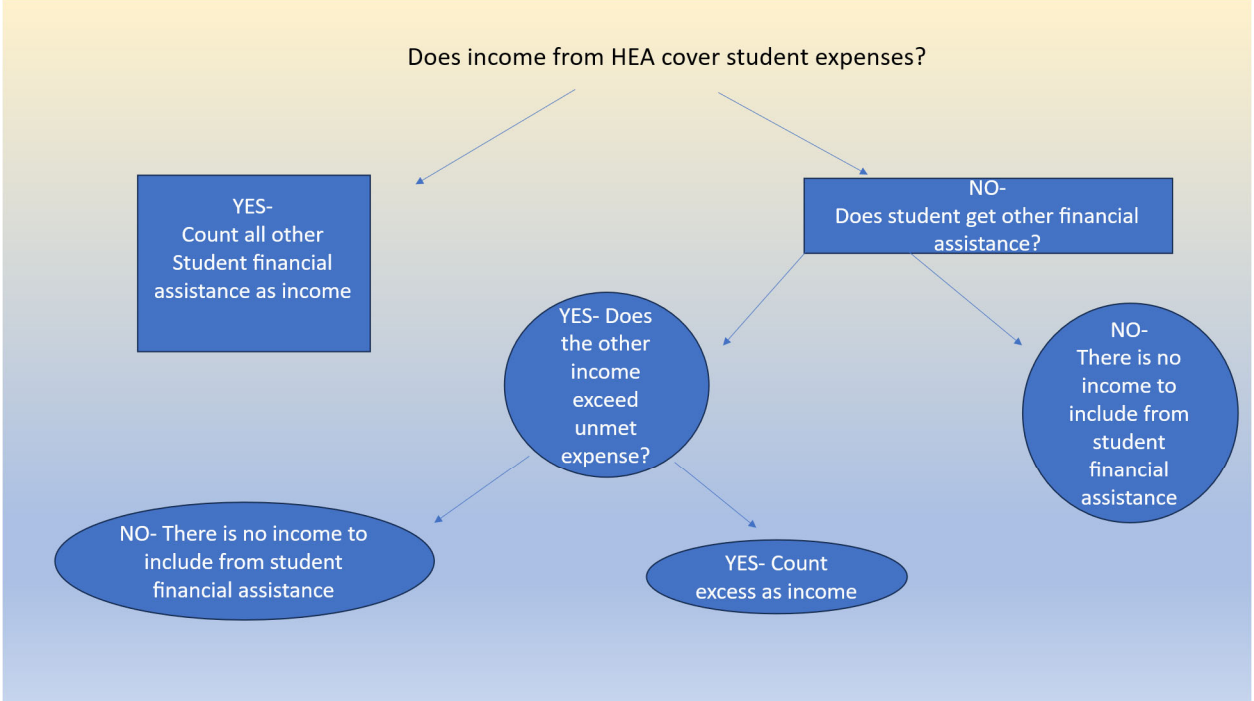
L. ***Monetary Gifts (Monetary contribution Income)***

Any money received from persons outside of the household on a regular basis is considered income. This includes rent, utility payments and regular support. This does not include groceries even if it is a regular contribution. Monetary gifts for holidays, birthdays or other significant life milestones are not included as income. Verification can be completed using the following forms as long as the purpose, frequency and value of gift is documented

- Affidavit signed by the person providing the assistance
- Affidavit signed by the resident stating the purpose

M. ***Student Financial Assistance***

There are two types of student financial assistance: Income received under the Higher Education Act of 1965 (HEA) and Other Student Financial Assistance. Income received from the HEA is never included as income. Other student financial assistance is included if the household is receiving more student financial assistance than their expenses for going to school.


Does income from HEA cover student expenses?
YES-
Count all other
Student financial
assistance as income
NO-
Does student get other financial
assistance?
YES- Does
the other
income
exceed
unmet
expense?
NO-
There is no
income to
include from
student
financial
assistance
NO- There is no income to
include from student
financial assistance
YES- Count
excess as income

Examples of income from the Higher Education Act:

- Pell Grants
- Federal Work Study Programs
- Federal Perkins Loan
- Teach Grant
- Federal Assistance received under the Bureau of Indian Education
- Higher Education Tribal Grant
- Tribally controlled Colleges or Universities Grant Program
- Employment training program under Section 134 of the Workforce and Innovation and Opportunity Act (WIOA)

Examples of Other Student Financial Assistance include a grant or scholarship received from:

- The Federal government;
- A State, Tribe, or local government;
- A private foundation registered as a nonprofit under 26 U.S.C. 501(c)(3);
- A business entity (such as corporation, general partnership, limited liability company, limited partnership, joint venture, business trust, public benefit corporation, or nonprofit entity); or
- An institution of higher education.

Student financial assistance does not include gifts from family or friends or work study or employment that is not funded through the Higher Education Act. These sources of income are included when determining eligibility.

Example: Christian is a student. His educational expenses are $9,000. He receives $10,000 in assistance under the Higher Education Act and a $5,000 scholarship from a nonprofit. Christian's annual income from student financial assistance is $5,000 because his expenses for going to school are covered by income from the Higher Education Act. Although the amount from the Higher Education Act exceeds the amount he needs to go to school by $1,000, that amount is not included because income from the Higher Education Act is excluded income.

Note: The Affidavit of Student Financial Assistance Form must be completed.

N. ***Resident Service Stipend***

Resident discounts (i.e., stipends and/or rent concessions) are generally modest amounts of money received by a resident to perform services (i.e., property monitoring, fire patrol, lawn maintenance, and resident management). If the resident stipend exceeds $200 per month, owners must include the entire amount in annual income. If the resident stipend is $200 or less per month, owners must exclude the resident stipend from annual income.

O. ***Certification of Zero Income***

For adult household members who do not have earnings of any type, the Certification of Zero Income must be used. If income is disclosed, do not use the Certification of Zero Income but the appropriate form based on the household's answer.

P. ***Unemployment Affidavit***

An Unemployment Affidavit must accompany resident files that receive Social Security Income, Unemployment Income, and Certification of Zero Income verifications. An Unemployment Affidavit must also be included if a Monetary Gift is the only source of income.

(2.6) Determining Income from Assets

A. ***Background***

Assets are defined as items of value that can be converted to cash. A savings account that earns interest is considered an asset; the interest earned is considered income from the asset and must be used when determining annual household income. Note: Not all assets earn income. Assets inclusions and exclusions can be found in Notice 2023-10 and Notice 2023-27.

HOTMA (Housing Opportunity Through Modernization Act) Final Rule established how assets are defined, the asset limitation threshold at income must be imputed, and how income is imputed. Owners must use the HUD published values when determining income and net family assets. Refer to HUD's Annual Inflationary Adjustments and Passbook Rate website located here: ttps://www.huduser.gov/portal/datasets/inflationary-adjustments-notifications.html

B. ***Defining Assets***

There are two types of assets: **Real Property** and **Personal Property**. Real Property is always considered to be an asset. Personal Property is further classified as *"necessary personal property"* or *"non-necessary personal property"*. Necessary personal property is never considered an asset.

If the combined value of a household's non-necessary personal property exceeds the applicable asset limitation threshold amount, it is considered an asset. If the combined value of a household's non-necessary personal property is less than the applicable asset limitation threshold amount, it is not considered an asset. However, there may be includible income from assets even when household assets are the applicable asset limitation threshold amount.

Examples of real property include land and real estate. If an applicant owns a home, a commercial property, or a piece of land, these will always be included as assets.

Examples of necessary personal property are shown below. <u>These items will never be considered an asset</u>.

- Car(s)/vehicle(s) that a family relies on for transportation for personal or business use (e.g., bike, motorcycle, skateboard, scooter)
- Furniture, carpets, linens, kitchenware
- Common appliances
- Common electronics (e.g., radio, television, DVD player, gaming system)
- Clothing
- Personal effects that are not luxury items (e.g., toys, books)
- Wedding and engagement rings
- Jewelry used in religious/cultural celebrations and ceremonies
- Religious and cultural items
- Medical equipment and supplies
- Health care–related supplies
- Musical instruments used by the family
- Personal computers, phones, tablets, and related equipment
- Professional tools of trade of the family, for example professional books
- Educational materials and equipment used by the family, including equipment to accommodate persons with disabilities
- Equipment used for exercising (e.g., treadmill, stationary bike, kayak, paddleboard, ski equipment)

Necessary personal property are items essential to the family for the maintenance, use, and occupancy of the premises as a home; or they are necessary for employment, education, or health and wellness. Necessary personal property includes more than merely items that are indispensable to the bare existence of the family. It may include personal effects (such as items that are ordinarily worn or utilized by the individual), items that are convenient or useful to a reasonable existence, and items that support and facilitate daily life within the family's home. Necessary personal property also includes items that assist a household member with a disability, including any items related to disability-related needs, or that may be required for a reasonable accommodation for a person with a disability. Necessary

personal property does not include bank accounts, other financial investments, or luxury items.

Examples of Non-necessary personal property are shown below.

- Recreational car/vehicle not needed for day-to-day transportation (campers, motorhomes, travel trailers, all-terrain vehicles (ATVs))

- Bank accounts or other financial investments (e.g., checking account, savings account, stocks/bonds)

- Recreational boat/watercraft

- Expensive jewelry without religious or cultural value, or which does not hold family significance

- Collectibles (e.g., coins/stamps)

- Equipment/machinery that is not used to generate income for a business

- Items such as gems/precious metals, antique cars, artwork, etc.

If the total value of a household's non-necessary personal property is less than the applicable asset limitation threshold amount it will not be considered an asset.

Note: The Housing Opportunities Through Modernization Act eliminated the requirement to include retirement accounts as assets. For income determinations completed after January 1, 2024, it is not necessary to determine if a household has access to the balance held in an IRA, 401k or similar retirement account. If these accounts are earning interest or generating other income, that is not included as income from an asset. If an applicant or resident is receiving regular distributions from a retirement account, that is included as income.

C. ***Calculating Income from Assets***

Assets **under** the applicable asset limitation threshold amount

When household assets do not exceed the applicable asset limitation threshold amount only actual income from assets is included when determining eligibility. Do not include imputed income when household assets are under the applicable asset limitation threshold amount.

Example 1:

- Savings account: $3,500. Yearly earns $25 interest

- Checking account: $3,000 no interest

- Land: $20,000

Total household assets: $20,000.

Actual income from assets: $25

No imputed income from assets because total household assets is under the applicable asset limitation threshold amount.

Example 2: Ahn Kim works at a bookstore 20 hours per week and makes $10 per hour. She also has a savings account valued at $4,000 that earns 2% interest and a checking account with $50 in it that earns no interest. Ms. Kim's annual income is calculated as follows:

Job: $10 x 20 x 52 = $10,400

Savings account: $4,000 x 2% = $80

Checking account: $50 – no interest = $0

Total Housing Assets: $0 (because it is under the applicable asset limitation threshold amount)

Total annual income = $10,480

Assets **over** the applicable asset limitation threshold amount

When household assets exceed the applicable asset limitation threshold amount, actual income is included from individual assets if it can be calculated. If actual income from an asset cannot be calculated, imputed income is included when determining eligibility. The combined actual and imputed income is added to other household income.

Example 3:

- Savings account: $3,500. Yearly earns $25 interest.
- Checking account: $3,000 no interest
- Land: $55,000.

Total household assets: $55,000 (non- necessary personal property under the applicable asset limitation threshold amount, so treated as $0)

Imputed income from land $55,000 x .40% = $220.00.

Income from assets: $25 plus imputed income from land $220.00 ($55,000 times the 2026 passbook savings rate of .40%).

D. ***Documenting Assets***

At initial certification and every third year, all assets must be documented. Owners are required to obtain a minimum of one statement that reflects the current balance of banking/financial accounts. Owners were previously required to document the average six-month balance of checking accounts. This requirement was eliminated through HUD Notice H 2023-10/ Notice PIH 2023-27.

If a property is required to complete annual income recertifications, in the intervening years, if a household has assets that are equal to or less than the applicable asset limitation threshold amount, the assets and income from assets can be documented with an Asset Self Certification form.

Certification Year	**Asset Documentation**
Move in 2025 Household assets $4,000	Firsthand or third party
Annual Recertification 2026 Household assets $7,000	Asset Self-Certification form
Annual Recertification 2027 Household assets $9,000	Asset Self-Certification form
Annual Recertification 2028 Household assets $4,500	Firsthand or third party
Annual Recertification 2029 Household assets $53,000	Asset Self-Certification form ***Assets over $52,787, must verify**
Annual Recertification 2030 Household assets $5,500	Asset Self-Certification form
Annual Recertification 2031 Household assets $4,000	Firsthand or third party

Total household assets over the applicable asset limitation threshold amount

If a household has over the applicable asset limitation threshold amount in assets, each asset must be documented each time an income certification is required.

If the actual income the asset will generate can be determined, include the actual income. If the actual income an asset will generate cannot be calculated, imputed income from that specific asset must be included. To calculate imputed income from assets, multiply the value of the asset by the Passbook Savings rate. HUD will update the Passbook Savings rate each year in December.

***Example**: Jerome Kendrick receives $1,500 each month from Social Security. In addition, he has a savings account valued at $10,000 that earns 3% interest and owns a piece of land valued at $62,000 that earns no income. Mr. Kendrick's annual income is calculated as follows:*

Social security: $1,500 x 12 months = $18,000

Savings account: $10,000 x 3% = $300

Land: $62,000 x .40% (passbook savings rate as of 1/1/2026) = $248

Total annual income = $18,000 + $300 + $248 = $18,548

Note: If bank statements are being maintained in the tenant file, management must review the bank statements for undisclosed sources of income. Unknown cash deposits (i.e., bank deposits, Cashapp, Zelle, Venmo, etc.) must but be reviewed to determine if is a source of income.

Assets disposed of for less than fair market value are counted for two years following the certification or recertification. The amount that is included is the difference of the cash value of the asset and the amount that was received in the selling of the asset. At the end of two years, the income assigned to the asset is no longer counted. This rule applies only when the fair market value of all assets given away during the past two years exceeds the gross amount received by more than $1,000.

E. ***Trust Accounts***

A trust is defined as an arrangement whereby money or property is owned and managed by one person(s) or organization for the benefit of another. There are two types of trusts revocable and irrevocable.

A revocable trust can be changed as often as the grantor chooses and has access to the trust at any time. Count this trust as an asset.

A non-revocable trust is under the control of another and is not counted as an asset because the individual does not have access to the trust.

See 24 CFR §5.609(b)(2) for detailed information about income from trust funds.

F. ***Real Estate - Worksheets and Examples to Value Assets and Calculate Income***

Asset Evaluation Worksheet
If a real estate is disposed of for less than fair market value, it must be included for 2 years after the sale or disposition of the property.

Property Name: _____	Unit #: _____
Applicant/Resident Name: _____	
➢ Current Value of Real Estate	_____
➢ Minus mortgage owed	_____
➢ Minus any second mortgage/deed of trust	_____
➢ Minus 10% (10% is example only) of selling cost (cost to dispose) based upon value	_____
➢ Minus any other costs (attach documentation - includes costs involved in the sale of property)	_____
➢ Value amount of asset	_____

If property is owned and the applicant has a mortgage:

- Cash Value = Fair market value - unpaid principal and reasonable cost incurred to sell
- Actual Income = Zero (not earning income)

If property is owned and it being rented to 3rd party:

- Cash Value = Fair market value - unpaid principal and reasonable cost incurred to sell
- Actual Income = Monthly rent amount received – any interest, taxes, insurance, and maintenance fees

If the property was sold on contract, obtain a copy of the contract, and determine whether there is a mortgage; if so, what is the interest rate. This information helps to determine which method will be used for calculating income. The easiest method is to obtain a copy of the federal tax return with all schedules.

If the property is currently listed for sale, obtain a copy of the listing agreement. If the sale is pending, obtain a copy of the Real Estate Settlement Procedures Act (RESPA) that will reflect the net proceeds from the sale. If the property has recently closed, request the HUD-1 Settlement Statement which shows the cash value received.

Note: The following verification may be needed to calculate income from asset; Mortgage Statement, Tax Statement, and documentation to support broker fees and closing costs.

***Example - Calculate Income from Assets**

To calculate income from assets, use the following method:

- Cash value equals the market value **minus** the following:
    - Penalties for early withdrawal (before maturity)
    - Broker/legal fees assessed to sell or convert the asset to cash
    - Settlement costs for real estate transactions

Examples of determining the cash value of an asset:

Home valued at $100,000 with a **mortgage** of $60,000. The cost to dispose the asset is $10,000.

$100,000	home value
$60,000	less mortgage
$10,000	less cost to dispose
$30,000	**CASH VALUE**

In the event of a divorce the asset will be divided by 2 with each spouse getting an equal share. Therefore, in the example above, the value for one person would be $15,000 and not the $30,000.

G. ***Certificate of Deposit (CD)***

Certificate of Deposit having a market value of $10,000 earning 4% interest. The owner will be charged an early withdrawal penalty of 3 months of interest- ($10,000 x 4% = 400.00 / 12 = 33.33) 33.33 x 3 months of interest = 99.99. The cash value would then be $10,000 minus the $99.99 or 3 months of interest = **$9,900.01**

H. ***Cryptocurrencies (i.e., Bitcoin)***

Cryptocurrencies such as Bitcoin are digital currencies which operate without the oversight of banks and governments that can be converted to cash. They are also typically held in interest-yielding crypto accounts called DeFis (Decentralized Finance platforms). Management staff must request a statement for the cryptocurrency account to obtain account balance and determine the cost to convert to determine cash value (cash value =

market value minus cost to convert). Management staff must then determine actual income for assets by verifying the account's interest rate.

(2.7) Maintaining Low Occupancy/Recertification

A. ***Background on Income Certification and Recertifications***

Income Certifications must be completed before the qualifying tenant initially occupies the unit. The Income Certifications are valid for a period no longer than one year from the effective date. Generally, the property's Regulatory Agreement requires that annual Recertifications be completed on an annual basis.

To ensure program compliance, management should send the first recertification reminder to the household 120 days before the initial certification expires, with reminder notices sent every 30 days until the final 30-day recertification reminder it sent. A copy of the recertification notices must be maintained in the resident file to demonstrate that the resident has been notified within the prescribed time frame. TSAHC will monitor to verify that notices are being sent to residents in a timely manner. After proper notification has been sent to the resident, failure to respond by the resident within the time frame provided is a program violation and places the unit in non-compliance.

If a household is not recertified within the appropriate time, the unit is non-compliant and the property will be considered in noncompliance until the recertification is completed or the household vacates and a new household moves in. Therefore, it is critical that new applicants are made aware of the annual Recertification requirement at the initial move-in. In the event the lease does not spell out the Recertification requirements, a lease addendum must be used with a stated provision for failure to comply with the requirement of the program can lead to an eviction.

Annual Recertifications can be performed retroactively, if management is able to obtain supporting documentation that clearly demonstrates that the household was eligible from the time of annual recertification using the income limits in effect on that time frame. Regardless of the retroactive Recertification, all forms must be dated using the current date.

Households planning to move out of the property before the current Recertification expires can do so without having to recertify and will not be in non-compliance. However, households who give a 30-day notice and fail to move out at the scheduled time or choose to stay beyond the intended move out date must recertify promptly. A copy of the notice to vacate must be submitted to TSAHC prior to the next applicable reporting period.

Note: The Housing and Economic Recovery Act of 2008, eliminated the requirement to annually recertify the income of households if the project is 100% occupied by tenants who meet either the 20-50 Test or the 40-60 Test.

On April 17, 2008, pursuant to TSAHC Resolution 09-01, the Board of Directors of TSAHC approved the ability of TSAHC's President or Executive Vice President to provide a waiver of the enforcement of recertification provisions formally recorded in Regulatory Agreements that are inconsistent with current state and federal law (2008 Housing Act). Therefore, Owners may submit a request to waive the recertification requirements if their projects is 100% occupied by tenants who meet either the 20-50 Test or the 40-60 Test.

All households must be certified within the first year of the Asset Oversight and Compliance Agreement. For a rehab property with existing residents- households with an income greater than the tax-exempt bond income limit must be designated as market rate, even if they were previously low income. Properties will not qualify for a recertification waiver until 100% of the units are leased to households with an income less than the tax-exempt bond income limit.

One year after the anniversary date of the Asset Oversight and Compliance Agreement, a review of the property will be scheduled. If the review confirms that the minimum set aside has been met, 100% low-income properties may request an annual income recertification waiver. Annual income recertifications are required unless a waiver is approved. The deadline to request a waiver is March 31st of each year. The request must be accompanied by a signed copy of form 8703 that was submitted to the IRS. If approved, a formal "Letter of Approval" under Resolution 09-01 will be executed and filed for such project. This process must be completed annually for such project.

Once a resident qualifies as a Qualifying Tenant, the household continues to be considered a Qualifying Tenant unless during recertification household income exceeds 140% of the current applicable income limit at that time and the available unit rule is violated.

B. ***Next Available Unit Documentation***

When a household's income exceeds 140% of AMGI of the current applicable income limit at that time, the Next Available Unit Rule becomes effective and the over income unit (the "OI unit") and the unit that replaces the OI unit (the "Replacement Unit") must be tracked for verification purposes. Per the 2008 Housing Act, the next available unit rule is applied on a building-by-building basis in the case of a bond financed project for which tax credits are allowed under Section 42 of the Code.

Below is the information that should be documented to track the units. Management staff must maintain a document and/or have software program in place to document and track the OI unit and the Replacement Unit. The following information can be used to create a tracking chart for your particular property:

Over Income Unit

• Resident name	• Unit Number
• Number of persons in household	• Unit size (sq ft)
• Date of Move In	• Income at Move In
• Date Recertified	• Recertified Income
• Current Income Limit	• 140% of Income Limit
• Date of Move Out (if applicable)	• Time of Move Out
• Rent at Recertification	• Rent after Recertification
• Reason for Recertification	

Next Unit Leased	
• Resident Name	• Unit Number
• Number of persons in household	• Unit Size (sq ft)
• Date of Move In	• Income at Move In
• Time of Move In	• Current Income Limit

C. ***Family Size Increases***

When the size of a household increases after the initial certification, the new family member's income must be verified via third party. After the income, assets, and student status of the new family member has been verified, the individual may be added to the most recent existing household's Income Certification. The existing Income Certification is signed and dated by the new household member, using the current date. **DO NOT BACK DATE ANY FORMS**. The existing household member's income does not need to be verified until the household's next annual certification. The Income Certification effective date does not change.

D. ***Family Size Decreases***

If the household size decreases, it is not necessary to make any changes until the next annual recertification. The decrease will not trigger the Next Available Unit Rule, unless at recertification the household income exceeds 140% of the income limit. At that time, the unit is subject to the Next Available Unit Rule.

(2.8) Rent and Lease Requirements

Rent Restrictions

Unless otherwise provided in a particular Compliance Agreement or Regulatory Agreement, the Owner shall not, during the longer period of the qualified project period

or the period during which the tax-exempt bonds remain outstanding, charge rents exceeding those consented to in writing by TSAHC. As a general rule, the maximum rent that may be charged cannot exceed 30% of the applicable median gross income for the county in which the Project is located, adjusted for family size, assuming 1½ persons per bedroom. Unlike many other affordable housing programs, rents do not need to be adjusted for a utility allowance. **Please note that the provisions of any relevant Compliance Agreement or Regulatory Agreement would prevail over this Section and therefore such documents need to be reviewed in their entirety**.

The rent limit is calculated based on the Multifamily Tax Subsidy Income Limits (MTSP). Once a property has an Asset Oversight and Compliance Agreement in place, because of the "hold harmless" provision found in IRC §142(d)(2)(E)(i), the income and rent limits for a tax-exempt bond property will not decrease.

For 501(c)(3) transactions for which TSAHC issued tax-exempt bonds prior to 2004, pursuant to the respective loan agreement, rents for very low-income (VLI) units and low-income (LI) units cannot be raised more than five percent (5%) from the current rent or the Consumer Price Index, whichever is higher. Owners requesting a rent increase greater than the 5%, must provide written consent to TSAHC. If TSAHC does not respond within 10 days of the receipt of the notice, the property can increase the rent to the amount stated in the notice. This restriction may or may not apply in any future 501(c)(3) bond transactions completed by TSAHC, therefore, the same requirement regarding the review of the relevant Compliance Agreements or Regulatory Agreements mentioned above applies for all 501(c)(3) transactions as well.

Lease Requirements

The lease or rental agreement that property's use must contain provisions(s) that inform the tenant that the Owner and management staff relies on the Income Certification and the supporting documents provided to verify and establish program eligibility for the program's set-aside requirements (20/50 and 40/60 Tests). A statement must also be present that informs the applicant/resident that any material misstatement in such certification (whether intentional or not) may be cause for immediate termination of the lease. The lease must also inform the resident that their residency is also subject to annual recertification. Lease agreements must be a minimum of six (6) months to be in compliance with the program requirements.

As indicated in the applicable Owner's Regulatory Agreement, none of the residential units in the property will be utilized in the following manner at any time:

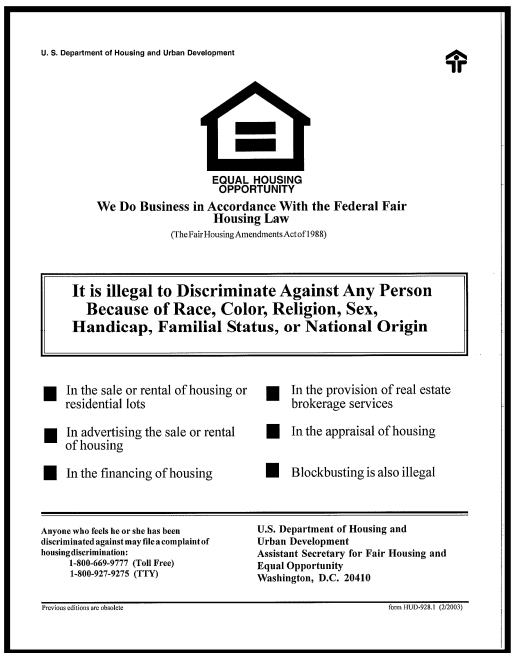
- On a transient basis
- Used as a hotel
- Used as a motel
- Used as a dormitory
- Used as a fraternity house
- Used as a sorority house
- Used as a rooming house

- Used as a nursing home/rest home
- Used as a sanitarium
- Used as a trailer court or park
- Rented for less than 30 days
- Owned by a Co-Op Housing Corporation

Fair Housing Compliance

All developments 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 location in the leasing office for view by the general public. If a significant number of clients are Spanish speaking, it is strongly recommended that the Spanish version of the Fair Housing poster be visible as well.

According to the Code of Federal Regulation, Title 24 Volume 1, Subpart C-Enforcement Sec. 110.30-Effect of failure to display poster: "Any person who claims to have been injured by a discriminatory housing practice may file a complaint with the Secretary pursuant to part 105 of this chapter. **A failure to display the fair housing poster as required by this part shall be deemed prima facie evidence of a discriminatory housing practice**.



U. S. Department of Housing and Urban Development

EQUAL HOUSING OPPORTUNITY

We Do Business in Accordance With the Federal Fair Housing Law

(The Fair Housing Amendments Act of 1988)

It is illegal to Discriminate Against Any Person Because of Race, Color, Religion, Sex, Handicap, Familial Status, or National Origin

- In the sale or rental of housing or residential lots
- In advertising the sale or rental of housing
- In the financing of housing
- In the provision of real estate brokerage services
- In the appraisal of housing
- Blockbusting is also illegal

Anyone who feels he or she has been discriminated against may file a complaint of housing discrimination:
1-800-669-9777 (Toll Free)
1-800-927-9275 (TTY)

U.S. Department of Housing and Urban Development
Assistant Secretary for Fair Housing and Equal Opportunity
Washington, D.C. 20410

Previous editions are obsolete

form HUD-928.1 (2/2003)

U. S. Department of Housing and Urban Development

IGUALDAD DE OPORTUNIDAD EN LA VIVIENDA

Conducimos nuestros negocios de acuerdo a la Ley Federal de Vivienda Justa

(Acta de enmiendas de 1988 de la Ley Federal de Vivienda Justa)

Es ilegal discriminar contra cualquier persona por razon de su raza, color, religion, sexo, incapacidad fisica o mental, la presencia de niños menores de 18 años o de mujer embarazada en su familia o su origen nacional

- En la venta o renta de vivienda y terrenos residenciales
- En los anuncios de venta o renta de vivienda
- En la financiamiento de vivienda
- Amenazar o interferir con la persona para que no registre su queja
- En los servicios de corretaje que prestan vendedores de vivienda
- En la valoracion de vivienda
- Tambien es ilegal forzarle a vender o rentar su vivienda diciendolo que gente de otra raza, religion o grupo etnico se estan mudando en su vecindario

Cualquier persona que sienta que fue discriminada debe de enviar su queja de discriminacion:
1-800-669-9777 (llamada gratis)
1-800-927-9275 (TDD llamada gratis)

U.S.Department of Housing and Urban Development
Assistant Secretary for Fair Housing and Equal Opportunity
Washington, D.C. 20410

Previous editions are obsolete

form HUD-928.1A (2/2003)

In addition to the Fair Housing Poster, the Fair Housing Logo must be made visible for the general public as well. This logo can be placed on the front or back door entrance, or any entrance or exit that the general public has access to. This logo can be accessed via the HUD website: www.hud.gov.

Apartment homes at all developments must be available for lease on a continuous basis to members of the general public, and no preference will be given to any particular class or group renting the units, except that units are required to be leased or rented to Qualifying Tenants. 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 his/her participation in the Section 8 program administered by HUD.

D. ***Owner/Management Responsibilities***

The Borrower/Owner is the responsible party for ensuring compliance with the applicable rules, regulations and policies that govern the program and shall make certain that all requirements are met on an on-going basis. Fair Housing training and Compliance training is highly recommended on a continuous basis because of the frequent program regulation changes. Additionally, the management staff should be provided training in Section 504 Accessibility to effectively serve households with disabilities. Owners must ensure compliance with the Regulatory Agreement, Compliance Agreement and Asset Oversight Agreement discussed in Chapter 3.

(2.9) Resident Services

The Compliance Agreement and/or the Regulatory Agreement sets forth the Borrower's/Owner's agreement to provide Resident Services. Resident Services can be provided monthly to meet the required number of services outlined by the Asset Oversight and Compliance Agreement. Owners are encouraged to provide a variety of services to reach all residents when creating a Resident Services Program. Resident Service Programs can be used as a marketing tool and the activities offered can provide support for each other. Residents can also benefit from the program by learning new skills and obtaining services that they may not have been able to receive. If activities do not receive any attendees, the Resident Services Program should be evaluated to ensure that activities continue to serve the residents' needs.

3. REGULATORY AGREEMENT, COMPLIANCE & SECURITY AGREEMENT AND ASSET OVERSIGHT AGREEMENT

(3.1) Regulatory Agreement

The Regulatory Agreement and Declaration of Restrictive Covenants (or document of a similar name and purpose, the "Regulatory Agreement") is a critical part of the TSAHC Compliance Review process. The Regulatory Agreement is the primary document that assures compliance with the federal income tax laws (discussed in Chapter 2) and describes the set-aside requirements for each project. The Regulatory Agreement also serves to inform interested and involved parties of the rights and responsibilities associated with ownership and management of the multifamily asset in question. It is the primary document referenced within the Trust Indenture and Financing/Loan Agreement used for incorporating TSAHC's "Reserved Rights" into Bond Document requirements. Please review each Regulatory Agreement related to each particular project for a full understanding of its requirements of each Borrower and project.

(3.2) Compliance & Security Agreement

When TSAHC issues tax-exempt bonds, the proceeds of which will be used to acquire, renovate construct, or operate a low-income multi-family housing project, it also enters into a Compliance and Security Agreement ("Compliance Agreement") with the Borrower of such proceeds. The Compliance Agreement contains covenants, reservations and restrictions that run with the property. Generally, the Compliance Agreement sets forth various commitments made by the Owner. This includes but is not limited to affordability reporting requirements, resident services, and rehabilitation standards , the replacement reserve fund for physical maintenance and repairs, management agreement restrictions and the Issuer's role in compliance. The Compliance Agreement addresses both federal tax law requirements and certain state law requirements. Please review the Compliance Agreement for each project to fully understand the compliance requirements for each Borrower and project.

Asset Oversight Agreement.

When TSAHC issues tax-exempt bonds, the proceeds of which will be used to acquire, renovate construct, or operate a low-income multi-family housing project, it also enters into an Asset Oversight Agreement ("Asset Oversight") with the Borrower of such proceeds. Generally, TSAHC is appointed as the initial asset oversight agent, which visits the property annually to review management policies, marketing plans and an overall review of facility operations. Please review the Asset Oversight agreement for each project to fully understand and determine the asset oversight requirements for each Borrower and project.

4. REPORTING REQUIREMENTS

(4.1) Overview of Reporting Requirements

TSAHC requires reports to be submitted electronically through their web-based Online Compliance System (the "System"). It is the Owner's responsibility to ensure that the appropriate persons have access to the System. Access can be requested by submitting an email to the Asset Oversight and Compliance Department. Reporting submission will begin as follows:

For Acquisition/Rehabilitation: No later than 12 months after the closing date

For New Construction: No later than 2 years after the closing date

(4.2) Annual Fair Housing Sponsor Report

Each property, unless exempt, is required to submit a Fair Housing Sponsor Report. The first Fair Housing Sponsor Report will be due on the date noted on the AOC agreement and annually thereafter. The Fair Housing Sponsor Report is comprised of four parts as noted below and it due to TSAHC no later than March 30th of each year:

Part A: Owner's Certificate of Program Compliance (Section I -III)

On an annual basis, the Owner must certify compliance with program requirements. All questions in Section I – III must be answered. Section I requires Development contact information, Section II requires Tax Exempt Bond and Direct Lending Certification, and Section III requires Demographic information.

Part B: Unit Status Report (USR)

All developments must certify that the information submitted on the December USR of the reporting year is complete and accurate.

Part C: Resident Services Provided

All development must certify that a recent Annual Resident Service Plan has been submitted to TSAHC.

Part D: Development Financial Information

The Owner and management staff are required to submit certain financial information electronically to TSAHC via compliance_reporting@tsahc.org. Reports include but are not limited to Rent Roll, Operating Expenses, Profit Loss Statements, IRS Form 8703, Development tax Statements, copies of insurance, and a Physical Needs and Improvements Assessment with a cost breakdown and estimates.

(4.3) Annual Resident Program Plan

The Owner is required to submit Resident Service Program Plan electronically to TSAHC via compliance_reporting@tsahc.org. The Plan should provide the proposed list of resident services that will be provided to the tenants for the following calendar year. A

list of suggested resident services can be found on https://www.tsahc.org/property-managers/property-manager-downloads.

(4.4) Monthly Reporting Requirements

On the 10th of each month, management staff must submit the following reports through the Online Compliance System. Failure to report will result in non-compliance.

- Unit Status Report
- Certificate of Continuing Program Compliance
- Occupancy Summary
- Resident Services Report (see attachment 3)

(4.5) Applicant/Tenant Complaints

Upon receipt of valid complaints TSAHC may contact the Owner and Management Agents to request a written explanation and/or supporting documentation regarding the nature of the complaint.

5. TSAHC COMPLIANCE PROCEDURES

(5.1) The Benefits of a Successful Compliance Program

A well thought out compliance program should take into account a systematic approach that make certain management adheres to the applicable laws and standards of a government regulated program. A successful compliance program generally includes:

- Policies and procedures for compliance standards
- Oversight from upper management with corrective action standards in place
- Monthly and annual reporting submitted to the governing entity within the prescribed time frame
- Staff internal audits and on-going monitoring with enforcement from management for areas of non-compliance
- Education/training
- Employee screening for qualified/trustworthy employees
- Prevention to reduce deficiencies before they become problems

Prevention is the key reason for having an effective compliance program in place. It is a pro-active approach; however, it does not eliminate errors from occurring. It can be used as a measuring tool to evaluate procedures already in place. Analyzing a program can be done with two basic concepts in mind, effort, and outcome.

- Effort includes the time, money, resources, and commitment that must be placed into the program.
- Outcome includes the process of how things are done. If procedures are being followed, fewer errors should be occurring. If employees are

attending training, it should be evident in daily operational performance and the monitoring process will reflect fewer errors.

A compliance program can exist within the framework of the property's policies and procedures that are already in place.

With the above-mentioned elements of effort and outcome ingrained into a compliance program, these benefits can be realized:

- Prevents problems and potential problems from escalating
- Pro-active measures will identify and disclose voluntarily program violations found by the property as opposed to a monitoring auditor
- Acts as a safeguard
- Acts as a defense against a liability
- Compliance is not an option, it is a mandate
- A voluntary program can work much better than a mandatory program and can be less costly

(5.2) Statement of Work

TSAHC utilizes industry related concepts of Asset Management as its method of compliance oversight pertaining to TSAHC bond documents that encompass the Trust Indenture, Loan Agreement, Regulatory Agreement, Asset Oversight Agreement and Compliance Agreement.

TSAHC has integrated a monitoring system that will serve to effectively and efficiently conduct Compliance Reviews for each property within the TSAHC portfolio. As part of its Asset Oversight and Compliance Review function, TSAHC shall endeavor to maintain continuous knowledge on all aspects of property operations in the areas of owner maintenance, security, leasing, occupancy, financial status, and resident services so that potentially unfavorable conditions can be identified and promptly corrected. TSAHC staff will closely monitor issues of non-compliance relating to TSAHC bond documents and general industry practice. TSAHC will document findings and observations on the TSAHC Compliance Review Observation Report.

TSAHC conducts annual compliance reviews to make certain that income set-aside requirements, rent and lease requirements, as well as resident services requirements are being met according to the Owner's Regulatory and Compliance Agreements.

Compliance Reviews serve as TSAHC's method of verifying owners and their management staffs are adhering to established guidelines in all areas of property operations as required by the Compliance Agreement. Strong emphasis is placed on detecting non-compliance with TSAHC bond document requirements. TSAHC shall ensure that each property is subject to a review no less than once every twelve-month period. Owners and management staffs will be given no less than a 30-day notice of their annual management review.

The guidelines laid out in this manual are based on federal and state regulations, as well as the individual contract between TSAHC and the owner. Specifically, reference for this information may be found in the Regulatory Agreement/Compliance Agreement, this manual and the most recent HUD Handbook 4350.3 or relevant guidance.

(5.3) Annual Compliance Review Procedures

(A) Background

TSAHC's approach to ensuring program compliance is by conducting the annual Compliance Reviews ("Review") of each property. Annual Reviews are conducted both in-person and virtually and scheduled throughout the year by the assigned Asset Oversight and Compliance auditor and are scheduled throughout the year. Once a Review notification is sent to the Owner and all appropriate contacts, the Review date is set. Schedules are prepared with travel cost factors in mind; therefore, changing an audit may not always be possible. The auditor follows the 4 steps below, each of which is explained in detail in the subparagraphs below:

- 1. Issue Annual Review Notification Letter (notification of on-site or virtual review)
- 2. Conduct Desk Review (auditors prepare in office a few days prior to scheduled date)
- 3. Conduct Annual Review (In-person or virtual, the auditor discusses asset management practices, reviews tenant files, etc., and conducts close out meeting)
- 4. Issue Annual Report (summary of the Review that includes observations and findings, if any, with corrective action due dates)

Auditor's Compliance Review Process

The auditor will issue a Compliance Review Notification letter and send it to the owner and management staff no less than 30 calendar days in advance of the scheduled date. This notification letter will inform the owner and management staff if the property is scheduled for an on-site review (attachment 4A) or a virtual review (attachment 4B). The notice will require the Owner and management staff so submit a specific set of property reports, including the Entrance Questionnaire (attachment 7) and the Contact Sheet days prior to the Review date for TSAHC's review.

Once the letter is issued, an auditor will perform a desk review of the following:

- Review the submission of requested property reports (as listed on the Review Notification letter)
- Review the current on-line Certificate of Continuing Compliance to determine if property follows required set-asides.

- Review the current on-line Unit Status Report submitted to determine files to be audited based upon property's self-reporting.
- Review the current on-line Resident Services report submitted to determine if the binder on-site is consistent with the on-line reporting.
- Review the property leasing/occupancy criteria to determine if the property's eligibility procedures to ensure they follow their company policy.
- Review the submitted Entrance Interview Compliance Questionnaire to help TSAHC staff determine areas of non-compliance.
- Review previous Compliance Reviews to make a better determination of the property's status and movement towards compliance with regulatory, contractual, or federal regulation requirements.

The auditor will make note of questions they need clarified on the day of the Review.

Leasing and Occupancy Review

Auditors will assess the following areas:

- Resident selection and orientation
- Leases and Renewals
- Rent schedule and rents charged
- 20% of the resident files for audit review
    - Application process (a thoroughly completed application from the resident must be in each resident's file)
    - Initial and annual recertification and supporting documentation

If the initial sample of files indicates a recurring issue of noncompliance, the number of files reviewed may be expanded.

The Income Certification will be reviewed to verify the current TSAHC form (or other approved certification forms) is being used in all resident files. TSAHC reviews to ensure that eligibility documents contained in the resident files are complete, accurate and have supporting documentation to support the information provided by the household. The purpose of this review is to confirm that the Owner/Agent is complying with the occupancy requirements as set forth in the Regulatory and Compliance Agreements.

The file assessment includes, but is not limited to:

- Applicant screening
- Application intake process
- Section 8 voucher holder requirement
- Verification procedures of income and assets
- Proper calculation of household annual income
- File maintenance

Resident Service Review

Auditors will analyze:

- Resident activities
- Resident participation

Program effectiveness and proper tracking/reporting will also be reviewed. To determine if a property is in compliance with Resident Service requirements, TSAHC will review materials, pamphlets, or memoranda that the property has or distributes to residents, as well as any Memorandum of Understanding or Contracts that a property may have with external agencies. Owners are encouraged to provide community space to interested agency's willing to provide on-site resident services.

General Management Practice Review

The auditor will review the management's policies and procedures relating to leasing and occupancy operations. This review may include, but is not limited to staffing, staff supervision, training and operating policies and procedures. The auditor will fully inform management staff of areas to be assessed on the day Review.

In addition, the auditor will follow up on certifications of corrective action submitted from the previous evaluation to ensure that the corrective action was indeed performed. In cases where Owners submitted information that was false or inaccurate from the previous year's evaluation, a Finding will be issued. Corrective action will require strict monitoring and visual verification of any subsequent certifications submitted by the property.

Close Out Meeting

Upon completion of the Compliance Review the auditor will conduct a close out meeting with the management staff. TSAHC's policy requires that a representative of the management staff be present, this may include the compliance manager, regional managers and/or on-site managers. The auditor will take this opportunity to outline any areas of concern and potential areas of concern with possible recommendations for improvement during this meeting.

Compliance Report

The owner will receive a written report within 30 days after the review. If non-compliance is found, corrective action will be required to be submitted.

Submitting Corrective Action

When responding to corrective action, it is critical that the documents submitted be complete and legible. Please use the process listed below when submitting corrective action to the appropriate TSAHC auditor.

- All documents must include the applicable unit number
- Notices should be submitted on company letterhead to the attention of the appropriate auditor, the corrective action measures taken, and the documents being submitted.
- All documents must be legible in the format submitted, (i.e., e-mail, or certified mail)
- Document forms must be the most current form in use for the program(s)
- The name and title of management staff submitting the corrective action should be provided so that an appropriate response can be sent to the Owner to clear the deficiencies.
- Documents must be submitted on white paper only. Color paper is not acceptable for copy and reading purposes.

In the event the corrective action documents submitted do not cure the deficiencies, an Incomplete Response Notice will be sent by via email and certified mail. This notice will provide details regarding the missing documentation that should have been submitted but was not received. It will also address the process to correct the violation or the appropriate information necessary to submit to TSAHC. Please refer to the notice and submit what has been requested, or the documentation to substantiate the information submitted to clear the deficiency.

6. BORROWER'S/OWNER'S GUIDE AND TIPS FOR ANNUAL REVIEW

(6.1) Compliance Review

When the owner and management staff receive notice that your community is scheduled for a Compliance Review, Management should immediately take note of whether the review will be conducted on-site or if it will be conducted virtually. The type of review you are scheduled for will determine what specific reports are due to the auditor and when they are required to be submitted for the auditor's preparation review (prior to the scheduled Review date).

Desk Review Submissions & Tenant File Notice:

Depending on the type of review notification received (on-site or virtual), the notice will provide a list of required reports that must be submitted prior to the review date. Management staff should begin preparing these reports for timely submission.

- For Virtual Reviews: The Review notice letter will state that fourteen (14) days prior the Review date, the auditor will notify management staff of the tenant file that have been selected to be reviewed. Management staff will be required to submit electronic copies of the tenant files (via secured share folder) to TSAHC within two business days from the date management was notified of the tenant file selection.

- For On-site Reviews: The Review notice letter will state that the auditor will notify management staff of the tenant files that have been selected for review on the day of the onsite visit.

(6.3) Tenant File Reviews

During the tenant files review, the auditor will monitor each file to verify household eligibility and review management's program eligibility practices. The tenant file that are selected for review are a mix of:

- New move-ins
- Annual recertifications
- Incomes close to the maximum limit
- Move-outs used to determine qualifying vacant unit status
- Files that may have questions

The auditor will always review the initial Income Certification to determine if the household was initially eligible in addition to the most recent Recertification or Annual Eligibility Certification to ensure program compliance.

Getting through a successful file review is achievable.

Common issues in a tenant file that can trigger non-compliance and result in a finding:

- Application Missing
- Income Certification form missing or incomplete
- Missing required documents to determine eligibility (missing or incomplete income or asset verification, no tenant release, etc.)
- Information on Unit Status Report differs from resident file documentation
- Copies of income verifications that appear to have been altered
- Not tracking the Next Available Unit Rule
- Initial eligibility not clearly documented
- Staff completing resident documents (there are red flags that will alert an auditor that this is the case)
- Blank forms in the file having signatures and dates
- Documents that appear to be fraudulent (signed by another and not the resident)

Reminders

- All Income Verification for each adult household member should be together
- If clarification is needed, place the clarification behind or after what is being clarified
- The rest of the file can be used for other documents such as housing contracts, adjustments, and correspondence.

(6.4) Close Out Meeting

During the close out meeting, the auditor will discuss findings, observations and any areas of concern found during the audit with the management to clarify any area(s) that may be unclear. Management staff must be present to discuss areas of concern, to take notes, and to get a good understanding of what the auditor may need to close the finding(s), if any.

(6.5) Annual Review Report

The Owner and any relevant management staff contacts provided by the owner will receive the Annual Repot within 30-days of the review. The Report should be read thoroughly and corrective action, if any, should be responded to with the timeframe listed on the Report.

7. TRACKING AND MONITORING STATUS

Findings

Findings are non-compliance violations that require specific action from the owner and management staff as required by TSAHC. All findings will be explained in a clear and concise manner. The Finding will state the non-compliance problem and provide corrective action to resolve the non-compliance. A due date for the corrective action will also be provided.

Corrective Action

The Owner or management staff is responsible for submitting corrective action within the 30-day cure period which is 30-day after the Report is issued or as stated in the Report. Management staff must carefully review the corrective action submission to ensure it includes all the required information needed to close the Finding. When all findings are current, a "Findings Cleared Letter" shall be sent (See Attachment 8).

Compliance Agreement Cure Period – Please review the applicable Compliance Agreement default and enforcement provisions. Generally, if an Owner defaults in the performance or observance of any covenant, agreement, or obligation of any of the Owner outlined in the Compliance Agreement, and if such default remains uncured for a period of **60 days** after written notice thereof from TSAHC to the Owner, then TSAHC shall declare an "Event of Default." Additional time may be permitted to cure the default under the applicable Compliance Agreement.

Regulatory Agreement Cure Period – Please review the applicable Regulatory Agreement for specific default and enforcement provisions. Generally, if an Owner defaults in the performance or observance of any covenant, agreement, or obligation and if such default remains uncured for a period of **60 days** after written notice from TSAHC or Trustee to the Owner, then the Trustee shall declare an "Event of Default." Additional time may be permitted to cure the default under the applicable Regulatory Agreement.

(7.3) Observations

An observation is an area of concern that can be improved upon and is followed by a recommendation from TSAHC. Recommendations accompany Observations in the same manner that Corrective Action accompanies Findings. Adherence to recommendations is not mandatory but doing so will improve overall compliance and avoid future findings.

(7.4) Responses

If owners do not respond or the corrective action submission does not correct the findings, the owner will be notified with one of the following:

- Non-Response: If TSAHC has not received a corrective action response within the prescribed time frame, a Non-Response letter (Attachment 9) will be sent via email, and if needed via certified mail, within 7 calendar days of non-receipt. The Non-Response letter will require the owner to submit a response within 7 calendar days (from the date of the letter) and will include notification of associated compliance penalty fees, if any.

- Incomplete or Insufficient Response: Incomplete or insufficient corrective action submissions will warrant follow-up correspondence (Attachment 10) to be sent via email, and if needed via certified mail, within 7 calendar days of submission receipt. The letter will inform the owner/management staff of 1) the specific findings lacking completion, 2) will require the owner/management staff to submit a response within 7 calendar days (from the date of the letter), and 3) include notification of associated compliance penalty fees, if any.

Extensions

(7.6) Properties requesting an extension to cure corrective action requirements must **(7.6)** submit a formal written request on company letterhead to TSAHC. The request **(7.6)** must be submitted during the corrective action period. A written response will **(7.6)** be sent within five days of the request. Extensions will only be granted if the **(7.6)** finding cannot be cured within 30 days and in TSAHC's judgment cure has **(7.6)** commenced. The length of the extensions is determined on an individual basis.

Upon receipt of the corrective action and notices of insufficient action has been sent to the owner, it is the owner's responsibility to inform TSAHC of the corrections.

8. DEFAULT PROCEDURES/ENFORCEMENT AND OPPORTUNITY TO CURE

TSAHC takes its role as the Issuer of Bonds that establish affordable housing seriously. Borrowers/Owners that receive the benefit of these Bonds are bound to the requirements that accompany them. TSAHC will always strive to educate and assist owners in their responsibilities as they relate to the Bonds. However, in those cases where owners are failing to meet their obligations, TSAHC will follow the necessary procedures that could

ultimately lead to a default situation. *It is vitally important to understand that owners who are in a potential default situation will be given proper notice and opportunity to cure before a default can be declared*.

The Regulatory Agreement and Compliance Agreement contain specific language regarding matters of default and enforcement action available to the Issuer or Trustee. Proper notice, delivery of notice and opportunity to cure must be followed in accordance with all relevant provisions of applicable bond documents. Specific penalties regarding non-compliance are also discussed. TSAHC legal counsel should be consulted prior to initiating Initial Notice of Default and any subsequent action thereafter.

An event of default can occur if the owner:

- Fails to pay compliance fees
- Fails to provide information requested by TSAHC
- Fails to meet the required set-aside requirement (Minimum set aside and/or Safe Harbor Requirement)
- Fails to provide Resident Services
- Fails to meet any of the other requirements as set forth in the Regulatory Agreement, Compliance Agreement, Asset Oversight Agreement, etc.

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 normal business hours. TSAHC staff may also choose to make copies if so desired and file such reports as are necessary to meet our requirements.

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 Trustees. 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. See Section 15 of the Regulatory Agreement. The Compliance Agreement contains similar cure periods in the case of a default by the owner. See Section 13 of the Compliance Agreement.

The Regulatory Agreement and Compliance Agreement contain remedies for the Issuer as a result of a default. For example, TSAHC can collect monetary damages, use any other remedy available at law or in equity, etc.

9. RECORD RETENTION

Both TSAHC **and each property** must maintain all records pertaining to the properties for a period of no less than three (3) 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, in addition to the annual reports with the Bond Documents.

10. NONDISCRIMINATION POLICY

TSAHC shall not discriminate based on race, color, sex, religion, handicap, familial status, or national origin in the leasing, rental, or other disposition of housing or related facilities included in a property under its jurisdiction. TSAHC will periodically review this policy and procedures to assure compliance with all housing and civil requirements including, without limitation threshold , Title VI, and Title VIII of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and Title II of the Americans with Disabilities Act.

11. PRIVACY POLICY

It is the policy of TSAHC to ensure the privacy of individuals covered by the Privacy Act of 1974 and to ensure the protection of all information contained in such individual's records maintained under TSAHC's portfolio unless release is required by the Texas Public Information Act or other statute, regulation, subpoena, court order, consent, or other law. Notwithstanding the above, this privacy policy in no way limits TSAHC's ability to collect such information as it may be deemed necessary to determine eligibility, evaluate screening selection criteria, compute rent or enforce and/or verify compliance with the terms, conditions or obligations of tenancy or participation in TSAHC programs.

Attachment One

TENANT INCOME CERTIFICATION

☐ Initial Certification ☐ Recertification ☐ Other* _____

Effective Date: _____
Initial Qualification Date: _____
Move-in Date: _____

PART I. DEVELOPMENT DATA

Property Name: _____ County: _____ BIN #: _____

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 (circle one)	Last 4 Digits of Social Security No.
1					FT / PT / NAP	
2					FT / PT / NAP	
3					FT / PT / NAP	
4					FT / PT / NAP	
5					FT / PT / NAP	
6					FT / PT / NAP	
7					FT / PT / NAP	

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr#	(A) Employment	(B) Social Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	$	$	$	$
			Total Income (E):	**$**

PART IV. ASSETS

PART IVA. INCOME FROM ASSETS - LESS THAN OR EQUAL TO IMPUTED INCOME LIMITATION

Total net value from Non-necessary Personal Property (NNPP), Real Property, and Federal Tax Refunds/Credits has been verified as ***LESS*** than or ***EQUAL*** to the Imputed Income Limitation

Enter Total of **ACTUAL INCOME** earned from all Assets **(F)**	**$**

PART IVB. INCOME FROM ASSETS – GREATER THAN IMPUTED INCOME LIMITATION

Total net value from Non-necessary Personal Property (NNPP) and Real Property has been verified as ***GREATER*** than the Imputed Income Limitation.

HH Mbr#	(G) Type of Asset	(H) C/D	(I) NNPP / Real/ Tax Relief	(J) Cash Value of Asset	(K) A/I	(L) Annual Income from Asset
				Enter Total Income from all Assets **(M)**		**$**

PART V. TOTAL HOUSEHOLD INCOME

Total Annual Household Income from All Sources [Add (E) + (F) ***OR*** (E) + (M)]	**$**

HOUSEHOLD CERTIFICATION & SIGNATURE(S)

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*	*Signature*	*Date*
Signature	*Date*	*Signature*	*Date*

PART VI. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: $ _____
From Part V. on Page 1

Current Income Limit per Family Size: $ _____

Household Income at Move-in: $ _____

Household Size at Move-in: _____

Designated Income Restriction:

☐ 80% ☐ 70%
☐ 60% ☐ 50%
☐ 40% ☐ 30%
☐ 20% ☐ _____%

RECERTIFICATION ONLY:

Designated Income Limit x 140% (170% for Deep Rent Skewing): $ _____

(Designated Income Limit: 20-50 properties use 50%; 40-60 properties use 60%; Average Income Test properties use 60% for all units with income designations that are 60% or lower and actual unit designation for units at 70% and 80%)

Household is over income at recertification:

☐ Yes ☐ No

PART VII. RENT

Tenant Rent: $ _____

Utility Allowance: $ _____

Rental Assistance: $ _____

Other non-optional / mandatory fees: $ _____

Gross Rent for Unit (See Instructions): $ _____

Unit Meets Rent Restriction at:

☐ 80% ☐ 70%
☐ 60% ☐ 50%
☐ 40% ☐ 30%
☐ 20% ☐ _____%

Is the source of Rental Assistance Federal? ☐ Yes ☐ No *If No, what is the source of the assistance?* _____

☐ HUD Multi-Family Project-Based Rental Assistance (PBRA)
☐ HUD Section 8 Moderate Rehabilitation
☐ Public Housing Operating Subsidy
☐ HOME Tenant Based Rental Assistance (TBRA)
☐ HUD Housing Choice Voucher (HCV-tenant based)
☐ HUD Project-Based Voucher (PBV)
☐ USDA Section 521 Rental Assistance Program
☐ Other Federal Rental Assistance _____

PART VIII. STUDENT STATUS

Are all occupants Full-Time Students?	If Yes, enter Student Explanation* and attach documentation	Student Explanation:
☐ Yes ☐ No	Enter 1-5: _____	1. TANF assistance 2. Previously in state foster care system 3. Job Training Program 4. Single parent/dependent child 5. Married/joint return

PART IX. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this Certification.

a. Housing Credit ☐	b. HOME ☐	c. Tax-exempt Housing Bond ☐	d. National HTF ☐	e. _____ ☐
See Part VI above.	*Income Status:*	*Income Status:*	*Income Status:*	*Income Status:*
	☐ ≤ 50% AMGI ☐ ≤ 60% AMGI ☐ ≤ 80% AMGI ☐ OI**	☐ ≤ 50% AMGI ☐ ≤ 60% AMGI ☐ ≤ 80% AMGI ☐ OI**	☐ 30%/Poverty Line ☐ ≤ 50% AMGI ☐ OI**	☐ _____% ☐ _____% ☐ OI**

** Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

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 Section 42 and 142(d) of the Internal Revenue Code, as amended, and the Regulatory Agreement and Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

_____ _____

Owner/representative Signature *Date*

Supplement to the Tenant Income Certification

Unit #:_____

The Texas State Affordable Housing Corporation collects the following information to fulfill federal and state reporting requirements. Resident(s)/Applicant(s) are not required to complete this form.

Resident/Applicant: I do not wish to submit information regarding ethnicity, race, and other household composition.
(Initials) _____

See below for ethnicity, race, and other codes that characterize household composition. Enter the appropriate ethnicity/race code for the head of household. Also indicate if the head of household is elderly and/or disabled.

Head of Household	Ethnicity/Race	Elderly - Enter Y or N	Disabled - Enter Y or N

The following Ethnicity/Race codes should be used:

A White
B Black/African American
C Hispanic
D Asian or Pacific Islander
E American Indian/Alaska Native
F Other/Multi-Racial

Ethnicity/Racial categories:

A. White – A person having origins in any of the original peoples of Europe, the Middle East, or North Africa.
B. Black/African American – A person having origins in any of the black racial groups of Africa.
C. Hispanic – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.
D. Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam or other Pacific Islands.
E. American Indian/Alaskan Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.

Note: If the appropriate category is not listed, use the "Other/Multi-Racial" (F) category.

Disabled:

- A physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment or being regarded as having such an impairment. For a definition of "physical or mental impairment" and other terms used in this definition, please see 24 CFR 100.201.
- "Impairment" does not include current, illegal use of or addiction to a controlled substance.

Elderly:

- 62 years of age or older.

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., resyndication, a unit transfer, a change in household composition, or other state-required recertification).

Type of Certification	Effective Date	Initial LIHTC or Bond Qualification Date	Move-in Date
New Move In	Same as Bond Qualification Date	Same as Move-in Date	Date tenant first moved into the project.
Acquisition/Rehab	Same as Bond Qualification Date	• Date of acquisition if executed before/after 120 days of the date of the acquisition • Date of tenant signature acquisition if executed after 120 days of the date of the acquisition • New Move-in (see above)	Date tenant first moved into the property.
Resyndication	• When grandfathering in tenants in place at time of new LIHTC allocation-Initial LIHTC Qualification Date • When completing a new LIHTC certification of in place tenants under the new LIHTC allocation-Date of Tenant Signature • New Move-in (see above)	Date first determined to be income eligible for the LIHTC program under the existing extended use agreement (should be same as Move-in Date; see above)	Date tenant first moved into the project (under the original LIHTC allocation).
Recertification	Annual anniversary of the Initial LIHTC and/or Bond Qualification Date	Based on Type of Certification (see above)	Date tenant first moved into the project.
Transfer	Date of Transfer	• Transfer within the same building or within the same multiple building project: See Move-in Date • Transfer to a different building that is a separate project due to line 8b election: Date of transfer	Date tenant first moved into the project.

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).

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

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	C	Child
L	Live-in caretaker	O	Other
F	Foster child(ren)/adult(s)		

Enter the date of birth (in MM/DD/YYY format), student status, and Social Security number or alien registration number for each occupant. If Social Security/Noncitizen Registration numbers are not available, enter "0000". Student Status is determined by the academic institution.

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

PART III. ANNUAL INCOME

From the verification forms obtained from each income source, enter the gross amount anticipated to be received for the 12 months from the effective date of the (re)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.

Column (E) Add the totals from columns (A) through (D), above. Enter this amount.

If there are more than four (4) income lines, use an additional sheet of paper to list the remaining income lines and attach it to the certification.

PART IV. INCOME FROM ASSETS

Complete **PART IVA** or **PART IVB** based on the verified value of the Non-necessary Personal Property (NNPP) Real Property, and Federal Tax Refunds/Credits.

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

PART IVA. INCOME FROM ASSETS- LESS THAN OR EQUAL TO IMPUTED INCOME LIMITATION

When the total verified net cash value of the NNPP, Real Property, and Tax Refunds/Credits is less than or equal to the Imputed Income Limitation as adjusted, only the actual income from each asset (as verified) is considered income.

Enter the total of the verified actual income from all assets in (F).

From the *ASSET SELF-CERTIFICATION WORKSHEET,* enter value from either Part I, Line 7 *OR* Part II, Line 13.

PART IVB. INCOME FROM ASSETS- GREATER THAN IMPUTED INCOME LIMITATION

From the third-party verification forms obtained from each asset source, list the gross amount anticipated to be received during the 12 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 (G)	List the type of asset (i.e., checking account, savings account, etc.)
Column (H)	- Enter **C** for current, if the family currently owns or holds the asset; or, - Enter **D** for disposed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification.
Column (I)	- Enter **NNPP** when the asset is categorized as Non-necessary Personal Property; or, - Enter **Real** when the asset is categorized as Real Property, - Enter **Tax Ref** when there has been a Federal Tax Refund or Federal Tax Credit received within a year of the TIC effective date. *This is treated as a negative value when calculating the net cash value of the assets*.
Column (J)	Enter the cash value of the respective asset.
Column (K)	- Enter **A** if asset income for that asset is actual income; or, - Enter **I** if asset income for that asset is imputed.
Column (L)	Enter the annual income from the asset (i.e., savings account balance multiplied by the annual interest rate). If actual income can be determined, use actual income. If actual income cannot be determined, calculate the imputed income for that asset instead using the current HUD-published passbook savings rate.
Field (M)	Add the totals from column (L)

PART V. TOTAL HOUSEHOLD INCOME

Total household income is the amount of income from all sources and includes the values from **PART III. ANNUAL INCOME** plus any income derived from assets under **PART IV. ASSETS.**

If **PART IVA. INCOME FROM ASSETS - LESS THAN OR EQUAL TO IMPUTED INCOME LIMITATION** was completed because the total net value from both Non-necessary Personal Property (NNPP) and Real Property has been verified as less than or equal to the Imputed Income Limitation as adjusted, *then*:

TOTAL HOUSEHOLD INCOME = (E) + (F)

If **PART IVB. INCOME FROM ASSETS – GREATER THAN IMPUTED INCOME LIMITATION** was completed because the total net value from both Non-necessary Personal Property (NNPP) and Real Property has been verified as greater than the Imputed Income Limitation as adjusted, *then*:

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

TOTAL HOUSEHOLD INCOME = (E) + (M)

HOUSEHOLD CERTIFICATION & SIGNATURE(S)

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. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than five (5) days prior to the effective date of the certification.

Total Annual Household Income from All Sources	Enter the number from **PART V. TOTAL HOUSEHOLD INCOME**
Current Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size at the designated income limit for that unit.
Household Income at Move-In	For recertifications only. Enter the household income from the move-in certification.
Household Size at Move-In	For recertifications only. 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 minimum set-aside(s) for the project, including the specific unit designation for Average Income Test Projects.
Current Income Limit x 140%	For recertifications only. Multiply the Current Maximum Move-in Income Limit by 140% (170% for Deep Rent Skewed) and enter the total. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% (170% for Deep Rent Skewed) of the current income limit, then the available unit rule must be followed. For units designated at 50 percent or below in Average Income Test developments, use 60% limit for Current Income Limit.

PART VII. RENT

Tenant Paid Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Rental Assistance	Enter the amount of rent assistance, if any.
Other Non-Optional / Mandatory Fees	Enter the amount of non-optional / mandatory fees, 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/mandatory fees.
Source of Rental Assistance	Check whether the rental assistance is provided under a federal rental assistance program. If so, check the type of federal rental assistance in one of the boxes below. If the rental assistance is not provided under a federal rental assistance program, indicate the source of the assistance.

Unit Meets Rent Restriction at	Check the appropriate rent restriction that the unit meets according to what is required by the minimum set-aside(s) for the project, including the specific unit designation for Average Income Test developments.

PART VIII. 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 appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

PART IX. PROGRAM TYPE

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME Investment Partnerships (HOME) program, Tax-Exempt Housing Bond, Housing Trust Fund (HTF), or other housing program, leave those sections blank.

Housing Credit	See Part VI above.
HOME	If the property receives financing from the HOME program and the unit this household will occupy will count toward the HOME program set-asides, mark the appropriate box indicting the household's income designation for purposes of HOME.
Tax-exempt Housing Bond	If the property receives financing from the tax-exempt Housing Bond program, mark the appropriate box indicating the household's income designation for purposes of the Housing Bond program.
National HTF	If the property receives financing from HTF and this household's unit will count towards the HTF set-aside requirements, mark the appropriate box indicting the household's income designation for purposes of HTF.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

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 resident(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.

Attachment Two

To: Owners and Managers of TDHCA Sponsored Developments

From: Patricia Murphy
Director of Portfolio Management and Compliance

Date: September 24, 2008

RE: Military Basic Housing Allowance

Through the passage of the Housing and Economic Recovery Act of 2008, the Basic Housing Allowance for persons in the military is excluded from the determination of income, provided that the property is located in a county or an adjacent county with a "qualified military installation." On September 17, 2008, the Internal Revenue Service released a listing of "qualified military installations," two of which are in Texas: Fort Bliss and Fort Hood.

Note that only the basic housing allowance and hostile fire pay are excluded. **All other types of military income must be included when determining resident eligibility.** For example, suppose a person in the military presents their Leave and Earnings Statement that shows the amounts below. In determining eligibility, the bolded amounts would be considered the household's income. Only the Basic Housing Allowance of $1290.30 would be excluded.

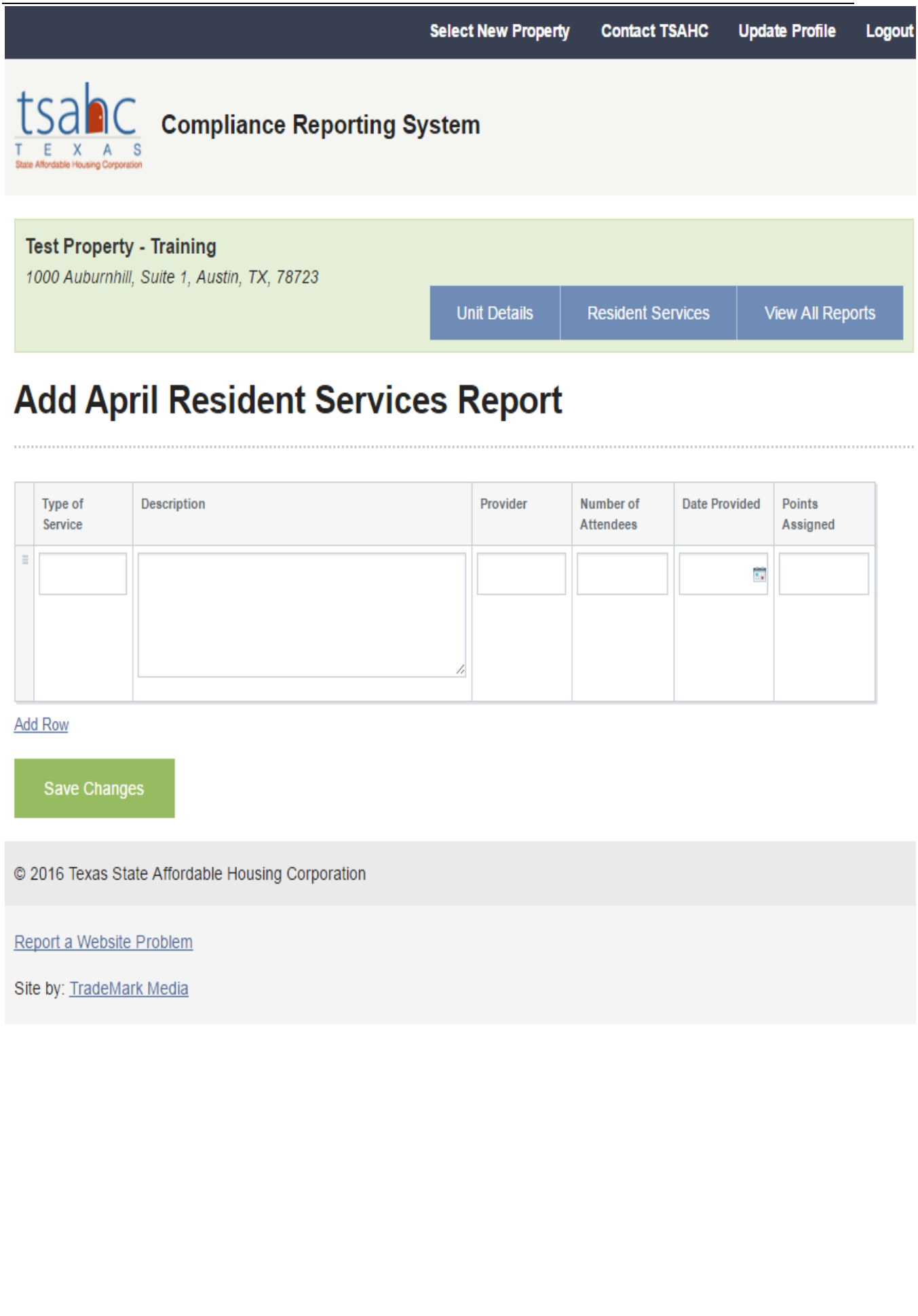
Basic Pay: **$2497.80**
Basic Allowance for Subsistence **$294.43**
Flight pay: **$25**
Hazardous Duty Pay: **$35**
Basic Housing Allowance: $1290.30

This exclusion from income applies to Housing Tax Credit developments. This change does not apply to Housing Trust Fund, or HOME rental developments. This change does not apply to Tax Exempt Bond properties unless the property also receives Housing Tax Credits.

This change applies in the following counties:

El Paso	Hudspeth
Bell	Milam
Falls	McLennan
Coryell	Lampasas
Burnet	Williamson

Attachment Three



Attachment Four-A

tsahc
TEXAS
State Affordable Housing Corporation

Month Date, 2024

Property name
Attn: Name
Addresss
City, TX Zip

RE: **Property Name**

Dear Owner,

The purpose of this letter is to serve as notification that a Texas State Affordable Housing Corporation (TSAHC) Representative will conduct an on-site Compliance Review ("Review") at **Apartments** on **Month 00, 2025,** starting at approximately **8:00 am.** Please inform on-site staff of the scheduled visit. Due to travel logistics, our schedule may require flexibility. We appreciate your cooperation in accommodating any necessary adjustments to ensure a smooth and effective review process.

TSAHC intends to complete as much of the review as possible in our office prior to the on-site visit, to minimize disruption to your staff's routine and reduce the time spent at your site. Please review the list of required documents outlined below and submit them to our office within **14 days of this notice.** You may submit the documents via e-mail, shared folder, or regular mail.

- Entrance Interview Questionnaire
- Occupancy Qualifications/ Rental Criteria
- Section 8 policy

In addition, the Review 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 on the day of the review. As part of this process, we will use the Unit Status Report as submitted on TSAHC's online compliance system. Please make sure the report is accurate.

Failure to submit requested documentation by the deadline will result in a noncompliance finding and may incur a penalty fee, as specified in the Asset Oversight and Compliance (AOC) Agreement.

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

Respectfully,

Name
Asset Oversight and Compliance Specialist
email@tsahc.org

tsahc
TEXAS
State Affordable Housing Corporation

Month Date, 2025

Property Name
Attn: Name
Address
City State Zip

RE: **Property**

Dear Owner:

The purpose of this letter is to serve as notification that a Texas State Affordable Housing Corporation (TSAHC) Representative will conduct a virtual Compliance Review ("Review") via conference call for **Apartment** on **Month 00, 2025,** starting at approximately **9:00 am**. Please inform onsite staff of this virtual Review. The review will be held via conference call, and meeting details will be provided through a Microsoft Outlook invite via Teams.

Please review the list of required documents outlined below and submit them to our office within **14 days of this notice.** You may submit the documents via e-mail, shared folder, or regular mail.

- Entrance Interview Questionnaire
- Occupancy Qualifications/ Rental Criteria
- Section 8 policy

In addition, the Review 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 ("Management").

- Twelve (12) days from the date of this notification, TSAHC staff will select tenant files at random and notify Management of the tenant file selection. Management will be required to submit electronic copies of the tenant files to a secure SharePoint folder. **All requested tenant files must be electronically submitted to TSAHC within two business days from the date of the tenant selection file notice.**
- TSAHC will review the Unit Status Report as submitted on TSAHC's online compliance system. Please make sure the report is accurate.

Failure to submit requested documentation by the deadline will result in a noncompliance finding and may incur a penalty fee, as specified in the Asset Oversight and Compliance (AOC) Agreement.

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

Respectfully,

Name

Name
Asset Oversight and Compliance Specialist
Name@tsahc.org

Attachment Five

Texas State Affordable Housing Corporation

Compliance Review Report

Apartment Name Address, City, State and Zip Code	
Owner:	**Date Built:**
Management Company:	**Property Manager:**
Inspection Date & Time:	**Inspector's Name:**

Number of Units: **Number of required LI units:** **Number of required VLI units:**

COMPLIANCE AUDIT AND REPORTING REQUIREMENTS	YES	NO	N/A
1) Are procedures that ensure compliance with the set aside requirements and rent requirements effective?			
2) Is the property accepting Section 8 households?			
3) Is the income to rent ratio for Section 8 households less than 2.5?			
4) Are the rent increases smaller than 5%?			
5) Does the Application for Tenancy or Occupancy Qualifications exclude language that may appear to be discriminatory?			
6) Does the lease or rental agreement inform the resident of Very Low Income/Low Income Recertification requirements?			
7) Has the annual owner/agent submitted the Resident Service Program Plan?			
8) Has the annual owner/agent submitted the Fair Housing Sponsor Report?			
9) If applicable, has the owner submitted the Annual Waiver request?			
10) Is additional monitoring by TSAHC recommended?			

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?			
2) 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?			
b) Utilized as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, or trailer court or park?			
c) Leased to a corporation, business or university?			
d) Owned by a cooperative housing corporation?			
e) Not available for rental on a continuous basis to members of the general public?			

COMMENTS:

UNIT DESIGNATIONS		
Unit #	**USR Designation**	**Comments**

COMMENTS:

Texas State Affordable Housing Corporation
Compliance Review Report

RESIDENT SERVICES	YES	NO	N/A
1) Do the resident services appear to cater to the resident profile of the property?			
2) Is the property meeting the Resident Service requirements as required by the Regulatory Agreement and Asset Oversight and Compliance Agreement?			
3) Is management monitoring the following:			
a) Resident attendance			
b) Frequency of service provided			
c) Notification to residents of services			
d) Number or type of services			
e) Survey of residents			
5) Is management properly submitting monthly Resident Service reports through the Compliance System?			
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.			
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:			
a) Occupancy Qualifications?			
b) Fair Housing Poster?			
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 and TSAHC required forms?			
2) Does the Owner/Agent make an effort to determine that the income certification provided by the resident is accurate?			
3) Does the file audit establish that residents are being recertified on an annual basis?			
4) For mixed (low-income and market units) developments, are there any Next Available Unit Rule Violations?			
5) Does the file audit indicate that staff needs additional training?			
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.

Texas State Affordable Housing Corporation
Compliance Review Report

Unit	Finding	Corrective Action Requirement
COMMENTS:		

SUMMARY OF FINDINGS AND OBSERVATIONS

tsahc
TEXAS
State Affordable Housing Corporation

Date

Owner
Owner Address
City, State, Zip
Attn: Owner Contact

RE: **Name of Property**

Dear Owner:

On **Date**, 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,

TSAHC Staff Member
Title
E-mail Address

Attachment Seven

Entrance Interview Questionnaire

Instructions: Answer the questions below and return it to the TSAHC Compliance Staff member conducting the annual Review via email.

Property Name: _____

1. Briefly explain your certification process?
2. How do you track re-certifications?
3. How is the Next Available Unit Rule Tracked?
4. Briefly explain your re-certification process, including when you begin?
5. Are any units on the property rented for less than 30 days, not including month-to-month leases? If so, list the unit numbers.
6. Are any units utilized as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park? If so, list the units.
7. Are any units leased to a corporation, business or university? If so, list the units.
8. Are any units owned by a cooperative housing corporation? If so, list the units.
9. Are any units not available for rental on a continuous basis to members of the general public? If so, list the unit number and provide an explanation.
10. Does any property staff live on-site? What unit do they live in? What is their job title?

The information contained thereon is, to the best knowledge of the Borrower, true and accurate.

Printed Name: _____ Title: _____

Signature: _____ Date: _____

tsahc
TEXAS
State Affordable Housing Corporation

Date

Owner
Owner Address
City, State, Zip
Attn: Owner Contact

Re: ***Property***

Dear Owner:

The Texas State Affordable Housing Corporation (TSAHC) has received the corrective action submitted by **Name of Person** on **Date,** for the Compliance Review performed on **Date.**

Compliance Audit:
This response is sufficient information to establish that the Findings identified on the Compliance Review Observation Report dated **Date**, sent to you **Date** have been corrected.

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
Title
E-mail Address

tsahc
TEXAS
State Affordable Housing Corporation

Date

By Email

1st NON RESPONSE NOTICE
REQUEST FOR CORRECTIVE ACTION

Owner
Owner Address
City, State, Zip
Attn: Owner Contact

RE: **Name of Property**

Dear Owner:

The Texas State Affordable Housing Corporation (TSAHC) has not received a response to the Findings identified on the Asset Oversight Review Observation Report dated **Date**, sent to you **Date**. To ensure compliance, we must receive documents meeting the Corrective Action Requirements set out in the Report no later than **Date**. 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 we have received the information that you submitted. Please do not hesitate to call should you require additional information or clarification on this important request.

Respectfully,

TSAHC Staff Member
Title
E-mail Address

tsahc
TEXAS
State Affordable Housing Corporation

Date

By Email

INCOMPLETE OR INSUFFICIENT RESPONSE NOTICE REQUEST FOR CORRECTIVE ACTION

Owner
Owner Address
City, State, Zip
Attn: Owner Contact

RE: **Name of Property**

Dear Owner:

The Texas State Affordable Housing Corporation (TSAHC) has received an incomplete or insufficient response from **Name of Person** to the Findings identified on the Compliance Review Observation Report dated **Date**, sent to you **Date**. Specifically, your response has not sufficiently addressed the following Corrective Action requirements:

List the Incomplete Findings

To ensure that corrective action has been reviewed by a 3rd party, information requested in this notice must come from the Compliance Department. It is recommended, site staff should submit documents to the Compliance Department in a timely manner to avoid delays in meeting the TSAHC corrective action deadline.

All units listed above MUST reflect a Market unit on the Unit Status Report until TSAHC has submitted a letter stating that all findings have been corrected.

Please refer to the original report submitted to you on **Date**, for a complete review of the findings and the corrective action requested.

To ensure compliance, we must receive documents meeting the Corrective Action Requirements set out in the Report no later than **Date**.

Thank you for your attention to this important matter. Please do not hesitate to call should you require additional information or clarification on this important request.

Respectfully,

TSAHC Staff Member
Title
E-mail Address