

Temporary Off-Site Asset Oversight and Compliance Review Procedures

As a result of the COVID-19 pandemic, effective July 20, 2020, TSAHC will begin conducting Asset Oversight and Compliance Reviews (“Reviews”) for the tax-exempt bond program through virtual methods. This process is being implemented for the safety of TSAHC staff, property management staff and the tenants in your communities and will continue until further notice.

1. **Asset Oversight Review.** A written notice of the Asset Oversight Review will be sent electronically to the owner, management company, property staff, and/or any other requested contacts (“Management”) at least 30 days before a scheduled review date (the “Review Date”). This notice will request various reports and other information needed to complete a Desk Review. The information requested must be electronically submitted to TSAHC at least 14 days prior to the scheduled Review Date.

The Review also consists of a limited physical inspection of the property. In order to complete the inspection, Management will be required to take photos of the property’s exteriors and of three vacant units. Ten (10) days prior to the Review Date, TSAHC staff will select vacant units at random and notify Management. Management will inspect the vacant units and take photos. The photos will be electronically submitted to TSAHC within two business days from the date that Management receives notice of unit selection. If three vacant units are not available for inspection, Management will be required to send a notice to all residents that an inspection of their unit might occur in connection with the scheduled site Review. TSAHC acknowledges that Management should follow their pre-existing policies and federal, state, and city guidance when entering occupied units. If Management is unable to enter occupied units, outside of emergencies, because of such policies or guidance, Management will be asked to notify TSAHC staff as soon as possible.

- a. Off-site Asset Oversight Review Notice is attached hereto as Attachment #1

2. **Compliance Review.** A written notice of the off-site Compliance Review will be sent electronically to the owner, management company, property staff, and/or any other requested contacts (“Management”) at least 30 days before a scheduled review date (the “Review Date”). This notice will request reports, policies and other information needed to complete a Desk Review. The information requested must be electronically submitted to TSAHC at least 14 days prior to the scheduled Review Date.

The Review consists of a 20% file review to verify program eligibility and set aside compliance. Ten (10) days prior the Review Date, TSAHC staff will select tenant files at random and notify Management. Management will be required to submit electronic copies of the tenant files. All requested tenant files must be electronically submitted to TSAHC within two business days from the date that Management receives notice of file selection.

- a. Off-site Compliance Review Notice is attached hereto as Attachment #2

3. Desk Review: Prior to the scheduled Review Date, TSAHC staff will review the submitted documents and photos (i.e., operating budget, financial statements, variance report, NSF policy and NSF log, physical occupancy, police reports, renewal reports, maintenance logs, and property exterior and vacant unit photos). TSAHC will also review the tenant files to ensure program eligibility and overall set-aside compliance. The reports, documents, tenant files, and photos will be used to prepare the appropriate sections of the reports prior to the scheduled Review Date. Additional information may be requested at this time.
4. Review Date: On the day of the scheduled Review, TSAHC staff will conduct an interview with Management and other owner representatives via conference call to complete all remaining necessary sections of the Asset Oversight and Compliance reports and to discuss any observations or findings made during the Desk Review. Additional information may be requested at this time.
5. Asset Oversight and Compliance Reports: Once all additional information is received, TSAHC will finalize the Asset Oversight and Compliance Reports. A final copy of the reports, with all comments, observations, and findings, will be sent to the owner, management company, and property manager within 30 calendar days after the Review Date. The report will be sent to the appropriate contacts electronically.

[Date]

Owner

Attn:

Address

Address

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 the annual Asset Oversight Review (“Review”) via conference call for **[Property Name]** on **[Date]** (the “**Review Date**”), starting at approximately **[Time]**. **Conference call information can be found at the end of this notice.** In order to facilitate an efficient review, we intend to complete as much of the review as possible in our office prior to the Review Date.

The Review consists of an evaluation of property reports, a limited physical inspection to be completed by site-management, and a comprehensive interview with at least one member of the management staff. As part of the limited physical inspection, three vacant units will be randomly selected for inspection by the TSAHC staff member 10 days prior to the Review Date. Management will inspect the vacant units and take photos. The photos will be electronically submitted to TSAHC within two business days from the date you received notice of unit selection. If three vacant units will not be available for inspection, please send a notice to all residents that an inspection of their unit might occur in connection with the scheduled site Review. We expect Owner/Agents to follow their policies and federal, state, and city guidance when entering occupied units. If Management is unable to enter occupied units, outside of emergencies, because of such policies or guidance, please notify TSAHC staff as soon as possible.

Otherwise, please review the list of required documents outlined below and forward them to our office no later than **14 days before your Review Date**. These documents may be submitted via e-mail, fax, or regular mail. It is our intent to minimize the disruption to your staff’s routine; therefore, we will need to begin our desk review of the following documents as soon as possible.

- Current Year Operating Budget
- Current YTD Financial Statements
- Most recent Variance Report Including Budget Income Comparison with Actual and YTD Budgeted
- Written NSF policy along with NSF log for the past 3 months and a copy of the corresponding resident ledger (no more than 10)
- Physical Occupancy for each of the past 12 months
- Police reports (911 call sheet) for the past three months
- Monthly renewal reports for the past 12 months showing the percent that renewed or information to calculate the percent.
- Work Order Summary Report (showing open & closed work orders for the past 30 days)
- Traffic Summary Report (showing number of prospects/leases for the past 30 day)
- Unit Availability Report (to reflect current status of all vacant units)
- Account Payable (showing current, 30 day and 60+ day balances)
- Delinquency Report (Current report that shows outstanding balances)
- Resident Retention Report showing reasons for move-outs in the last 12 months)
- Updated contact information (including e-mail addresses) for the property, management company, and the borrower



On your Review Date, please call in at the above specified time using the following numbers:

RingCentral conference:

Dial-in Numbers:

Philadelphia, PA +1 (267) 9304000 or +1 (888) 3915458

Participant Access: XXX XXX XXX

To join the conference from your iPhone, click go to the following link: <https://rconf.net/2GfG2um>

Developing 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

Title

E-mail Address



Date]

[Owner]

Attn:

Address

Address

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 the annual Compliance Review (“Review”) via conference call for **[Property Name]** on **[Date]** (the “**Review Date**”), starting at approximately **[Time]**. **Conference call information can be found at the end of this notice.** In order to facilitate an efficient Review, we intend to complete as much of the Review as possible in our office prior to the conference call. We will be using your Unit Status Report that is on the TSAHC website. Please make sure to keep it up to date so that we have access to accurate information.

Please review the documents outlined below and forward them to our office no later than **14 days before your Review Date**. These documents may be submitted via e-mail, fax, or regular mail. It is our intent to minimize the disruption to your staff’s routine; therefore, we will need to begin our desk review of the following documents as soon as possible.

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

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”). Ten (10) days prior the Review Date, 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. All requested tenant files must be electronically submitted to TSAHC within two business days from the date of the tenant selection file notice.

On your Review Date, please call in at the above specified time using the following numbers:

RingCentral conference:

Dial-in Numbers:

Philadelphia, PA +1 (267) 9304000 or +1 (888) 3915458

Participant Access: XXX XXX XXX

To join the conference from your iPhone, click this link: <https://rcconf.net/2GfG2um>

Developing 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
Title
E-mail Address