

SUPPLEMENT FOR THE JUNE 30, 2015 BOARD MEETING

J. Paul Ozer, Chair



Juan Muñoz, Vice-Chair

Leslie Bingham Escareño, Member

T. Tolbert Chisum, Member

Tom Gann, Member

J. B. Goodwin, Member

6a

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JUNE 30, 2015

Presentation, Discussion, and Possible Action regarding addition of funds to the 2015-1 Multifamily Development Program Notice of Funding Availability.

RECOMMENDED ACTION

WHEREAS, \$20 million in funds from HOME program income generated from prior year HOME allocations and loan repayments from the Tax Credit Assistance Program (“TCAP”) were made available in the 2015-1 Multifamily Development Program (“MFD”) Notice of Funding Availability (“NOFA”);

WHEREAS, in total, there are approximately \$32 million in active applications and pending requests under the NOFA, approximately \$10.4 million of which is for applications in Participating Jurisdictions and \$21.6 million is for applications in non-Participating Jurisdictions;

WHEREAS, staff anticipates \$4 million being available for multifamily rental activities from the 2015 HOME allocation and \$5 million available from anticipated HOME program income and de-obligated funds over the next 12 months;

WHEREAS, there is over \$7 million currently available in TCAP loan repayments; and

WHEREAS, staff is requesting that the \$9 million in HOME and \$7 million TCAP loan repayments be made available to supplement the NOFA

NOW, therefore, it is hereby

RESOLVED, that \$9 million of HOME funds be directed to supplement the 2015-1 MFD NOFA;

FURTHER RESOLVED, that \$7 million in TCAP loan repayments be directed to supplement the 2015-1 MFD NOFA.

BACKGROUND

On January 15, 2015, the Board approved the 2015-1 MFD NOFA with a total of \$20 million in funds available for eligible applicants, \$4 million of which was set aside for applicants that are eligible Community Housing Development Organizations (“CHDOs”). Of the \$16 million in funds not set aside for CHDOs, \$4 million was set aside for applications layered with 4% Housing Tax Credits (“HTCs”). Of the total \$20 million available in the NOFA, \$14 million was generated from prior HOME allocations and so is only available in non-Participating Jurisdictions and \$6 million was generated from TCAP loan repayments and so is available in Participating Jurisdictions.

The NOFA required that all non-CHDO applications submitted before October 1, 2015, must be layered with HTCs. The Department received approximately \$40 million in requests from applicants layered with 9% HTCs. Of those, staff estimates, based on the most current 9% HTC application log, that approximately \$17.5 million is needed to satisfy requests for funds for those applications that are projected to receive 9% HTC awards, \$5 million of which are CHDO applications. In addition, there are approximately \$6 million in requests for applications layered with 4% HTCs, and staff is aware of at least one additional \$3 million pending application. Finally, there are \$5.5 million in requests for HOME-only CHDO applications. In total, there are approximately \$32 million in active applications (that are expected to be eligible for accompanying HTC awards or are HOME-only transactions) and pending requests under the NOFA, approximately \$10.4 million of which is for applications in Participating Jurisdictions and \$21.6 million is for applications in non-Participating Jurisdictions.

The funds in this NOFA were made available through program income generated from prior year HOME allocations and loan repayments from TCAP; it did not include any anticipated funds from the 2015 HOME Award from HUD. However, the Department has already expressed its intention to direct \$4 million of the 2015 HOME allocation to multifamily rental activities in its Action Plan, and the HUD Grant Agreement is expected to be executed this fall, making those funds available (but subject first to allocation through the regional allocation formula). In addition, staff estimates that there will be at least \$5 million in HOME funds available over the next 12 months from additional program income and de-obligated funds. Applicants that requested HOME funds layered with 9% HTCs are expected to close in the spring/summer of 2016, so even though the funds are not available as of today, they are anticipated to be by the time the Department needs the funds available for these transactions to close. The Department also has a balance of over \$7 million in TCAP loan repayments that is available for programming and/or award. It should be noted that the structure of the NOFA allows the Department to comply with the "95/5" rule, which requires that 95% of the HOME funds allocated are used in non-Participating Jurisdictions and that 5% of those funds be used to assist Person with Disabilities in any area of the state.

Applicants for HOME funds should be aware that there is a risk that these funds will not be available as the Department has not yet received its 2015 allocation from the U.S. Department of Housing and Urban Development and does not have a sufficient amount of funds to fully fulfill all requests. In addition, the programming of these funds into the current NOFA will likely significantly reduce the amount of funds available for future NOFAs, specifically in 2016. However, staff believes it is in the best interest of the Department to make these funds available to current eligible applicants.

Staff is requesting that, in order to fund all of the requests made under this NOFA, that \$9 million in HOME funds and \$7 million in TCAP loan repayments be directed to supplement this NOFA.

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THIS SUPPLEMENTAL INCLUDES ORIGINAL
DOCUMENTS PUBLISHED IN THE BOARD
BOOK AND AN ADDITIONAL LETTER

BOARD ACTION REQUEST

EXECUTIVE

JUNE 30, 2015

Presentation, Discussion, and Possible Action on appeal of denial of Funding due to Previous Participation compliance history of Housing Services Incorporated in connection with the application under the 2014 Notice of Funding Opportunity (“NOFA”) for Cornerstone Apartments, #14501.

RECOMMENDED ACTION

WHEREAS, an application under the 2014 HOME (“NOFA”) for \$4,000,000 in funds under the Community Housing Development Organization (“CHDO”) set aside was received from a development group, including HSI, to construct 28 HOME units in the proposed 108 unit Cornerstone Apartment development to be located in Brownsville, Texas;

WHEREAS, the application identified Housing Service Incorporated to act as the CHDO general partner for the development entity;

WHEREAS, the Executive Award Review Advisory Committee (“EARAC”) of the Department reviewed the Previous Participation compliance history of HSI, found a pattern of noncompliance and inability to effect change in developments for which they were implied to have control, and recommends that the Board deny their application based on the Previous Participation Review;

WHEREAS, EARAC met informally with HSI to consider any extenuating circumstances that could explain the past noncompliance but after such meeting was not able to make an affirmative recommendation regarding HSI; and

WHEREAS, HSI has submitted an appeal which has been responded to by the Executive Director and has concluded that he lacks the authority to override EARAC’s recommendation.

NOW, therefore, it is hereby

RESOLVED, that HSI is denied access to HOME CHDO funds in connection with the construction of Cornerstone Apartments.

BACKGROUND

HSI is affiliated with fifteen multifamily affordable housing developments monitored by the Department. Below details the compliance history of these properties for the purposes of previous participation reviews (only those items that are not corrected or were not corrected during the corrective action period are shown and were considered by EARAC).

Property name	Noncompliance issue
Arbor Cove	Noncompliance with the Fair Housing Disclosure Notice, No

	evidence of or failure to certify to material participation of a HUB, household income above income limit upon initial occupancy, project failed to meet minimum set aside, Gross rents exceed highest allowed under LURA, noncompliance with utility allowance regulations.
Asbury Place	No evidence of or failure to certify to the material participation of a nonprofit, UPCS violations (in 2013 and 2014), Noncompliance with social service requirements, Failure to provide special needs housing, noncompliance with utility allowance requirements, household income increased above 80% and owner failed to properly determine rent, noncompliance with lease requirements, failure to provide HQS inspections.
Humble Memorial Gardens	Noncompliance with the Fair Housing Disclosure Notice
Seville Row	Household Income Above Income Limit upon Initial Occupancy
Timbers Edge	Violations of the Uniform Physical Condition Standards
Village of Kaufman	Violations of the Uniform Physical Condition Standards
Fox Run	Final construction inspection deficiencies
Hickory Manor	Noncompliance with Social Service requirements
Madison Pointe	Noncompliance with Social Service Requirements

Of significant concern to EARAC is HSI's requirement to participate materially as the nonprofit general partner in many of these transactions. Ten percent of the Department's competitive housing tax credit allocations must annually be awarded to developments that have a nonprofit that has an ownership interest and materially participates. HSI has stepped in as the nonprofit general partner on several transactions. Department staff has cited noncompliance regarding HSI's participation. In their informal meeting and again in their appeal they assert that they have been kept in the dark about compliance issues and have had no ability to resolve the issues of noncompliance. This gets to the heart of the noncompliance findings and EARAC's concern regarding HSI's participation. If they have control, they should not be in the dark. If they do not have control, then they are not materially participating and are in noncompliance.

Another significant concern of EARAC is the level of responsiveness from HSI. EARAC met with HSI in the fall of 2014 to discuss the compliance issues associated with many of the properties shown above (that meeting was regarding the potential ownership transfer of another property; not Cornerstone). If HSI had been in the dark, all issues clearly came to light at the meeting in the fall and EARAC clearly indicated that the lack of oversight and non-responsiveness is unacceptable. While HSI has indicated that significant changes have been made to improve their oversight since that first meeting, the limited interactions with HSI since that time have provided a mixed result. There is little to support, for example, that HSI has taken a leadership role in the interactions with the Department for the developments listed above.

In addition to the 15 multifamily developments, HSI has an existing CHDO operating contract with the Department associated with the award of a prior CHDO development which provides general operating funds for the non-profit. This contract provides another example of the lack of responsiveness with regard to compliance matters addressed by the Department. In September of 2014, staff of the compliance division requested detailed information in order to attempt to complete a routine desk review of that contract and HSI failed to submit the requested information in a timely manner. After several emails, staff followed-up

with a phone call in December and subsequent e-mail in January after which, in both instances, staff was told the information would be sent imminently. The lack of response caused the review to be elevated from a desk review to an onsite review and Department staff sent a notice of the on-site review and ultimately traveled to Dallas in March to conduct the review in person. One finding was made as a result of the review and a 30 day response period was provided on March 23. Again a follow-up request had to be provided on April 22. The response to the finding was finally addressed on May 13, 2015.

EARAC finds the compliance history of HSI unacceptable at this time and recommends denial of access to HOME CHDO funds.

6/23/2015

TDHCA Board Members
P.O. BOX 13941
Austin, TX 78711-3941

Via Email: beau.eccles@tdhca.state.tx.us; tom.gouris@tdhca.state.tx.us

Re: Housing Services Inc. ("HSI") appeal regarding application for Cornerstone Apartments

Dear Board Members:

We at HSI are now in receipt of TDHCA Executive Director Irvine's June 18, 2015 letter determination affirming the Executive Award Review Advisory Committee ("EARAC") recommendation to deny HSI's application for HOME funding for the Cornerstone Apartments.

This letter is thus intended to supplement the appeal letter HSI filed with TDHCA on June 4, 2015. Please take this letter in consideration for the appeal to be considered at the June 30, 2015 Board meeting. HSI is aware of the Compliance Division's previous concerns regarding HSI's material participation and TDHCA's ongoing concerns regarding the same. HSI would like to quickly address those concerns in this letter.

HSI has acted as a General Partner for TDHCA properties for over 15 years.

HSI has been significantly involved in the oversight of its properties, and has become even more so since the TDHCA meeting of October 2014. A non-exhaustive list of HSI's previous involvement in its properties includes:

- Execution of Oversight and Compliance Monitoring Agreements
- Provided input and approval for operating budgets
- Reviewed monthly financial statements
- Conducted periodic on site reviews
- Engaged a property management agent
- Involved in monitoring vacancies, collections, and standard operating expenses
- Provided social service projects to the resident base of the properties

Despite compliance issues that have recently arisen regarding properties operated by HSI's property management company, Dominion, HSI would stress that HSI has undertaken significant steps to ensure that those issues do not continue in the future.



A non-exhaustive list of the steps taken by HSI with its properties since October of 2014 includes:

- Met with property management agent (“Dominium”) and required them to cure compliance issues or be removed as the management agent
- Monitored compliance responses and progress towards curing the compliance issues
- Retained TCAM as an additional asset manager to increase monitoring and oversight
- Increased review of all compliance documents and financial statements
- Included HSI as an email recipient to receive direct correspondence from TDHCA for all communications
- Acquired access to the Dominium reporting system to enable HSI to pull any reports needed
- Hired low income housing legal expert Bob Voelker to assist HSI through the process
- Hired Judy Rath to oversee:
 - Fair Housing training for HSI staff
 - Electronic file organization
 - Oversight of all communications between HSI and Dominium
- Engaged through Dominium the following services to review and implement improvements:
 - Internal audit systems to ensure that 100% of all properties are in compliance with TDHCA-specific requirements
 - Engaged Novogradac to review over 3,000 individual resident files, provide feedback and help establish systems to prevent issues from arising in the future; Novogradac was also retained to provide HCCP Certification training
 - Physical inspection firms were hired to physically inspect over 3,000 apartments in order to provide feedback on corrections and help establish systems to prevent issues from arising in the future
- Established additional protocols for the property management agent, including but not limited to:
 - Requiring staff changes where appropriate, including the strategic hiring of a nearly 10-year veteran of TDHCA as Director of Compliance and Asset Management
 - Requiring mandatory attendance of Dominium personnel at all TDHCA trainings and workshops

HOUSING SERVICES INCORPORATED

1160 GALICIA
DALLAS, TX 75217

PHONE: 214.329.4890
FAX: 214.584.9188



- Establishing HCCP Certification requirements of all Dominion community related staff members
- Establishing staff incentives for adherence to TDHCA requirements
- Allocated additional oversight duties to employee Sabine Geiser including the tracking of all property financial data, including but not limited to:
 - Total Revenue
 - Total operating Expenses
 - Net Operating Income
 - Total Debt Service
 - Total Capex
 - Operating expenses/Income per unit
 - Accounts receivable/payable per unit
 - Expenses as % of EGI
 - Management as % of EGI
 - DSCR
 - Comparing each expense to the budget and previous month's expenses
 - Flagging and researching all items that are either not budgeted or over budget
- Providing an additional budget of \$235,000 a year specifically directed towards oversight of its portfolio, including but not limited to:
 - Salary and expenses of Sabine Gieser
 - Salary and expenses of Judy Rath
 - Fair Housing Testing (Border CDC)
 - Low Income Rental File Testing
- Ongoing development of asset and compliance management procedures

HSI has not only addressed the issues of concern, but proven that the additional protocols have successfully resolved any issues that may have existed. Responses to each of the subsequent inspections and requests for information have been both timely and accurate. A non-exhaustive list of examples includes:

- The Cathy's Point UPCS inspection of December 11, 2014 which resulted in a score of 88 and Dominion, on behalf of the owner, responding 26 days after TDHCA's response letter, two months before the deadline, without deficiencies
- The Lakeside Manor onsite monitoring review of March 17, 2015 which resulted in no findings, with 36 files reviewed and 3 spot checked

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- All 12 Annual Owners Compliance Reports filed timely and accurately, with zero findings or deficiencies

Finally, it is essential that the agency and the Board be aware of and consider that Asbury's previous general partner defaulted on its first mortgage and the partnership that owned Asbury filed for bankruptcy, which would have effectively wiped out TDHCA's HOME loan of \$300,000. HSI and Dominion took over and in a little over two years repaid TDHCA's HOME loan in full. This alone, and certainly with the information provided above, proves HSI's dedication to the oversight and success of its properties.

HSI thus requests that the Board reverse the previous determination regarding Cornerstone.

Sincerely,



Lee Anderson
Director of Affordable Housing

HOUSING SERVICES INCORPORATED

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June 18, 2015

Writer's direct phone # 512.475.3296
Email: tim.irvine@tdhca.state.tx.us

Lee Anderson
Director of Affordable Housing
Housing Services Inc.
1160 Galicia
Dallas, Texas 75217

Via Email: lee@hsidevelopment.org

RE: APPEAL OF PREVIOUS PARTICIPATION IN CONNECTION WITH CORNERSTONE APARTMENTS

Dear Mr. Anderson:

I have reviewed your letter of appeal with regard to the recommendation by the Executive Award Review Advisory Committee ("EARAC") for the Texas Department Housing and Community Affairs ("TDHCA") which called into question the previous participation record for Housing Services Inc. ("HSI"). As a result of the concerns regarding HSI's previous participation record, EARAC has not recommended funding the HOME application for Cornerstone CHDO in which HSI is acting as a General Partner. While your appeal letter is addressed to my Deputy, and its content speaks to my Board, it is customary for me, as Executive Director, to consider appeals of staff decisions before they go to the TDHCA Board. The purpose of this letter is to consider your appeal and provide my Executive Director level response.

In your appeal letter, you indicate that you were not made aware of the numerous compliance issues identified at several properties in which your organization was the General Partner and/or was required to have material participation in the operation of the property. Several of the compliance findings about which EARAC had concerns had to do specifically with the issue of your non-profit organization's ability to control or influence performance at developments in which your organization was the General Partner and/or was required to have material participation. This has been, among other items of noncompliance, a significant ongoing issue of concern regarding your organization as evidenced in correspondence to you from the Department. Please refer to the attached correspondence regarding Asbury Place dating back to May 14, 2012. The Department's Compliance Division finding in the letter states that there is "no evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469(h)(1)." Your response, which was received after



the corrective action period ended, included a plan to have oversight of the property management and have the ability to engage, and presumably terminate use of, such entity. Your current appeal letter restates your belief that "since the non-profit has no in house management capability, the simple act of hiring a nationally recognized manager to oversee operations and compliance is fully compliant with [IRS] rules." The Department disagrees with that conclusion, particularly where the non-profit exerts no control or oversight over the manager and appears to have no ability to terminate a poor performing manager.

You indicated in your appeal letter that despite repeated attempts to get information about the non-compliance issues you were "kept in the dark" by Dominion, the property manager and developer for the Asbury Place property and several of the other properties in your portfolio. Staff has reiterated your responsibility to be aware of and address the noncompliance issues that were sent to you and to the entities you have "hired" as your agent to represent and oversee your interests. During our meeting in November, with Dominion in the room, you indicated that you were not able to get information from them nor were you able to remove their related property management company because you would no longer be able to do business with them if you attempted to do so.

You have indicated that since the November meeting you have taken 100% responsibility, fully addressed the issues, and expended significant funds for enhanced oversight including the engagement of a full time, third party, professional asset management company. While these sound like and are the right things to say and do, your appeal also disavows responsibility for the non-compliance that has occurred prior to our meeting because you were kept in the dark by your agent. Yet you have not, to our knowledge, removed this management agent nor have you indicated that your new asset oversight agent suggested doing so. You have indicated that that "HSI has tried for 6 months to be in the compliance notification loop for this portfolio." However, you have not contacted the Department to attempt to change the account administrator or change the address of correspondence from the Department, nor have you required the current designated administrator at Dominion to add you as a recipient of correspondence to the Department.

You have indicated that the Department has previously accepted identical HSI activities for material participation of HSI for Humble Memorial Garden only to have the Compliance Director issue a finding of non-compliance in 2014. While your actions and capabilities may have been the same, your inability to be made aware of and take action to address non-compliance at Humble Memorial Gardens became more evident in 2014. Moreover your conclusion that HSI has been "operating the same exact way the past three years..." and has been "...materially involved in these transactions" appears to undercut the statements of renewed responsibility and change.

Finally your request is that the Department not sanction HSI for the next three years, even though no such sanction has yet been considered. The Department's rules do allow EARAC to consider the record of an organization's noncompliance when not corrected within the corrective action period for up to three years after the noncompliance has been corrected. EARAC can also consider the plan to prevent future noncompliance in those circumstances and the results of those efforts can also be taken into consideration by EARAC. Where progress is not made, the Department has a debarment rule that would address longer-term sanctions where the result of reform is not evident. The Department debarment rules can be found at Title 10 Texas Administrative Code §2.401. It is my hope that the evidence of change will become evident in the upcoming compliance reviews for properties in your portfolio. Staff will provide advance notice to you or your designated agent of such future monitoring visits as well as

APPEAL OF PREVIOUS PARTICIPATION IN CONNECTION WITH CORNERSTONE APARTMENTS

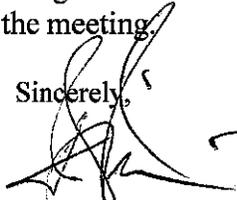
June 18, 2015

Page 3

the results of such monitoring visits. It is my hope that you will be able to rebuild a record of compliance and responsiveness with the portfolio under your control.

Although I do not have authority to overturn EARAC's recommendation I do have the ability to make a different recommendation. However, after review of these materials I cannot support a different conclusion. Therefore your appeal is denied. Per your request, your appeal will be added to the June 30, 2015, Board meeting agenda for consideration along with the documentation you have provided and my response unless you indicate otherwise prior to the meeting.

Sincerely,

A handwritten signature in black ink, appearing to read 'Timothy K. Irvine', written over a horizontal line.

Timothy K. Irvine
Executive Director

Attachments:

TKI/LRT



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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May 14, 2012

512.475.2330
Stephanie.naquin@tdhca.state.tx.us

Lee Anderson
Jackson Community Apartments, LP
1160 Galacia
Dallas, Texas 75217

RE: Asbury Place Apartments
1350 Wonder World Dr
San Marcos, Texas 78666

HTC File: 98067
HOME File : 539119
CMTS ID: 1922

Dear Mr. Anderson:

The Texas Department of Housing and Community Affairs has completed a review of Asbury Place Apartments. The review was performed to determine if the property is in compliance with the requirements of the Housing Tax Credit and HOME programs.

The attached Monitoring Report and Findings Report have been prepared to explain the Department's findings of noncompliance and to detail the required corrective action. Please supply all requested documentation no later than **August 12, 2012**. The Department will then determine whether or not the submitted materials sufficiently correct the noncompliance.

Failure to respond to the corrective action deadline will result in a referral to the Department's Administrative Penalties Committee with a recommended minimum penalty amount of, at minimum, \$35,000 plus \$10 per day. Please see 10TAC §60.309 for a listing of specific penalty amounts.

A Uniform Physical Condition Standards inspection will be conducted by the Department's contractor in conjunction with this monitoring review. A report of the inspection will be supplied to, and reviewed by, the Department. The development owner will then receive a letter describing any findings generated and a copy of the inspection reports.

Asbury Place Apartments has a current noncompliance score of five (5) for the Housing Tax Credit program and eight (8) for the HOME program. *Please be advised that this does not include any noncompliance found during this review.* Housing Tax Credit Properties with a noncompliance score of 30 or more are considered to be in material noncompliance with the Texas Department of Housing and Community Affairs. Non-Housing Tax Credit Properties with 51-200 low income units with a noncompliance score of 50 or more are considered to be in material noncompliance

Re: Asbury Place Apartments
May 14, 2012
Page 2

Please extend our thanks to your onsite staff for their hospitality and cooperation extended during our monitoring visit. If you have any questions about this monitoring report, please contact Stephanie Naquin toll free in Texas at (800) 643-8204, directly at (512) 475-2330, or email: stephanie.naquin@tdhca.state.tx.us.

Sincerely,

A handwritten signature in black ink, appearing to be 'S. Naquin', written over a digital signature line.

**Digitally signed by
Stephanie Naquin
Date: 2012.05.14
12:56:37 -05'00'**

Stephanie Naquin
Program Administrator in Compliance

Monitoring Report
Asbury Place Apartments
HTC File: 98067
HOME File: 539119
ID: 1922

The Texas Department of Housing and Community Affairs completed an on-site monitoring review of Asbury Place Apartments on May 11, 2012. Stephanie Naquin represented the Department. Baba Blackstock represented the property.

The review resulted in 5 findings of noncompliance:

1. **Household income above income limit upon initial occupancy:** affecting units 703 and 1206
2. **Failure to provide annual HQS HOME inspection**
3. **No evidence of provision of supportive services**
4. **Not meeting the prescribed special needs set-aside restriction**
5. **No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469(h)(1)**

During the exit interview, the following Technical Assistance was provided:

- The Department is concerned about the efficacy of the application format. Applicants must be properly screened to determine household eligibility regarding income, assets and student status. A unit is considered out of compliance if the owner fails to screen and/or verify these items. To ensure eligibility, all questions on the application must be properly completed, leaving no blanks, and must be signed and dated by the applicants. The Department encourages the owner to restructure the application to better screen the household for not only the type of income, but the source of income and assets, as well. A sample application is available on the Department's website. To access, visit www.tdhca.state.tx.us and select the "Support & Services" tab, then select the "Compliance and Asset Oversight" tab. A side menu will appear, select "Forms".
- On line 8b of Form 8609, the owner has elected to treat each building as part of a multiple building project. The instructions to completing Form 8609 require, that when this election is made, the owner must submit a statement identifying 1) the name and address of the project and each building in the project, 2) the BIN of each building in the project, 3) the aggregate credit dollar amount for the project, and 4) the credit allocated to each building in the project. The attachment was requested at the time of the onsite review and, to date, has not been submitted. Without the statement, the election is not complete and each building will be monitored as a separate project.

To determine if the property is in compliance the following steps were completed:

- A review of the Land Use Restriction Agreement,
- Analysis of the Unit Status Report (USR) dated May 1, 2012,
- A review of the entrance interview and other documents submitted,
- An exit interview,
- An in depth review of 13 resident files listed below:

Files reviewed:

102	201	202	206	301
304	403	502	703	805
907	1101	1206		

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMPLIANCE REVIEW
DETAIL FINDINGS AND CORRECTIVE ACTION**

Printed Date 05/14/12
Page 1 of 4

By program

Property ID # 1922
Property Asbury Place Apartments
Address 1350 Wonder World Dr, San Marcos, TX-78666

Last Desk Review Date: 04/11/12
Last Onsite Review Date: 05/11/12
Program(s): HOME File # 539119
LIHTC File # 98067
Occupancy as of 05/01/12

PROGRAM: ALL FILE#

UNIT FINDINGS

Unit # 1206	Bldg. # 12	BIN # TX9800832
Finding	Household income above income limit upon initial occupancy	
Noncompliance Date	03/07/2012	Current Status Uncorrected
Reason	To verify employment income of the Co-Head with Century Link, 6 paycheck were obtained. The check for period 2/5/2012 to 2/18/2012, which is the check closest to the move in date, indicates "sales compensation" that was not listed as a source of pay on any of the other checks or in the year to date for 2011. The introduction of the "sales compensation" suggests that the employee may have received a change in employment status and is now receiving an additional source of income not evident on previous checks. As a result, averaging the 6 check may not be an accurate reflection of the anticipated employment income for the 12 month certification period, as it would not be based on the most current circumstances.	
Corrective Action	When the unit becomes available, occupy the unit with an eligible household and provide copies of the: application, necessary verifications, Income Certification and first page and signatory page of the lease.	
Supplemental Corrective Action	Clarify the nature of the "sales compensation" and obtain additional checks to determine if the source continued. Submit to the Department for review. If the household is not eligible, follow the above listed corrective action. If the household's status has changed since move in, in accordance with Chapter 4 of the IRS 8823 Audit Guide, the owner has the option to certify the household using current income and asset sources and current income limits to correct the finding.	
Potential Administrative Penalty	\$1000 per violation	

PROGRAM: HOME FILE# 539119

PROPERTY FINDINGS

Finding	Failure to provide annual HQS HOME inspection	
Noncompliance Date	05/11/2012	Current Status Uncorrected - Not Reportable to IRS
Reason	Under the HOME Final Rule and 10TAC§60.118(g), all HOME rental Development Owners must annually complete an Housing Quality Standards (HQS) inspection of all HOME assisted Units and any deficiencies noted must be repaired. This inspection is not currently being conducted.	
Corrective Action	Conduct the required HQS inspection and submit certification that finding is corrected.	

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMPLIANCE REVIEW
DETAIL FINDINGS AND CORRECTIVE ACTION
By program**

Printed Date 05/14/12
Page 2 of 4

PROGRAM: HOME FILE# 539119

Continued

PROPERTY FINDINGS

**Supplemental
Corrective Action**

The recommended HQS form, published by HUD, can be found at <http://www.hud.gov/offices/adm/hudclips/forms/files/52580.pdf>. Conduct an inspection for all HOME units and repair any deficiencies identified. Once completed, submit a certification that all units have been inspected and that any deficiencies have been repaired.

**Potential Administrative
Penalty** \$500 per violation

UNIT FINDINGS

Unit # 703

Bldg. # 7

BIN # TX9800827

Finding

Household income above income limit upon initial occupancy

Noncompliance Date

10/31/2011

Current Status Uncorrected - Not
Reportable to IRS

Correction Date

Reason

The household received Section 8 assistance. The application disclosed employment income and child support, which was verified through with a statement from the Housing Authority declaring that the total household income is less than the applicable limit. This practice is acceptable for the Housing Tax Credit program but not for the HOME program. For the HOME program, each type of income and assets disclosed by the household must be source documented. Note, the child support was properly verified with a court order.

Corrective Action

When the unit becomes available, occupy the unit with an eligible household and provide copies of the: application, necessary verifications, Income Certification and first page and signatory page of the lease.
Obtain paycheck or payroll records from the employer verifying the employment income at the time of initial certification.

**Supplemental
Corrective Action**

**Potential Administrative
Penalty** \$1000 per violation

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMPLIANCE REVIEW
DETAIL FINDINGS AND CORRECTIVE ACTION
By program

PROGRAM: LIHTC FILE# 98067

PROPERTY FINDINGS

Finding No evidence of provision of supportive services
Noncompliance Date 05/11/2012 **Current Status** Uncorrected - Not Reportable to IRS **Correction Date**
Reason The LURA requires that a Local Tax Exempt Organization provide the services outlined. Although the Department was able to identify that onsite staff has organized the services required, the services are not being provided by a Local Tax Exempt Organization.
Corrective Action Implement a supportive services agreement with qualified service provider and provide documentation of program implementation and a copy of the agreement.
Supplemental Corrective Action Contract with a Local Tax Exempt Organization to provide the specific services listed in the LURA and submit a copy of the agreement to the Department for review.

Potential Administrative Penalty \$5 per day per violation

Finding Not meeting the prescribed special needs set-aside restriction
Noncompliance Date 05/11/2012 **Current Status** Uncorrected - Not Reportable to IRS **Correction Date**
Reason The Land Use Restrictive Agreement (LURA) requires that 16%+ (11 units) be set-aside for persons with disabilities. Currently, no households are designated as having Special Needs on the Unit Status Report (USR). To comply with the requirement, the development must maintain a waitlist of qualified tenants with disabilities and affirmatively market to persons with disabilities. At the time of the review, there was not a waitlist of qualified tenants with disabilities.
Corrective Action Respond as directed by the department or department representative. Provide all required documentation.
Supplemental Corrective Action Create a waitlist to track qualified tenants with disabilities. Submit documentation to the Department for review. As households move in that meet the qualifications for this set-aside, designate the household as having special needs on the USR.

Potential Administrative Penalty \$1000 per violation

Finding No Evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRC 469 (h)(1)
Noncompliance Date 05/11/2012 **Current Status** Uncorrected **Correction Date**
Reason The LURA required Material Participation by a Qualified Nonprofit Organization. The Department has confirmed that the current nonprofit, Housing Service Incorporated (HSI) in the General Partner to the owner; however, a narrative describing how HSI materially participates has not been submitted.

Corrective Action Supplemental Submit a narrative describing how HSI materially participates. At which time, the Department will review to ensure

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMPLIANCE REVIEW
DETAIL FINDINGS AND CORRECTIVE ACTION
By program

Printed Date 05/14/12
Page 4 of 4

PROGRAM: LIHTC FILE# 98067

Continued

PROPERTY FINDINGS

Corrective Action

compliance.

**Potential Administrative
Penalty**

\$5 per day per violation



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

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September 7, 2012

(512) 475-4603

Patricia.Hensley@tdhca.state.tx.us

Lee Anderson
Jackson Community Apartments, LP
1110 Broadway
Marble Falls, TX 78654

RE: Asbury Place Apartments
1350 Wonder World Dr
San Marcos, TX 78666

HTC / HOME: 98067 / 539119
CMTS: 1922

Dear Lee Anderson:

The Texas Department of Housing and Community Affairs (Department) has received documentation addressing the noncompliance identified during the monitoring review conducted at Asbury Place Apartments on May 11, 2012.

The following findings remain uncorrected:

- Failure to provide HQS HOME inspections;
- No evidence of provision of supportive service;
- Not meeting the special needs set aside restriction
- No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469 (h)(1)

The following finding has been dropped:

- Household income above income limit upon initial occupancy (Units 703 & 1206)

Enclosed, please find a copy of form 8823 that have been mailed to the Internal Revenue Service reporting the noncompliance violation: No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469 (h)(1).

The property has been referred to the Department's Administrative Penalties Committee. The maximum penalty for these issues is \$2,690.00. Note that the possible administrative penalty for No evidence of provision of supportive service and No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469 (h)(1) is \$5.00 per day. Please see 10 TAC §60.307 for a listing of specific penalty amounts. A representative of our legal department will be contacting you for an informal conference in the near future to resolve this issue.

Asbury Place Apartments has a current noncompliance score of fifteen (15) for the HOME Investment Partnership (HOME) program and a noncompliance score of thirty-five (35) for the Housing Tax Credit (HTC) program. The Material Noncompliance threshold for a HTC and Exchange Development is thirty (30) points. The Material Noncompliance threshold for non-HTC developments with fifty-one (51) to two hundred (200)

Asbury Place Apartments

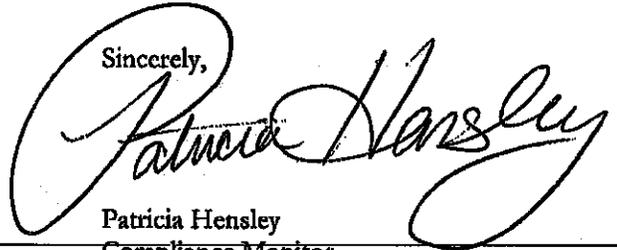
September 7, 2012

Page 2

Low Income Units is fifty (50) points. **Asbury Place Apartments is currently in Material Noncompliance with the Housing Tax Credit (HTC) program.** Owners of properties in material noncompliance are not eligible for additional funding and may be subject to additional fees and sanctions. 10 TAC §60.102 and §60.123 explain this scoring system.

If you have any questions about this monitoring report, please contact Patricia Hensley toll free in Texas at (800) 643-8204, directly at (512) 475-4603, or email: Patricia.Hensley@tdhca.state.tx.us

Sincerely,

A handwritten signature in cursive script that reads "Patricia Hensley". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Patricia Hensley
Compliance Monitor



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

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Lowell A. Keig
Juan S. Muñoz, PhD

October 22, 2012

(512) 475-4603
Patricia.Hensley@tdhca.state.tx.us

Lee Anderson
Jackson Community Apartments, LP
1110 Broadway
Marble Falls, TX 78654

RE: Asbury Place Apartments
1350 Wonder World Dr
San Marcos, TX 78666

HTC / HOME: 98067 / 539119
CMTS: 1922

Dear Lee Anderson:

The Texas Department of Housing and Community Affairs (Department) has received documentation addressing the noncompliance identified during the monitoring review conducted at Asbury Place Apartments on May 11, 2012.

The following findings are corrected:

- **Failure to provide HQS HOME inspections** – Documentation submitted evidences that the property is now conducting the HQS HOME inspections.
- **No evidence of provision of supportive service** – Documentation submitted evidences that the supportive services are now being provided by the Local tax exempt organization Housing Services of Texas.
- **Not meeting the special needs set aside restriction** – The Development has created a waitlist to track qualified tenants with disabilities.
- **No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469 (h)(1)** – The documentation submitted evidences that HIS materially participates in the day to day operations of the Development.

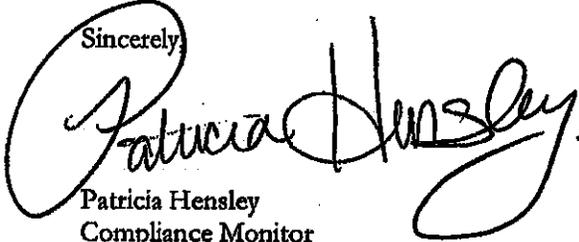
Enclosed, please find a copy of the corrected form 8823 that has been mailed to the Internal Revenue Service reporting the noncompliance violation: **No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469 (h)(1) as corrected.**

The Department's Administrative Penalty Committee will be notified that the outstanding noncompliance assessed has been corrected.

Asbury Place Apartments has a current noncompliance score of eight (8) for the HOME Investment Partnership (HOME) program and a noncompliance score of fourteen (14) for the Housing Tax Credit (HTC) program. The Material Noncompliance threshold for a HTC and Exchange Development is thirty (30) points. The Material Noncompliance threshold for non-HTC developments with fifty-one (51) to two hundred (200) Low Income Units is fifty (50) points. Owners of properties in material noncompliance are not eligible for additional funding and may be subject to additional fees and sanctions. 10 TAC §60.102 and §60.123 explain this scoring system.

Asbury Place Apartments
October 22, 2012
Page 2

If you have any questions about this monitoring report, please contact Patricia Hensley toll free in Texas at (800) 643-8204, directly at (512) 475-4603, or email: Patricia.Hensley@tdhca.state.tx.us

Sincerely

Patricia Hensley
Compliance Monitor

June 6th, 2015

Tom Gouris
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78711-3941

Via Email ~ tom.gouris@tdhca.state.tx.us

Dear Mr. Gouris,

Please accept this letter as the basis for Housing Services Incorporated appeal of sanctions taken against it in our previous participation review in connection with the Cornerstone CHDO Home Funds Application.

In May of 2014, HSI's reputation and standing (previous participation) as a non-profit tax credit developer and sponsor in the state of Texas was fully compliant. We received \$6 million of HOME contracts that year. HSI has participated in over 50 tax credit developments as a project sponsor and General Partner and service provider in the past 15 years with a stellar reputation. Not one time in HSI's existence has HSI have any material issues during previous participation review. So we come to you today as a long term, fully acceptable, project sponsor with a passion for affordable housing and services to our residents.

At some point between May and June of 2014 there began to be chatter by staff, in particular Stephanie Naquin, to third parties that HSI may not be admitted into a certain housing tax credit development as a substitute GP. That specific transaction was Park Manor – a broken tax credit deal where we are participating at the request of the investor and new developer to save a problem tax credit property in Sherman. I immediately contacted all my development partners, including Dominion, Pinnacle and State Street Housing, where we serve as GP asking for any non-compliance issues. I was assured by all no problems of any material nature existed.

By August, staff was openly encouraging Bond Council, WNC, and Winthrop to bring in another non-profit General Partner, and that Park Manor could not move forward with HSI. See Exhibit A for a timeline the past year. As this came to my attention again in August of 2014, I



immediately reached out to all partners to inquire again about non-compliance. Staff had not sent Housing Services a single e-mail or notice of compliance problems as of this date.

Of course at this point I reached out to Staff directly including the deputy director by e-mail asking about possible compliance issues. See e-mail attached, Exhibit B. I was rebuffed and not told of any material non-compliance issues brewing or occurring with the Dominion rescue portfolio. So in addition to the developer and property manager keeping the GP, HSI, in the dark; now staff was not informing HSI of any open issues.

Without any notice of compliance issues by the Property Manager and Developer, Dominion, or TDHCA, even though I specifically asked about this issue, HSI was precluded from intervening timely as General Partner between May and November. In November of 2014 we were called to an EARAC committee meeting when the material non-compliance was disclosed to HSI by the Department. In the e-mail to the Deputy Director in August of 2104 I wrote, "how can I stop non-compliance if I do not know about non-compliance." Staff violated its own procedures and rules when HSI, as General Partner, reached out and asked for this compliance information. At the November EARAC meeting, not one of the 55 items flagged for non-compliance was caused by the GP. Brendt Rusten, with Dominion, the main Dominion spokesmen at the EARAC committee meeting, unequivocally stated to the Department that HSI had no idea of the non-compliance record and failures by Dominion Management Services to timely and accurately respond to TDCHA. Dominion accepted full responsibility for the situation and 55 items of compliance failures. In addition, they made it clear that they had systematically kept Housing Services in the dark. I believe they told EARAC that senior management in the company was also unaware of the magnitude of the Texas compliance problems and the failure to timely respond to the department. Dominion is one of the largest and best known developers and property managers at the time they were engaged.

After the EARAC meeting HSI is 100% responsible for what transpired. The issues were fully addressed and the compliance concerns fixed with proper documentation. We spent a lot of our available funds for enhanced oversight of the Dominion managed properties including the engagement of a full time, third party, professional asset management company, TMC, to handle the entire HSI portfolio. We engage a legal team to address concerns raised with Dominion by the department. We obtained enhancements of our legal rights for any future failures by the developer and property manager. Please remember Housing Services did not sponsor any of these transactions. We participated with the lender and the investor and the

HOUSING SERVICES INCORPORATED

1160 GALICIA
DALLAS, TX 75217

PHONE: 214.329.4890
FAX: 214.584.9188



department with Dominion as the new developer to rescue troubled affordable housing in jeopardy of being lost.

So we come to the board today with a long term, solid compliance track record over more than 15 years. We come to the board today responsible for the corrections of non-compliance immediately after we were notified of problems by staff at the EARAC meeting. Staff pledged to the board and the development community in Texas that past performance and responses to compliance challenges would all be considered before any penalties are assessed to the sponsor. Given these facts and circumstances we believe the sanction being imposed exceed our responsibility and fail to consider our long term track record. We would not be asking for relief if anyone at the Department or Dominion had simply notified Housing Services of the situation. I suggest we would not be here today dealing with any of these issues had our non-profit been involved timely in these issues.

We have shown our concern about compliance for 15 years and we have shown our concern about compliance in how we responded when notified of issues. It would be unfair and inconsistent with the rules to sanction Housing Services for things they did not know about so they could be addressed timely.

HSI responds to TDHCA in a transparent way and asks for help and guidance; please see Exhibit C and backup documents. Two “findings” in the 55 items noted above were for previous participation: in 2012 HSI established a baseline with staff, and staff approved what HSI was doing to be materially involved. TDHCA compliance department staff approved HSI for previous participation in the Humble transaction in 2013, only to have the Compliance Director issue a finding of non-compliance for previous participation in Humble during 2014, where HSI’s activities were the exact same. Please see Exhibit D.

In short, HSI has been transparent and operating the same exact way the past 3 year’s and spends \$150,000 a year being materially involved in these transactions. Housing Services provides on-site supportive services in most every case. Please see Exhibit E for our recent activities. We are on these assets regularly insuring they are properly maintained and properly staffed. Under the IRS guidebook, since the non-profit has no in-house management capability, the simple act of hiring a nationally recognized manager to oversee operations and compliance is fully compliant with these rules. We further show our participation by how we did respond to these issues when finally notified. So you know, HSI has tried for 6 months to be in the compliance notification loop for this portfolio. I can assure this board had we been noticed timely this would never have happened. I can assure the board that with notice this will never

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happen again. Remember we are the ones responsible for the corrective actions taken by the property manager and developer, Dominion.

No one is right all the time. We know staff tries hard to be right. But even staff makes mistakes. Failure to notify us timely when we asked is a mistake. No one is perfect and staff is not always right. We are not claiming to be perfect either, just serially compliant for the last 15 years.

In closing, HSI is not serially non-compliant. If in fact HSI is sanctioned the next three years, it is tantamount to a death sentence, costing us our funding and our reputation. Like everybody in the tax credit business, HSI needs to keep doing transactions to survive and pay its expenses.

What we are being told by staff at this time is that there is nothing we can do to satisfy staff on these issues at this time. Housing Services has spent hundreds of thousands of dollars, are engaged in full asset management related activities far beyond what the guidebook calls for, our oversight regime costs \$150,000 a year, and that apparently that is not enough.

So we ask the board for relief from these sanctions for things we did not know about and things we should have been told when asked. Please do not sanction HSI indefinitely as a serially non-compliant developer and housing sponsor, as that will destroy us and put us out of business, and our record clearly reflects that is not the case. A careful review of these facts will fully support this conclusion. All we ask is for a fair accounting of our role and responsibility in light of our long term track record and response to the issues when they were made known to us. From fully compliant in early 2014 to death row in early 2015 seems to be unwarranted and unjustified under the rules.

Please clear our track record so we can proceed with our mission of the last 15 years. Your consideration is appreciated.

Sincerely,



Lee Anderson
Director of Affordable Housing

HOUSING SERVICES INCORPORATED

1160 GALICIA
DALLAS, TX 75217

PHONE: 214.329.4890
FAX: 214.584.9188



COMPLIANCE TIMELINE FOR HOUSING SERVICES INC. (HS) - 501 C 3 CHDO NON PROFIT

TIMELINE

Housing Services has participated in over 50 TDHCA affordable housing developments since 1999

Jun-14	HS closes on its second CHDO HOME financed development--Fully compliant at this benchmark
Jun-14	HS has participated in 8 affordable housing rescue transactions with Dominion (one the nations largest affordable developers)
Jun-14	HS and Dominion have rescued all 8 transactions investing millions to rehabilitate the developments
Jun-14	HS is active in each Dominion development providing the family supportive services at little or no cost.
Jun-14	HS hears from Dominion and Chris Barnes of possible non compliance that could affect the HS participation in their non profit transaction
Jul-14	HS contacts all its partners including Dominion about any possible issues of non compliance--All including Dominion represent none exist
Aug-14	HS contacts Ms. Naquin and subsequently Mr. Gouris due to these persistent rumors of non compliance (e-mails attached)
Aug-14	Mr Gouris does not tell him of ongoing compliance issues but defers the issue to a future review
Aug-14	In the 2nd and 3rd quarter of 2014, HS has never been noticed of any finding of non compliance nor received notices of any failures to respond timely to issues
Oct-14	HS applied for a CHDO HOME funds allocation for an affordable development in Cameron County near the international border
Nov-14	HS is called to an EARAC meeting with Dominion; Dominion advises TDHCA they have kept HS in the dark on compliance on the properties and accept 100% responsibility for the situation.
Nov-14	HS is first advised of material non compliance by TDHCA at the EARAC meeting and is completely unprepared given the request to TDHCA about compliance from the summer
Nov-14	HS is told by staff that they are not an eligible CHDO in Cameron County due to new certification rules
Nov-14	HS application for CHDO HOME is terminated 3 times over the next 4 months
Feb-15	TDHCA admits they are wrong about CHDO Certification in Cameron County and the app is reinstated
Feb-15	HS has spent hundreds of thousands dollars to address the Dominion Non Compliance and CHDO mistake by TDHCA
Mar-15	EARAC declines the CHDO HOME award due to HS compliance history (previous participation) 99% related to Dominion compliance problems
Apr-15	Informal appeal to the EARAC committee leads no where
May-15	Notice of appeal to the ED and Board where allowed

Issues which are undisputed:

1. HS has a long term solid compliance record with TDHCA (never in 15+ years have they ever been classified as ineligible)
2. HS was denied the opportunity to remain in good standing due to lack of notice from Dominion and TDHCA
3. HS is responsible for the corrective actions taken to fix the Dominion compliance issues
4. HS spent most of its available resources to address these problems and the problems with the TDHCA mistake on the
5. HS, under the IRS guidebook, satisfied its participation responsibilities by hiring Dominion a nationally recognized leader in the industry
6. Dominion and TDHCA systematically kept HS in the dark during the 2nd and 3rd quarter of 2014 on compliance issues, cutting off their chance to fix problems timely
7. HS took just the kind of steps the board has mandated by policy as a responsible sponsor to insure compliance, whenever possible
8. Taking into account the long compliance track record for HS and the complete lack of timely notice of compliance issues
HS is not to be held as a non compliant sponsor by EARAC or Compliance

Lee Anderson

From: Tom Gouris <tom.gouris@tdhca.state.tx.us>
Sent: Monday, August 25, 2014 7:17 PM
To: Lee Anderson; stephanie.naquin@tdhca.state.tx.us; Patricia Murphy; Cari Garcia
Cc: Raquel Morales; cbarnes@Dominiuminc.com; JShackelford@shackelfordlaw.net; Sabine Geiser
Subject: RE: Non-Compliance - Housing Services Incorporated

Thanks Lee, I am forwarding this to our compliance and asset management teams for them to consider when they are processing the previous participation reviews for the ownership transfer requests. As you are probably aware timing of these things is very important as compliance evaluations are regularly in process and being completed. I'm sure staff will be contacting you if and when needed when processing the transfers.

Best regards,

Tom Gouris
Sent from my cell please excuse spelling imperfections.

----- Original message -----

From: Lee Anderson <lee@hsidevelopment.org>
Date: 08/25/2014 4:28 PM (GMT-06:00)
To: "Tom Gouris (tom.gouris@tdhca.state.tx.us)" <tom.gouris@tdhca.state.tx.us>, "Stephanie Naquin (stephanie.naquin@tdhca.state.tx.us)" <stephanie.naquin@tdhca.state.tx.us>
Cc: Raquel Morales <raquel.morales@tdhca.state.tx.us>, cbarnes@Dominiuminc.com, JShackelford@shackelfordlaw.net, Sabine Geiser <sabine@hsidevelopment.org>
Subject: FW: Non-Compliance - Housing Services Incorporated

Hi Tom,

As we have heard a lot from counsel about non-compliance the past two weeks, I have reached out and checked everywhere I know to check. Please see the e-mail below, there are a few things that are simple and have been corrected. Beyond this there is no other non-compliance I am aware of, please let me know immediately if there is something else that needs to be on my radar, as our team is concerned about submitting the transfer package for Park Manor this week.

Also, we realize the Park Manor transfer application will certainly receive more scrutiny than normal, which is to be expected, during which time our involvement in that transaction will and should be thoroughly reviewed by staff. I apologize about having to ask you to look into this in advance, it's just that there have been several conversations between council, WNC, our development team, and department staffers where staffers have suggested HSI can't come into these transactions because of non-compliance. It is impossible for me to resolve non-compliance if I do not know about it, and while I honestly assume there is nothing more, perhaps there is.

I also realize the Department will need to review the transfer package thoroughly as it relates our involvement in that transaction in 2012, however, please confirm that once the issues are dealt with below HSI has no other compliance related issues that would hold up the Park Manor transfer package.

Thanks.

Lee Anderson | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | lee@hsidevelopment.org

From: Jeannie Shipley [mailto:Jshipley@pinnaclefamily.com]
Sent: Monday, August 25, 2014 12:15 PM
To: Lee Anderson; Chris Barnes (cbarnes@Dominiuminc.com)
Subject: RE: Non-Compliance - Housing Services Incorporated

Lee,

Here is what I found out:

Below is the list of properties with pending compliance issues. All are related to the Fair Housing Notice Disclosure form.

Type of Review	Audit Date	Property	Reason
File	03/20/13	Rosemont of Highland Gardens	FHND
File	03/21/13	Rosemont of El Dorado	FHND
File	11/22/13	Rosemont at Oak Hollow	FHND
File	01/15/14	Potter's House at Primrose	FHND

The explanation I received regarding FHND from our Compliance Team was the following:

TDHCA opportunity for correction allows it to be executed no more than 120 days and no less than 30 days prior to the date the household is legally obligated to provide written notice of their intention to terminate or renew their current lease. The timeframe is limited to execution during that time only. If household moves out without executing the form during renewal time the finding remains uncorrected. Not IRS noncompliance, but will stay as state noncompliance until TDHCA revises correction opportunity. They recently implemented the timeframe in November 2013, which was past the audit correction period for Highland Gardens, El Dorado, and Oak Hollow. Potter's House response was submitted last week.

Please let me know if you have further questions or concerns that I can assist with resolution.

Thanks,
Jeannie

From: Lee Anderson [<mailto:lee@hsidevelopment.org>]
Sent: Monday, August 25, 2014 9:36 AM
To: Jeannie Shipley; Chris Barnes (cbarnes@Dominiuminc.com)
Subject: RE: Non-Compliance - Housing Services Incorporated

Jeanie,

Thanks – let me know what you find out. Sorry to press you on this, you know how it goes. Hope all is well in your world this morning!!

Lee Anderson | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | lee@hsidevelopment.org

From: Jeannie Shipley [<mailto:Jshipley@pinnaclefamily.com>]
Sent: Monday, August 25, 2014 9:07 AM
To: Lee Anderson; Chris Barnes (cbarnes@Dominiuminc.com)
Subject: RE: Non-Compliance - Housing Services Incorporated

Good morning Lee,

I was hoping to get a response back from our Compliance team by last Friday; however I heard back via email this morning that there were several deadline submittal dates due last week hence, they were not able to confirm.

I will call them by 12:noon if I haven't heard back; and get you an answer today.

Jeannie

From: Lee Anderson [<mailto:lee@hsidevelopment.org>]
Sent: Friday, August 22, 2014 4:10 PM
To: Jeannie Shipley; Chris Barnes (cbarnes@Dominiuminc.com)
Subject: RE: Non-Compliance - Housing Services Incorporated
Importance: High

Jeannie,

Sorry to bug. I'm starting to get heat on this, please let me know Monday where we are on these and if there is anything we need to resolve. Thanks, just a friendly warning, I'll likely have to start pushing this a bit by Tuesday!!

Lee Anderson | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | lee@hsidevelopment.org

From: Lee Anderson
Sent: Thursday, August 21, 2014 10:23 AM
To: jshipley@pinnaclefamily.com; Chris Barnes (cbarnes@Dominiuminc.com)
Subject: FW: Non-Compliance - Housing Services Incorporated
Importance: High

Jeanie,

There does seem to be something there, please check on this as its holding us up. Thanks.

Lee Anderson | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | lee@hsidevelopment.org

From: Lee Anderson

Sent: Thursday, August 21, 2014 10:22 AM

To: 'Tom Gouris'; Stephanie Naquin

Cc: Raquel Morales; cbarnes@Dominiuminc.com; JShackelford@shackelfordlaw.net; Sabine Geiser

Subject: RE: Non-Compliance - Housing Services Incorporated

Importance: High

Hi Tom,

We have conferred and are going to submit the transfer package and cover any questions pertaining to our involvement in Park Manor as GP when and if questions do comes up. Given the history of the “Richard Shaw” portfolio we understand the Departments concern.

Also on an unrelated note, there have been some indications that HSI has some compliance issues, at least this what we have heard through counsel. While I know there are no compliance issues in our portfolio from our recent work that I am aware of, there are 7 FHLB grants HSI was involved with prior to my tenure, deals for which we get no income and have no involvement or responsibilities within the Partnership Agreements. Regardless, since they are on our experience cert I will make sure to follow up on this and determine what if anything is out there. I have reached out to Jeanie Shipley with Pinnacle to look into this and am waiting a reply. She is copied on this e-mail as well. However, if there are any compliance issues on any deals, can you or somebody please let me know what they are so that I can address them immediately?

Thanks.

Lee Anderson | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | lee@hsidevelopment.org

From: Tom Gouris [<mailto:tom.gouris@tdhca.state.tx.us>]

Sent: Wednesday, August 13, 2014 6:03 PM

To: Lee Anderson; Stephanie Naquin

Cc: Tom Gouris; Raquel Morales; cbarnes@Dominiuminc.com; JShackelford@shackelfordlaw.net; Sabine Geiser

Subject: RE: Non-Compliance - Housing Services Incorporated

Hi Lee,

We, of course, are glad to have a call if that would be helpful, however one of the points Stephanie was trying to make in her e-mail below is that from a global review perspective we do not really know off hand all the properties or issues that may ultimately be involved/considered in a review until we have the ownership transfer material and previous participation review in process. Thus a call at this point might be premature as we would not have a complete picture of the potential issues of non-compliance until or unless we receive and complete a previous participation review request.

It might be a more fruitful use of everyone's time to review your past compliance records to determine what if any non-compliance was corrected outside of the corrective action period and formulate explanations as to why that might have occurred. Or submit the complete ownership transfer package which would include the previous participation review materials and have us work through at process. Quite frankly the best solution is almost always going to be the first option of self identification as that will provide you with a timeline of your own making rather than the regulatory timeframes that are triggered when we do the previous participation review. We are quite willing to move forward in any of these directions but I wanted you to be aware of what could and could not be accomplished in a meeting at this point. Feel free to let us know how you wish to proceed.

Tom Gouris

Deputy Executive Director for Asset Analysis and Management

Texas Department of Housing and Community Affairs

221 E. 11th Street | Austin, TX 78701

Office: 512.475.1470

Fax: 512.469.9606

Any person receiving guidance from TDHCA staff should be mindful that, as set forth in [10 TAC Section 11.1\(b\)](#) there are important limitations and caveats (Also see [10 TAC §10.2\(b\)](#)).

About TDHCA

The Texas Department of Housing and Community Affairs administers a number of state and federal programs through for-profit, nonprofit, and local government partnerships to strengthen communities through affordable housing development, home ownership opportunities, weatherization, and community-based services for Texans in need. For more information, including current funding opportunities and information on local providers, please visit www.tdhca.state.tx.us.

From: Lee Anderson [<mailto:lee@hsidevelopment.org>]
Sent: Wednesday, August 13, 2014 2:58 PM
To: Stephanie Naquin
Cc: Tom Gouris; Raquel Morales; Chris Barnes (cbarnes@Dominiuminc.com); John Shackelford (JShackelford@shackelfordlaw.net); Sabine Geiser
Subject: RE: Non-Compliance - Housing Services Incorporated
Importance: High

Stephanie,

Understood, this makes complete sense given the history of non-compliance on this community. We will cover this in the transfer request. In the meantime, if you would like we can schedule a conference call to discuss the history of our development teams involvement, not just recently but in the past, and our plan moving forward. In point of fact, given the dubious history of non-compliance on this project, we would prefer a call for at least a few minutes with the appropriate people on your end.

I have copied Chris Barnes on this email, as he is running point on this for our development team, as well as our transaction lawyer John Shackelford. They will participate on the call. A call would really be helpful for us so that we can submit a transfer package that addresses the typical stuff required in the transfer request, but given the realities of this deal also addresses any additional concerns by the Department.

Thanks in advance for your time and attention to this matter.

Lee Anderson | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | lee@hsidevelopment.org

From: Stephanie Naquin [<mailto:stephanie.naquin@tdhca.state.tx.us>]

Sent: Wednesday, August 13, 2014 1:35 PM

To: Lee Anderson

Cc: Tom Gouris; Raquel Morales

Subject: RE: Non-Compliance - Housing Services Incorporated

Hi Lee,

Park Manor has outstanding noncompliance for which the corrective action period has passed and numerous issues that, although corrected, were not corrected in the corrective action period. HSI was involved with the property as the GP for a period of time and issues that occurred during that time that are uncorrected or corrected but not corrected in the corrective action period would be considered in a previous participation review. These issues would likely come up during the ownership transfer request, but the full scope is unknown until such review is conducted.

Let me know if you have any other questions, thanks!

Stephanie Naquin

Director of Multifamily Compliance

Texas Department of Housing and Community Affairs

221 E. 11th Street | Austin, TX 78701

Office: 512.475.2330

Fax: 512.475.3359

About TDHCA

The Texas Department of Housing and Community Affairs is committed to expanding fair housing choice and opportunities for Texans through the administration and funding of affordable housing and homeownership opportunities, weatherization, and community-based services with the help of for-profits, nonprofits, and local governments. For more information about fair housing, funding opportunities, or services in your area, please visit www.tdhca.state.tx.us or the [Learn about Fair Housing in Texas](#) page.

From: Lee Anderson [<mailto:lee@hsidevelopment.org>]
Sent: Tuesday, August 12, 2014 5:25 PM
To: Stephanie Naquin (stephanie.naquin@tdhca.state.tx.us)
Subject: Non-Compliance - Housing Services Incorporated
Importance: High

Stephanie,

I tried you a minute ago and wanted to zip off an e-mail instead of leaving a message so we could avoid phone tag. The reason for my call and e-mail is that I just received a phone call and it was brought to my attention that there is a finding of non-compliance on a transaction that would inhibit HSI's ability to be brought in as GP on a takeover transaction on Park Manor. At least this is what was brought to my attention, and since I have not been aware of any finding of non-compliance on any deal that we haven't dealt with, I wanted to reach out to determine what it is you were referring to.

Thanks and please let me know quickly so I can get it dealt with.

Lee Anderson | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | lee@hsidevelopment.org

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Exhibit C – HSI transparency – no help from TDHCA

While we understand TDHCA isn't required to respond in many instances, there is not one time the past five years that we have received any feedback from any letter as we have articulated our operations clearly and plainly.

March 7, 2012

Ms. Renee Norred
Compliance Monitor
Texas Department of Housing and Community Affairs
221 E. 11th Street | Austin, TX 78701

Re: Humble Memorial Garden

Dear Ms. Norred,

Pursuant to the e-mail earlier this week, this letter addresses the two issues raised: the event held for Senior Citizen Counseling, and the request for reporting on site visits and monthly financial review. I am puzzled by the Department's position on the event we held last year that does not qualify for Senior Citizen Counseling:

- The LURA requires Senior Citizen Counseling (one event per year-although not stipulated in the LURA, this is how the Department and us interpreted this in 2010). We held an event in 2010 similar to the 2011 event and 2010 event was accepted by the Department last year as qualifying for Senior Citizen Counseling. Please explain the basis for the Department's material change in its position.
- This community is very active. The services and community involvement exceeds what is required under the LURA,
- Our Houston Area Coordinator, Muszetta Forman, who is certified by the Senior Citizen Council for Aging, coordinated this event in 2011,
- The event was a health fair to discuss Medicare and Medicaid, and it included counseling for our senior citizen residents. In my opinion, the counseling we provided is perhaps the most important kind of counseling these seniors need in connection with their health care options,
- We previously provided all sign in sheets and information from this event, but we have re-attached them for your review, and
- If the Department's definition of "Senior Citizen Counseling" has changed, we will immediately modify what we do but please understand we need in writing from the Department objective guidance specifically stating what you think "Senior Citizen Counseling" is to assist us in providing what you require.

We appreciate your review of our procedure manual, as you asked for information that HSI has put in place to document our oversight of Dominion Management. This procedure manual was fully implemented in January of 2012. In the past, my review of financials occurred throughout the year with various people at Dominion, primarily Chris Barnes and Owen Metz. As I looked into these questions in the second and third quarter last year, it became apparent we need simple and objective procedures in place so that we can give the Department details on exactly what we do as it relates to oversight – otherwise an ecumenical debate could ensue. In addition, something else good that came out of this process with the Department is stricter procedures on our end about site visits. While there is no requirement by the Department, IRC



469, or in The Guide for Completing the 8823, we thought quarterly site visits were optimal. Please review the recent site visit from Humble for details.

Since there are no objective guidelines in place by the Department to document our oversight of management, we are happy to modify, change, and/or add to any of the reporting procedures in this regard. However, I would respectfully request the Department put this writing to provide guidance if your position is different than ours. We have answered every question in a transparent and comprehensive way; so much so that the Department can now make recommendations if necessary because of the road map we have provided. We absolutely welcome any recommendations and/or guidance. If there are any suggestions you have, we will endeavor to incorporate those into our procedures so that we can avoid these kinds of questions and interruptions on future transactions. We cannot and do not want to have an ongoing problem because of the time and cost involved to our entire development team when deals get put on hold as a result of these issues. This isn't, however, to suggest we have an issue with any of the questions raised by the Department. We understand the history of some non-profits "renting out" their status to for-profit developers in Texas, and appreciate the Department's pursuit to end this abuse.

Thanks for your consideration, please let me know if you have any further questions.

Sincerely,



Lee Anderson
Director of Affordable Housing

HOUSING SERVICES INCORPORATED

1160 GALICIA
DALLAS, TX 75217

PHONE: 214.329.4890
FAX: 214.584.9188



December 4, 2014

Ms. Patricia Murphy
Chief of Compliance
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Mr. Tom Gouris
Deputy Executive Director of Housing Programs
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Dear Ms. Murphy and Mr. Gouris,

We have prepared this letter for review by the TDHCA, and would like to apologize for failing to properly respond at the meeting Tuesday October 21st. As outlined below, we are committed to modifying how we operate and have immediately put procedures in place to ensure compliance issues do not occur.

Plan of Action:

- We have engaged Frost Cummings Tidwell Group, LLC (“FCT Group”) to be our accounting firm. FCT Group is a national accounting firm that is a CPA centric group that we feel is a much better fit for HSI. They are in the process of conducting a thorough review of all legal documents, including:
 - Review of 2 years of Owners’ Certificates, tax returns, and audits for all partnerships
 - Review all relevant partnership documents
- HSI is taking all actions allowed by Partnership Agreements and Management Agreements with respect to compliance issues raised by TDHCA and are aggressively pursuing by legal means with a qualified team of lawyers and accountants. While this process is fluid, HSI is (1) replacing DMS at Asbury and Humble and (2) require FCT Group to conduct all property audits and prepare all tax returns for all HSI assets moving forward.
- Steve Gilles with Gardere Wynne Sewell LLP will be involved in all HSI development activities.
- We have engaged Bob Voelker of Munsch, Hardt, Kopf, & Harr PC.
- We have engaged TCAM Asset Management (“TCAM”) to provide us with Asset Management and Owner representation services for our portfolio. TCAM is a nationally known and respected firm that specializes in providing Asset Management services to over 130,000 LIHTC apartment units across the country.



- TCAM will review and develop a new oversight regime, provide ongoing asset management services, compliance and asset management training for HSI Staff, establish a business plan for each community, review all correspondence with TDHCA by all HSI partners, review all financials and audits, develop annual reports to demonstrate HSI's material participation for each project, develop operating instructions for HSI's site visits, reporting to partners, reporting to HSI board of directors, and reporting to TDHCA.
- Sabine Geiser, HSI's Director of Oversight and Compliance, participated in the November 11th training in San Antonio with TDHCA, will attend TDCHA training in January of 2015, and will attend any future compliance and asset management training by TDHCA. Sabine Geiser will also participate in training TCAM suggests.
- Transaction Team. As we began examining our development group and transaction team, it quickly became apparent we needed to have a new set of eyes on our transaction work, eyes that are "non-profit" centric. As a result, we have hired three firms to be part of this new team:
 - Steve Gilles is a non-profit tax attorney and will be involved in every business decision we make, and will be the point person for all future transactional work. Mr. Gilles will not work directly on transactions, but will review all pertinent agreements for each transaction.
 - FCT Group will be our main audit firm, will conduct property audits and prepare all tax returns on all transactions for which HSI is GP, will conduct HSI's audit and our tax work, and will work with us to develop systems and oversight to properly report to our board of directors, institutional actors, and partners.
 - Bob Voekler of Munsch, Hardt, Kopf, & Harr PC will provide transactional work for all future developments.

HSI Operations – Shift in Operations as a result of TDHCA feedback the past 45 days

- Sabine Geiser will be solely responsible for all Compliance, LURA testing, and Site Visits. She will be the single point of contact for all interaction with the Department as transactions enter the compliance period.
- TCAM to develop an oversight regime for Sabine Geiser's oversight and compliance role. TCAM to work with HSI to develop all forms, reports, site visit forms, and testing procedures for HSI's oversight.
- Judy Rath, hired October 1st 2014 as HSI's Director of Operations, will manage the oversight regime and process with FCT Group that includes the management of all reporting to and from the board, all interaction between FCT Group and HSI, and managing all other operational items for HSI as assets enter the compliance period. She will be solely responsible for reporting HSI's activities in each partnership to establish material participation to all partners, investors, and state allocating agencies.

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- Lee Anderson, Director of Affordable Housing, will primarily be responsible for developing new transactions.
- Moving forward HSI will:
 - Negotiate more authority in relation Partnership Agreements and Management Agreements than it has in the past.
 - Require a .5% management fee for HSI's oversight.
 - Require more authority and involvement over the day to day operations of management companies.
 - Require Oversight Agreements (we started using oversight agreements in May of 2014 – we will amend and update).

HSI's goal is to aggressively and proactively address the concerns raised by TDHCA. Thanks in advance for your attention to this matter.

Sincerely,



Lee Anderson
Director of
Affordable Housing



Sabine Geiser
Director of
Compliance and Oversight

Judy Rath
Director of
Operations

CC: FCT Group
Steve Gilles
Bob Voelker
TCAM
HSI Board
Dominium

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Sincerely,



Lee Anderson
Director of
Affordable Housing



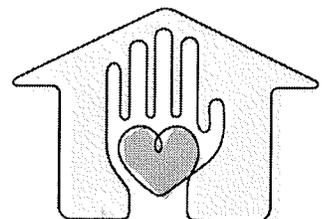
Sabine Geiser
Director of
Compliance and Oversight

Judy Rath
Director of
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CC: FCT Group
Steve Gilles
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December 4, 2014

Ms. Patricia Murphy
Texas Department of Housing and Community Affairs
211 E. 11th Street
Austin, TX 78701

RE: Material Participation Asbury

Dear Ms. Murphy,

I am writing in response to the Department's recent finding that HSI was "not materially involved" in the management of Asbury, which follows on recent denials of transfers (to/from HSI) on similar grounds. The question of HSI's participation has been an issue with the Department in the past and we have worked hard to address these concerns (see attached Chronology).

We are disappointed to see it arise again and want to use this opportunity to describe the many ways in which we actively participate in the management of the properties in which we are involved.

Specific Action taken at Asbury to establish material participation:

- Hire a property management company
- Lee Anderson reviews and conducts the following oversight activities:
 - Reviews Rent Rolls monthly
 - Reviews Financials monthly
 - Review Annual Audits
 - Review and respond to Lenders Questions or Default Notices if they occur
 - Work, talk, and E-mail with Dominion Management Services ("DMS") and Dominion Development ("DDA") on personnel problems, compliance issues, social services, expenses, revenues, and budgets
 - Work, Talk, and E-mail with DMS Vice President of DMS Texas regarding management staff problems and all operations
 - Work, Talk, and E-mail with DMS Regionals as necessary regarding operations



- Attend phone meetings with DMS and DDA as necessary for any and all issues
 - Sabine Geiser, HSI's Director of Compliance and Oversight, engages in the following oversight and compliance duties:
 - Provide training and support for social service requirements under the land use restrictions agreement, recommends services depending on resident needs, and work to create programs to meet those needs. In addition to site visits, Sabine interacts via phone and e-mail with all onsite managers on a consistent basis.
 - Work, talk and E-mail with DMS regional managers on supplemental services, LURA Service Training at each community, personnel problems, compliance issues, social services
 - Work with DMS On-Site managers and regional managers on Asbury management
 - Conducted site visits on the following dates:
 - 8/12/14
 - 3/26/14
 - 12/12/13
 - 8/15/13
 - 6/17/13
 - 1/22/13
 - 6/27/12
 - 12/4/12
 - 10/23/12
- [All site visit reports attached]
- 2012, in response to the questions regarding material participation, HSI started conducting site visits (please review attached chronology).

While we believe our organization has been materially involved, we acknowledge that given the compliance concerns raised by TDHCA HSI needs to do a better job overseeing DMS, as well as other management companies involved in our portfolio. The record does reflect we have been receptive to TDHCA direction over the past three years, have modified what we do each time we have received feedback from the Department, and have taken very deliberate action. Admittedly we have been learning and some of our operations in the oversight department could have, and

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frankly should have been better. HSI has very much taken the Department's input into account, as evidenced by substantial changes to our "transaction team," replacing out transaction lawyer, engaging Steve Gilles to work with us on all development activities, and engaging Frost Cummings Tidwell, and have created more of a 501 (c) 3 centric "transaction team."

In closing, we want to be clear about our commitment to ensuring the quality of the housing and services provided to residents. HSI is bringing new resources to the portfolio and its oversight of property management companies that include: changing all actors in our transaction team as outlined above, changing and enhancing our "development team," and engaging TCAM. Please review our Plan of Action for operational changes we feel are requisite to improve our oversight of management companies and our portfolio.

We welcome the opportunity to discuss these measures and understand better any and all of the Department's concerns.

Sincerely,



Lee Anderson
Director of Affordable Housing



Sabine Geiser
Director of Oversight and Compliance

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April 14, 2015

Patricia Murphy
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78711-3941

Via Email ~ patricia.murphy@tdhca.state.tx.us

Dear Ms. Murphy,

This letter provides HSI's response to the TDHCA Previous Participation Review received by e-mail on April 8, 2015. The Review was conducted in connection with Housing Services Incorporated's ("HSI") application for HOME funds for 14501, Cornerstone Apartments. Specific responses to each of TDHCA's findings are detailed in an attached exhibit. Also please find responses drafted by Dominion, the management agent on behalf of HSI.

After the EARAC Committee meeting on October 21st 2015, the severity and scope of compliance problems within the HSI/Dominium portfolio was shocking, an explanation of when and how HSI learned of these issues is attached. Recognizing the need for improvements, HSI took decisive and immediate action and has been working diligently over the past six months to systematize our oversight and increase our ability to respond quickly to concerns of TDHCA and other stakeholders. We have hired an independent asset management firm, TCAM, to help us strengthen our monitoring of property operations and management performance. We have also greatly increased and improved our level of communication with the property management agent at our properties. These efforts have increased our responsiveness and will prevent the recurrence of events such as those cited in your review. HSI took the follow actions immediately after the EARAC Committee meeting:

- HSI put Dominion on notice that the compliance record was unacceptable and that HSI expected immediate improvements, and that there will be zero tolerance moving forward, these conversations are fluid and ongoing.
- We have asked for notices of all non-compliance from TDCHA
- Engaged new audit and accounting firm in Frost Cumming Tidwell
- Hired new transaction counsel
- As mentioned above engaged TCAM
- Began an immediate overhaul of HSI's oversight of management companies

Given what occurred, it was clear HSI needed to shore up its oversight regime. While we have implemented processes and continue to develop our oversight regime, the primary detail that would have given HSI warning of these issues is to be in the loop and receive all notices from TDHCA. The following process is critical:



- Receive all department notices directly
- Run a parallel system that doesn't rely solely on the management company to inform HSI of non-compliance and audit responses
- Compile our own reports from notices directly from Department with management to insure all items are being responded to timely

HSI and Dominion have been a catalyst of saving troubled multi-family properties in the state of Texas and preserving the affordability, in totality HSI and Dominion have saved 8 troubled assets over the past 4 years, with approval from TDHCA. HSI has already suffered greatly because of this; the financial impact has been dramatic, in addition everything else the organization has been working on has suffered greatly the past six months. Please do not take any further punitive action.

In closing, the state has a desperate need for housing in the Rio Grande River Valley ("RGV"), one of the poorest in the Country. And the need of housing here far outweighs and benefit of sanctions on HSI. Given the sheer gravity of HSI's CHDO related activities in RGV, meeting over 1000 stakeholders, starting another non-profit, Strong Minds Rise Together ("SMRT"), to meet the educational needs of the RVG, having initiatives with 4 different communities, interacting with over 10 school districts, among many other activities in south Texas, it is in the best interest of the State and the residents of the RGV that HSI be given the benefit of our efforts on these past issues and for TDHCA to allow Cornerstone Vermillion to proceed. The impact HSI is having on Texas as a CHDO is dramatic; its activities are highly impactful for the residents of Texas.

HSI is committed to the mission of quality affordable housing. We are doing our best to ensure the quality of the housing and to expand housing opportunities for low-income residents of Texas. We welcome feedback from TDHCA about how we might further improve our capabilities.

Sincerely,



Lee Anderson
Director of Affordable Housing

HOUSING SERVICES INCORPORATED

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Exhibit - Responses to Deficiency Items

The Department's records indicate that there are issues that are currently uncorrected and the corrective action period has ended.

Property or Program: Arbor Cove

Issue(s) that our records indicate is(are) currently uncorrected: Failure to provide Fair Housing Disclosure

HSI RESPONSE: **Please see management company response under separate cover**

Property or Program: Asbury Place

Issue(s) that our records indicate is(are) currently uncorrected: No evidence of or failure to certify to material participation of a nonprofit

HSI RESPONSE: HSI provided a written response to TDHCA on 10/22/2014 with a follow up response submitted on 12/4/2014 and is awaiting a final response.

Property or Program: Humble Memorial Gardens

Issue(s) that our records indicate is(are) currently uncorrected: Failure to provide Fair Housing Disclosure notice

HSI RESPONSE: **Please see management company response under separate cover**

Property or Program: Seville Row

Issue(s) that our records indicate is(are) currently uncorrected: Household income above income limit upon initial occupancy

HSI RESPONSE: **Please see management company response under separate cover**

The Department's records indicate that there are issues that are now corrected but were not corrected during the allowed corrective action period.

HSI RESPONSE: **Please see management company response under separate cover**

Property or Program: Arbor Cove

Issue(s): No evidence of or failure to certify to material participation of a HUB, household income above income limit upon initial occupancy, project failed to meet minimum set aside, Gross rents exceed highest allowed under LURA, noncompliance with utility allowance regulations.

Property or Program: Asbury Place

Issue(s): UPCS violations (in 2013 and 2014), Noncompliance with social service requirements, Failure to provide special needs housing, noncompliance with utility allowance requirements, household income increased above 80% and owner failed to properly determine rent, noncompliance with lease requirements, failure to provide HQS inspections,

Property or Program: Timbers Edge

Issue(s): Violations of the Uniform Physical Condition Standards

Property or Program: Village of Kaufman

Issue(s): Violations of the Uniform Physical Condition Standards

Property or Program: Fox Run

Issue(s): Failure to correct construction inspection deficiencies

Property or Program: Hickory Manor

Issue(s): Noncompliance with social service requirements

Property or Program: Madison Pointe

Issue(s): Noncompliance with social service requirements

Property or Program: HOME contract 1001829

Issue(s): Ensure the Labor standards officer is not affiliated with monitored construction company, reconcile the employee interview to certified payroll

Property or Program: HOME contract 1001834

Issue(s): Failure to respond to requests for monitoring reviews

Applicant failed to provide ANY response during the corrective action period.

Applicant should address the issue of why Applicant failed to respond to Department notices and communications during the corrective action period for each issue of noncompliance. If no response is provided (and if this item is checked) or if the response is unsatisfactory, EARAC may make a recommendation to deny any new award.

On May 23, 2014 a notice of noncompliance was sent regarding a file review conducted at Asbury Place Apartments. The response was due no later than August 21, 2014. No response was received until August 29, 2014.

HSI RESPONSE: Please see management company response under separate cover

The Department attempted to complete a desk review for HOME contract 1001834 and the requested documents were not submitted.

HSI RESPONSE: HSI acknowledges that the response was not provided timely, but HSI has since provided all items during an onsite audit dated March 16, 2015. On March 23, 2015 HSI received a letter requesting additional details regarding Sabine Geiser's activities. A response is required by April 23rd 2015.

The Department's records indicate that the Audit Certification Form for Housing Services Inc. is past due.

HSI RESPONSE: HSI acknowledges that the response was not provided timely, and has submitted the form as of today. A copy of that form is attached.

The Department's records indicate that the following financial services issues exist:

Home 1001829 - Champion Homes at Tahoe Lake - needs submission of Proof of Builder's Risk Ins and tax receipts for tax year 2014 or exemption status

HSI RESPONSE: This information has been submitted to TDHCA and are included as an attachment.

The Department's records indicate that the following asset management concerns exist based on information provided by the owner or owner's representative in the annual report to the Department and summarized on the attached exhibit which will be presented to EARAC. The applicant is encouraged but not required to provide any clarification, explanation or plan for improvement for consideration in evaluating past performance of these properties:

HSI RESPONSE: **Please see management company response under separate cover as well as a table of 2014 Debt Coverage Ratios**

Exhibit – Timeline outlining when HSI learned of severity of compliance issues

On October 21, 2014 the EARAC Committee held a meeting regarding a pattern of non-compliance and late audit responses within the Dominion/HSI Portfolio, at which time Dominion and Housing Services Incorporated (“HSI”) gave a presentation about corrective action. The first time HSI became aware of concerns by TDHCA of non-compliance within the Dominion/HSI Portfolio was in August of 2014, at which time HSI immediately reached out to Stephanie Naquin, and sent subsequent e-mails on August 21st to Tom Gouris. At no time before August of 2014 did HSI receive notice, emails, or phone calls by Department staff about ongoing problems relating to the Dominion/HSI Portfolio. There were 55 compliance items brought to our attention, 48 of the 55 questions pertained to the Dominion Portfolio, the other 7 questions pertained to debt coverage ratios on FHLB transactions not related to Dominion. Two of the 55 items of non-compliance related to HSI’s material participation at Asbury and Humble. HSI provided a written response to TDHCA on 10/22/2014 with a follow up response submitted on 12/4/2014 and is awaiting a final response.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA)

AUDIT CERTIFICATION FORM (ACF)

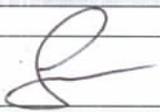
Entity:	Housing Services Incorporated	FYE:	12/31/2014	Contract Number:	1001834
<i>mm/dd/yy</i>					

Check appropriate box:	
	We have exceeded the \$500,000 federal/state expenditure threshold for the fiscal year referenced above. We will have our Single Audit or Program Specific Audit completed and will submit the audit report within nine (9) months after the end of the audited fiscal year.
x	We did not exceed the \$500,000 federal/state expenditure threshold for the fiscal year referenced above. A Single Audit or a Program Specific Audit is not required for this fiscal year. <i>(Fill out Federal and State Funds Schedules below)</i>

*(Must be filled out if Single Audit or Program Audit is **NOT** required)*

Federal Funds Schedule				
Federal Grantor	Pass-through Grantor	Program Name & CFDA Number	Contract Number	Expenditures
				\$
				\$
				\$
Total Federal Expenditures for the Fiscal Year				\$

State Funds Schedule				
State Grantor	Pass-through Grantor (if any)	Program Name	Contract Number	Expenditures
TDHCA		HOME	1001834	27,392.00
Total State Expenditures for the Fiscal Year				\$

	Lee Anderson	D. of A. U.
<i>(authorized signature)</i> <i>(Executive Director, Mayor, County Judge)</i>	<i>(printed name)</i>	<i>(title)</i>
<i>(mailing address)</i>	Dallas, TX	75208
lee@hsidevelopment.org	<i>(city, state)</i>	<i>(zip code)</i>
<i>(email address)</i>	214-763-5209	n/a
	<i>(telephone number)</i>	<i>(fax number)</i>

In accordance with the Texas Administrative Code, Title 10, Part 1, Chapter 1, Subchapter A, Rule §1.3 (b), an Entity "...is not eligible for funds or any other assistance from the department unless any past due audit has been submitted to the department in a satisfactory format on or before the application deadline for the funds or other assistance."

WARNING: The U. S. Code, Title 18, Part 1, Chapter 47, §1001 (a)(1)-(3) indicates that an Entity is guilty of falsification and fraud for knowingly and willingly making false or fraudulent statements to any department of the United States Government.

Unless directed otherwise during the application process, submit this form within 60 days after the end of the fiscal year to:
 Compliance and Asset Oversight Division
 P. O. Box 13941, Austin, TX 78711-3941
 Fax # (512) 475-3359



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
10/1/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

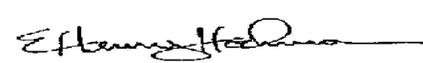
PRODUCER Insgroup, Inc. 1455 W. Loop South, 9th Floor Houston TX 77027	CONTACT NAME: Fred Chang PHONE (A/C No. Ext): (713)541-7272 E-MAIL ADDRESS: fchang@insgroup.net		FAX (A/C No): (713)772-5224
	INSURER(S) AFFORDING COVERAGE		NAIC #
INSURED Chicory Court Midland, LP Odyssey Residential Construction, LP 5420 LBJ Freeway #1355 Dallas TX 75240	INSURER A: Scottsdale		
	INSURER B: Hallmark Specialty Ins. Co.		
	INSURER C: Navigators Insurance Co.		
	INSURER D: Texas Mutual Ins. Co.		
	INSURER E:		
	INSURER F:		

COVERAGES **CERTIFICATE NUMBER:** 14/15 Lake Tahoe **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY			BCS0031368	1/16/2014	1/16/2015	EACH OCCURRENCE	\$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person)	\$ NA
	<input checked="" type="checkbox"/> BI/PD/P&AI Ded: \$5000						PERSONAL & ADV INJURY	\$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	\$ 2,000,000
	<input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC						PRODUCTS - COMP/OP AGG	\$ 2,000,000
B	AUTOMOBILE LIABILITY			TXH601334-04	1/16/2014	1/16/2015	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person)	\$
	<input type="checkbox"/> ALL OWNED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS					BODILY INJURY (Per accident)	\$
	<input checked="" type="checkbox"/> HIRED AUTOS	<input checked="" type="checkbox"/> NON-OWNED AUTOS					PROPERTY DAMAGE (Per accident)	\$
C	UMBRELLA LIAB			HO14EXC803011IC	1/16/2014	1/16/2015	EACH OCCURRENCE	\$ 5,000,000
	<input checked="" type="checkbox"/> EXCESS LIAB	<input type="checkbox"/> OCCUR					AGGREGATE	\$ 5,000,000
	<input checked="" type="checkbox"/> DED	<input type="checkbox"/> CLAIMS-MADE						\$
D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			SBP-0001189918	4/11/2014	4/11/2015	<input checked="" type="checkbox"/> WC STATUTORY LIMITS	<input type="checkbox"/> OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y/N	N/A				E.L. EACH ACCIDENT	\$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	\$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
RE: Champion Homes at Tahoe Lakes Construction Project - Midland, TX
The policy includes a blanket automatic additional insured endorsement that will provide additional insured status to the certificate holder only when there is a written contract between the named insured and the certificate holder as shown in the written contract that requires such status.

CERTIFICATE HOLDER carolyn.kelly@tdhca.state. Texas Department of Housing and Community Affairs Carolyn Kelly 221 East 11th Street Austin, TX 78701	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE Henry Hochman/FC01 



EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)
9/5/2013

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME, CONTACT PERSON AND ADDRESS Insgroup, Inc. 1455 West Loop South 9th Floor Houston TX 77027		PHONE (A/C, No, Ext): (713)541-7272	COMPANY NAME AND ADDRESS Darwin National Assurance Company 1690 New Britain Ave Farmington CT 06032	NAIC NO: 16624
FAX (A/C, No): (713)772-5224	E-MAIL ADDRESS: jschmidt@businessinsurancegroup.c		IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH	
CODE:	SUB CODE:		POLICY TYPE Installation/Builder Risk	
AGENCY CUSTOMER ID #: 00033546		NAMED INSURED AND ADDRESS Odyssey Residential Holdings, LP (CONSTRUCTION) 5420 LBJ Freeway #1355 Dallas TX 75240		
ADDITIONAL NAMED INSURED(S) Chicory Court Midland, LP		LOAN NUMBER	POLICY NUMBER 0308-6907	
		EFFECTIVE DATE 11/01/2013	EXPIRATION DATE 11/01/2014	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
THIS REPLACES PRIOR EVIDENCE DATED:				

PROPERTY INFORMATION (Use REMARKS on page 2, if more space is required) BUILDING OR BUSINESS PERSONAL PROPERTY

LOCATION/DESCRIPTION
Location #1: 1905 South Lamesa Road, Midland, TX 79701

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION PERILS INSURED BASIC BROAD SPECIAL

COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$ 14,861,888 DED: 10,000

	YES	NO	N/A	
<input type="checkbox"/> BUSINESS INCOME <input checked="" type="checkbox"/> RENTAL VALUE	<input checked="" type="checkbox"/>			If YES, LIMIT: 1,954,960 Actual Loss Sustained; # of months:
BLANKET COVERAGE		<input checked="" type="checkbox"/>		If YES, indicate value(s) reported on property identified above: \$
TERRORISM COVERAGE		<input checked="" type="checkbox"/>		Attach Disclosure Notice / DEC
IS THERE A TERRORISM-SPECIFIC EXCLUSION?				
IS DOMESTIC TERRORISM EXCLUDED?				
LIMITED FUNGUS COVERAGE	<input checked="" type="checkbox"/>			If YES, LIMIT: 15,000 DED: 7 Day Wait
FUNGUS EXCLUSION (If "YES", specify organization's form used)		<input checked="" type="checkbox"/>		
REPLACEMENT COST	<input checked="" type="checkbox"/>			
AGREED VALUE	<input checked="" type="checkbox"/>			
COINSURANCE	<input checked="" type="checkbox"/>			If YES, 100%
EQUIPMENT BREAKDOWN (If Applicable)	<input checked="" type="checkbox"/>			If YES, LIMIT: 10,872,048 DED: 10,000
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg	<input checked="" type="checkbox"/>			
- Demolition Costs	<input checked="" type="checkbox"/>			If YES, LIMIT: 50,000 DED:
- Incr. Cost of Construction	<input checked="" type="checkbox"/>			If YES, LIMIT: 50,000 DED:
EARTH MOVEMENT (If Applicable)	<input checked="" type="checkbox"/>			If YES, LIMIT: 1,000,000 DED: 25,000
FLOOD (If Applicable)	<input checked="" type="checkbox"/>			If YES, LIMIT: 1,000,000 DED:
WIND / HAIL (If Subject to Different Provisions)	<input checked="" type="checkbox"/>			If YES, LIMIT: INCL IN LIMIT DED: SEE ATTCH
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS				

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

MORTGAGEE	CONTRACT OF SALE	LENDER SERVICING AGENT NAME AND ADDRESS
LENDERS LOSS PAYABLE <input checked="" type="checkbox"/>	Mortgagee & Loss Payee	
NAME AND ADDRESS Texas Department of Housing and Communit Affairs 221 East 11th Street Austin, TX 78701		AUTHORIZED REPRESENTATIVE Brian Kapiloff/CAR01

BUILDERS RISK COVERAGE:

Soft Cost: \$2,034,880

Loss of Rents: \$1,954,960

DELAY IN COMPLETION:

Deductible: 7 day waiting period

Windsorm and Hail:

a) with respects to locations within Tier 1 wind zones the deductible shall be 0% of the total values at the time of loss or damage at each location involved in the loss or damage;

b) with respects to all other locations, all loss, damage, and/or expense arising out of any one occurrence shall be adjusted as one loss, the deductible shall be 0% of the total values at the time of loss at each location involved in the loss, subject to a minimum of \$10,000 for any one occurrence

Additional Named Insureds

Other Named Insureds

Chicory Court Stream GP, LLC	Additional Named Insured
Odyssey Residential Construction II, LLC	Additional Named Insured
Odyssey Residential Construction, GP	Additional Named Insured
Odyssey Residential Construction, GP, Inc.	Additional Named Insured
Odyssey Residential Holdings, LP	Additional Named Insured
Odyssey Residential Management, LLC	Additional Named Insured



[Home](#) [Return to Search](#)  [Print](#)

[Property Year 2014](#) **Tax Summary**

Information Updated 4/13/2015

Property ID: R000210945 Geo ID: 00081990.001.0010

Property Tax Bills

View Property Taxes Detail by Entity

Year	Taxing Detail	Base Tax	Paid Tax	Tax Due	*Additional Fees	Late Fees	Amount Due
2014	165 - MIDLAND COUNTY	\$136.52	\$136.52	\$0.00	\$0.00	\$0.00	\$0.00
2014	CTM - CITY OF MIDLAND	\$425.01	\$425.01	\$0.00	\$0.00	\$0.00	\$0.00
2014	HOS - MIDLAND HOSPITAL	\$127.65	\$127.65	\$0.00	\$0.00	\$0.00	\$0.00
2014	RDC - MIDLAND COLLEGE	\$134.22	\$134.22	\$0.00	\$0.00	\$0.00	\$0.00
2014	SCM - MIDLAND ISD	\$1,230.11	\$1,230.11	\$0.00	\$0.00	\$0.00	\$0.00
Total Amount Due:				\$0.00	\$0.00	\$0.00	\$0.00

* Additional Fees include any applicable penalties and interest, attorney and/or late fees.

4/13/2015

RECALCULATE PAYMENT 

(with different proposed payment date)

Southwest Data Solutions provides this information "as is" without warranty of any kind.
Southwest Data Solutions is not responsible for any errors or omissions.

Lee Anderson

From: Lee Anderson
Sent: Sunday, March 15, 2015 9:57 AM
To: 'Patricia Murphy'
Cc: Tim Irvine; Sabine Geiser; Judy .
Subject: RE: HSI-Dominium
Attachments: Schedule of Real Estate - AH Activities - Dominium .pdf

Hello Patricia,

Please find schedule of real estate, the projects with red lines through them are not Dominium Partnerships. I initially intended a more high level call, as you will be digging into each file, I will ask Sabine and Judy to prepare so that we can discuss each partnership specifically if necessary. Let's push this call to the following week, perhaps the 25th or 26th?

Let us know if you need anything else in advance of the call.

Lee Anderson | Housing Services Incorporated
Director of Affordable Housing

Direct 214.329.4890 | Fax 888.835.9319 | lee@hsidevelopment.org

From: Patricia Murphy [<mailto:patricia.murphy@tdhca.state.tx.us>]
Sent: Saturday, March 14, 2015 9:10 AM
To: Lee Anderson
Cc: Tim Irvine
Subject: FW: HSI-Dominium

Hi Lee, Can you tell me which properties HSI is affiliated with? I think I have a list of Dominium/HSI properties, but I don't think HSI is affiliated with all of Dominium portfolio. Plus, I know that HSI is involved with some properties that Dominium is not involved with.

I need that list and some time to look through the files before a call.

From: Lee Anderson [<mailto:lee@hsidevelopment.org>]
Sent: Wednesday, March 11, 2015 4:14 PM
To: tim.irvine@tdhca.state.tx.us
Cc: Voelker, Robert (rvoelker@munsch.com); Judy .; Sabine Geiser
Subject: HSI-Dominium

Mr. Irvine,

We would like to schedule a phone call with you for the middle of next week for a quick chat about Dominium and where our team is with this, perhaps Wednesday or Thursday if you have time.

Lee Anderson | Housing Services Incorporated

Director of Affordable Housing

Direct 214.270.1402 | lee@hsidevelopment.org

Exhibit D – Material participation

1. Baseline for HSI's Activities set in 2012 – March 8th
 - Rene Norred reviews our procedures
 - Rene Norred reviews our site visit report example
 - We clearly ask for help and guidance in the letter
 - No follow up by the Ms. Norred
 - Assumption, she is happy with everything

- .2 It is also important to note that HSI was cleared of all questions for material participation in 2012 and 2013.

3. We have supplied the response to both Humble and Asbury we prepared for Ms. Murphy – we heard nothing back at all on either response

Lee Anderson

From: Lee Anderson
Sent: Thursday, March 08, 2012 9:04 AM
To: renee.norred@tdhca.state.tx.us
Cc: John Shackelford (jshack@shacklaw.net); Chris Barnes (cbarnes@Dominiuminc.com)
Subject: Humble Memoria Gardens
Attachments: Response on Services and Reporting - Humble 3-7-12.pdf; Quarterly Site Visit Report - Humble - 1st Quarter 2012 Site Visit.pdf; Monthly Financial Review - 2012 Dominium Portfolio.pdf

Ms. Norred,

Please find our response to the e-mail on the 5th of March. As indicated in the letter, I'm sending in all of the materials for the event we held last year, however, as the e-files we have for all of those materials is over 20 meg, and I wanted to make sure you had everything we had on file in your hand on this event, I am overnighting it all for early morning delivery. While you have seen the sign in sheets and a few other details in the past, there is substantially more materials for you to review, and hopefully you will come to the same conclusion we did before we held the event, in that it is senior citizen counseling.

We appreciate your attention to this matter, please let me know if you have any questions.

Lee Anderson | Housing Services Incorporated
Executive Director – Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | lee@hsidevelopment.org

March 7, 2012

Ms. Renee Norred
Compliance Monitor
Texas Department of Housing and Community Affairs
221 E. 11th Street | Austin, TX 78701

Re: Humble Memorial Garden

Dear Ms. Norred,

Pursuant to the e-mail earlier this week, this letter addresses the two issues raised: the event held for Senior Citizen Counseling, and the request for reporting on site visits and monthly financial review. I am puzzled by the Department's position on the event we held last year that does not qualify for Senior Citizen Counseling:

- The LURA requires Senior Citizen Counseling (one event per year-although not stipulated in the LURA, this is how the Department and us interpreted this in 2010). We held an event in 2010 similar to the 2011 event and 2010 event was accepted by the Department last year as qualifying for Senior Citizen Counseling. Please explain the basis for the Department's material change in its position.
- This community is very active. The services and community involvement exceeds what is required under the LURA,
- Our Houston Area Coordinator, Muszetta Forman, who is certified by the Senior Citizen Council for Aging, coordinated this event in 2011,
- The event was a health fair to discuss Medicare and Medicaid, and it included counseling for our senior citizen residents. In my opinion, the counseling we provided is perhaps the most important kind of counseling these seniors need in connection with their health care options,
- We previously provided all sign in sheets and information from this event, but we have re-attached them for your review, and
- If the Department's definition of "Senior Citizen Counseling" has changed, we will immediately modify what we do but please understand we need in writing from the Department objective guidance specifically stating what you think "Senior Citizen Counseling" is to assist us in providing what you require.

We appreciate your review of our procedure manual, as you asked for information that HSI has put in place to document our oversight of Dominion Management. This procedure manual was fully implemented in January of 2012. In the past, my review of financials occurred throughout the year with various people at Dominion, primarily Chris Barnes and Owen Metz. As I looked into these questions in the second and third quarter last year, it became apparent we need simple and objective procedures in place so that we can give the Department details on exactly what we do as it relates to oversight – otherwise an ecumenical debate could ensue. In addition, something else good that came out of this process with the Department is stricter procedures on our end about site visits. While there is no requirement by the Department, IRC



469, or in The Guide for Completing the 8823, we thought quarterly site visits were optimal. Please review the recent site visit from Humble for details.

Since there are no objective guidelines in place by the Department to document our oversight of management, we are happy to modify, change, and/or add to any of the reporting procedures in this regard. However, I would respectfully request the Department put this writing to provide guidance if your position is different than ours. We have answered every question in a transparent and comprehensive way; so much so that the Department can now make recommendations if necessary because of the road map we have provided. We absolutely welcome any recommendations and/or guidance. If there are any suggestions you have, we will endeavor to incorporate those into our procedures so that we can avoid these kinds of questions and interruptions on future transactions. We cannot and do not want to have an ongoing problem because of the time and cost involved to our entire development team when deals get put on hold as a result of these issues. This isn't, however, to suggest we have an issue with any of the questions raised by the Department. We understand the history of some non-profits "renting out" their status to for-profit developers in Texas, and appreciate the Department's pursuit to end this abuse.

Thanks for your consideration, please let me know if you have any further questions.

Sincerely,



Lee Anderson
Director of Affordable Housing

HOUSING SERVICES INCORPORATED

1160 GALICIA
DALLAS, TX 75217

PHONE: 214.329.4890
FAX: 214.584.9188



2012 Oversight of Monthly Financials to Dominion Portfolio

Month (2012)	Seville Row - Beaumont - TDHCA # TX08417	
	Dt Financials Reviewed	Notes
January	1/20/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)	Timbers Edge - Beaumont - TDHCA # TX08416	
	Dt Financials Reviewed	Notes
January	1/20/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)	Humble Memorial Garden - Humble - TDHCA # TX02120	
	Dt Financials Reviewed	Notes
January	1/20/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

2012 Oversight of Monthly Financials to Dominion Portfolio

Month (2012)	Hickory Manor - Desoto - TDHCA # TX	
	Dt Financials Reviewed	Notes
January	1/20/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)	Lakeside Manor - Little Elm - TDHCA # TX04463	
	Date Financials reviewed	Notes
January	1/22/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)	Hillcrest Manor - Lubbock - TDHCA # TX-06-040215	
	Dt Financials Reviewed	Notes
January	1/22/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

2012 Oversight of Monthly Financials to Dominion Portfolio

Month (2012)	Asbury Place - San Marcos - TCHCA # TX98067	
	Dt Financials Reviewed	Notes
January	1/22/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)	Madison Point - Cotulla - TDHCA # TX05099	
	Dt Financials Reviewed	Notes
January	1/25/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)		
	Dt Financials Reviewed	Notes
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Project Name: Humble Memoria Garden
TDHCA #: TX02120
Address: 9850 J M Hester Street
Humble, TX 77038

Date Site Visit Conducted: 2/22/2012

HSI Personell Present: Sabine Geiser
Lee Anderson

Management Staff Present: Robbie Irvan

Financial Review:

Finacially, this project is sound, it is trending in the right direction as expected.

Physical Condition Review:

Physical Condition is good, project is clean, nothing noted of a concern after we walked the property.

Services Review:

Services at Humble are robust, onsite management continuing to facilitate an active community, Muszetta was pleased we have active seniors here. In January, we approved 3 more events in addition to the one event for Senior Citizen Counciling under the LURA. Additoinally, Muszetta will be at the site up to six times times in 2012. In speaking with Muszetta and Sabine, we all agree with such an active community, we should be able to add and enhance what they do substantially over the next 24 months.

Notes and Recommendations:

While the project is clean and in good condition, Muszetta, Sabine, and the existing management all feel we need to punch up the community building area. The existing paint while in great shape could be changed to a more nuetral and inviting color, its a light ugly green currently. Additionally, every one involved thought we needed some new furniture and decorations to spruce the place up. Muszetta also thought we should do more with the community room to enhance services already going on, specifically those services that occur on a daily basis. As the project is cash flowing and looking good, we will work with Dennis and Baba in the second quarter to begin contemplating these kinds of improvements as the budget permits.

December 4, 2014

Ms. Patricia Murphy
Texas Department of Housing and Community Affairs
211 E. 11th Street
Austin, TX 78701

RE: Material Participation Asbury

Dear Ms. Murphy,

I am writing in response to the Department's recent finding that HSI was "not materially involved" in the management of Asbury, which follows on recent denials of transfers (to/from HSI) on similar grounds. The question of HSI's participation has been an issue with the Department in the past and we have worked hard to address these concerns (see attached Chronology).

We are disappointed to see it arise again and want to use this opportunity to describe the many ways in which we actively participate in the management of the properties in which we are involved.

Specific Action taken at Asbury to establish material participation:

- Hire a property management company
- Lee Anderson reviews and conducts the following oversight activities:
 - Reviews Rent Rolls monthly
 - Reviews Financials monthly
 - Review Annual Audits
 - Review and respond to Lenders Questions or Default Notices if they occur
 - Work, talk, and E-mail with Dominion Management Services ("DMS") and Dominion Development ("DDA") on personnel problems, compliance issues, social services, expenses, revenues, and budgets
 - Work, Talk, and E-mail with DMS Vice President of DMS Texas regarding management staff problems and all operations
 - Work, Talk, and E-mail with DMS Regionals as necessary regarding operations



- Attend phone meetings with DMS and DDA as necessary for any and all issues
 - Sabine Geiser, HSI's Director of Compliance and Oversight, engages in the following oversight and compliance duties:
 - Provide training and support for social service requirements under the land use restrictions agreement, recommends services depending on resident needs, and work to create programs to meet those needs. In addition to site visits, Sabine interacts via phone and e-mail with all onsite managers on a consistent basis.
 - Work, talk and E-mail with DMS regional managers on supplemental services, LURA Service Training at each community, personnel problems, compliance issues, social services
 - Work with DMS On-Site managers and regional managers on Asbury management
 - Conducted site visits on the following dates:
 - 8/12/14
 - 3/26/14
 - 12/12/13
 - 8/15/13
 - 6/17/13
 - 1/22/13
 - 6/27/12
 - 12/4/12
 - 10/23/12
- [All site visit reports attached]
- 2012, in response to the questions regarding material participation, HSI started conducting site visits (please review attached chronology).

While we believe our organization has been materially involved, we acknowledge that given the compliance concerns raised by TDHCA HSI needs to do a better job overseeing DMS, as well as other management companies involved in our portfolio. The record does reflect we have been receptive to TDHCA direction over the past three years, have modified what we do each time we have received feedback from the Department, and have taken very deliberate action. Admittedly we have been learning and some of our operations in the oversight department could have, and

HOUSING SERVICES INCORPORATED

1160 GALICIA
DALLAS, TX 75217

PHONE: 214.329.4890
FAX: 214.584.9188



frankly should have been better. HSI has very much taken the Department's input into account, as evidenced by substantial changes to our "transaction team," replacing out transaction lawyer, engaging Steve Gilles to work with us on all development activities, and engaging Frost Cummings Tidwell, and have created more of a 501 (c) 3 centric "transaction team."

In closing, we want to be clear about our commitment to ensuring the quality of the housing and services provided to residents. HSI is bringing new resources to the portfolio and its oversight of property management companies that include: changing all actors in our transaction team as outlined above, changing and enhancing our "development team," and engaging TCAM. Please review our Plan of Action for operational changes we feel are requisite to improve our oversight of management companies and our portfolio.

We welcome the opportunity to discuss these measures and understand better any and all of the Department's concerns.

Sincerely,



Lee Anderson
Director of Affordable Housing



Sabine Geiser
Director of Oversight and Compliance

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Chronology of Interaction with Department from 2011 to Present

History of interaction of Material Participation

- 3rd and 4th quarter 2011 Humble and Asbury – both flagged for material participation concerns
- 2012 Baseline of HSI's Operations to Establish Material Participation
 - February 2012 E-mail and documentation to Tim Irvine on Asbury –
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 - Review of Financial records
 - HSI Management to interface and be active with DMS

History of Site Visits – A focus on LURA Service Requirements

- Focus for Site Visits: In 2012 and early 2013 we began receiving notices of non-compliance for supportive services. After reviewing the services video on the TDCHA website and realizing 25% of non-compliance was due to supportive services, we developed LURA Service Procedures that were put in place March of 2013, see attached procedures.
- As a result, during site visits Ms. Giesier's primary roll has been to conduct training and support for DMS Management regarding proper documentation required for services required under the LURA. This process has been time consuming and demanding as our portfolio has undergone so many changes, over the past 2 years, there are thousands of phone calls and e-mail training management the

past 18 months, conducting oversight into service records, and to provide ongoing training pursuant to the LURA. Ms. Gieser does 45 to 60 site visits a year on average now.

- After we installed the LURA Procedures and trained all managers, there have been no findings of non-compliance for supportive services. [As a note: there were two findings of non-compliance for Asbury and Humble recently – our management team just didn't upload the service records.]
- Now that those issues are addressed, HSI is continuing to augment other aspects of the oversight it conducts to the property management companies.
- We are working with TCAM and Frost Cummings Tidwell to modify and enhance our oversight regime.

Project Name: Asbury Place
TDHCA #: TX-98067
Address: 1350 Wonder World Drive
San Marcos, TX 78666

Date Site Visit Conducted:
12/4/2012

HSI Personell Present: Sabine Geiser

Management Staff Present: Sofia Torres-Fernandez and Veronica Torres Fer

Financial Review: done by Lee Anderson

Physical Condition Review:

property seems to be in good physical condition. The Carpet in the community center is scheduled to be replaced

Services Review:

no services as of yet. Coordinator was hired 12/3/2012

Notes and Recommendations:

I met with the Manager, Sofia Torres-Fernandez and our new coordinator Veronica Torres. We discussed setting up services and outlined a service plan for the upcoming year.

- Veronica will spend about 10 hours per week working on services.
- Time sheet needs to be submitted on the 3rd of each month for payment cycle on the 7th of each month
- A petty cash account will be set up by next week and all expenses will be tracked on a spreadsheet and receipts will be attached
- Veronica will work on getting the information on the demographics of this site – it will help us tailor the services and give us a better idea how to better serve the residents
- The computer is at the site, but not set up yet. There is a desk set up in the front office that should be moved into the spare office to be set up for the coordinator. This would allow for the community room to still be used for presentations and to be rented out to the residents and the office to be locked. Veronica and Sofia will be able to move the desk and set up the computer.

Baba and Gina – There will be an empty space where the desk was. The manager suggested to put a table and 2 chairs there...

- We spent some time discussing all the forms and the setup of the service

- we spent some time discussing all the forms and the setup of the service binder. Once the computer is set up she will have access to a sugarsync folder containing all the forms and this is also where all information regarding the services on this site will be saved – allowing all of us access to the information. The binder will contain all service information and will be available to the Manager at all times

- Lura tracking sheet and additional services tracking sheet – before the monthly tabs
- Monthly dividers
- Monthly newsletter and calendar
- Flyers
- Sign in sheets for EVERY event
- Contact information for presenters and copies of all information presenter give out to residents
- Tracking of referrals and any meeting with residents (resident counseling)
- Any other information applicable for the month (in kind donations, Volunteer hours etc.)

- We are planning a mandatory resident meeting for January 22nd. This will give Veronica an opportunity to introduce herself and get to know the residents. I am working on a survey to be distributed to all residents. This will give us a better idea on what their needs are and how we can help them. Veronica is also working on planning a presentation for February (Financial planning and budgeting – how to use your tax refund wisely) we can use the January meeting to promote the February event.
- We discuss identifying residents on site interested in volunteering for events, being the designated leader for a small part of the property, helping distribute newsletters and flyers etc. The Manager has a pretty good idea who those people are and will give a list to Veronica.
 - One of the residents is a basketball coach and Veronica will contact him to see if he is interested in working with the kids on the property.
- Volunteer recruitment: Veronica has contact for a Social Work Program that requires students to have at least 16 hours of community service. We discussed using this resource for Life skills programs for Adult and children/After school programs/ Tutoring etc.
 - High school students are another resource for volunteers – depending on the school, they are required to complete a certain amount of community service hours per year.
 - We also discussed setting up an area advisory board in the future. I asked Veronica to keep an eye out for individuals that really show an interest in being involved in the community and wanting to help.
- Resource book for Residents:
 - The coordinator will keep records of all resources available to our residents and keep them updated at all times

Services planned for Asbury:

- ❖ 2 mandatory Resident meetings per year
- ❖ At least one Presentation (Resident meeting) per quarter (Nutrition/Health, Education, Life skills, Parenting)
- ❖ After school program and tutoring

- ❖ After school program and tutoring
- ❖ Seasonal programs for kids (Summer lunch program, Easter, Halloween etc.)
- ❖ Youth programs (Sports, Life skills etc.)

Project Name: Asbury Place
TDHCA #: TX-98067
Address: 1350 Wonder World Drive
San Marcos, TX 78666

Date Site Visit Conducted: 6/27/2012

HSI Personell Present: Sabine Geiser

Management Staff Present: Sofia Torres-Fernandez

Financial Review: done by Lee Anderson

Physical Condition Review:

The property is clean and looks well kept. There is a fairly sizable hole in the back field, where the playground and basketball area is. Sofia thought it was some kind of drainage, it looks like a sinkhole and I am concerned it could cause an injury by somebody stepping into it.

Services Review:

There are no services done at this time. The binder is set up but no activities have been scheduled. The manager is not from the area and does not have any connection in San Marcos. She said services are hard to find, the focus of organizations is either Austin or San Antonio. Even though Sofia lives on site I did not feel that she was very connected with the residents

Notes and Recommendations:

We went over all the LURA requirements for the property and I gave her some ideas of where to look for services. We talked about churches, community organizations, businesses and hospitals in the area and connection the residents might have.

A Part time coordinator is scheduled to be hired for this site during the last quarter of this year. I asked Sofia to keep her eyes open for a qualified person for this job.

Since the LURA requires youth activities, the open field in the back and the basketball court offer great opportunities to bring on a volunteer coach to work with the kids during the summer or after school. We discussed "mutually beneficial" situations, like offering the field for practice to a team and have the resident children included.

The Manager is the only staff on site and needs the help of a part time coordinator to make those services happen.

Project Na Asbury Place

Date Site Visit Conducted:

1/22/13

TDHCA #:

Address: 1350 Wonderworld Drive
San Marcos Texas 78666

HSI Personell Present: Sabine Geiser

Management Staff Present: Sofia Torres - Manager
Veronica Torres - Service Coordinator

Financial Review: done by Lee Anderons

Physical Condition Review:

Services Review:

Binder for 2013 is set up and in order
Financial literacy event scheduled for February

Resident meeting 1/22/13

Notes and Recommendations:

youth programs (after school, summer lunch, sport)
quarterly resident event (Health and Nutrition/Finances/Personal
Safety/First Aid and Emergency
Resource collection to be handed out to all residents

collaborations with churches and schools
recruiting volunteers for youth programs and tutoring

Quarterly Site Visit - LURA Services Report

Project Name: Asbury
Regional: Linda Guajardo
TDHCA #: TX-98067
Address: 1350 Wonderworld Drive
 San Marcos Texas 78666

Date Site Visit Conducted: 6/17/2013

HSI Personnel Present: Sabine Geiser

Management Staff Present: Sofia Torres

LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass Fail
 Service Binder: Pass Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Date Corrective Action to be completed by:

Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass Fail

Note:
 This property already passed the Audit and has done all LURA Services for this year. The service binder is not exactly how I would like it - I went over the procedures and Binder set up with the Manager in great detail. The Manager did not seem very interested in any of this - the audit was done and that was all she seemed to care about.

Quarterly Site Visit - LURA Services Report

Services Review:

Note 1:

the service requirements for this year have been met

Note 2:

Planning for the upcoming year we discussed setting up 4 events:

- 1 - youth Activity event
- 2 - Resource and Referral
- 3- Resident Meeting first half of 2014
- 4 - Resident Meeting second half of 2014

Note 3:

Note 4:

Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Quarterly Site Visit - LURA Services Report

Quarterly Site Visit - LURA Services Report

Project Name: Asbury
Regional: Linda Guajardo
TDHCA #: TX-98067
Address: 1350 Wonderworld Drive
 San Marcos Texas 78666

Date Site Visit Conducted: 12/12/2013

HSI Personnel Present: Sabine Geiser

Management Staff Present: Sofia Torres Fernandes

LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass Fail
 Service Binder: Pass Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Date Corrective Action to be completed by:

Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass Fail

Note:
 Sofia had done some more events in the 4th quarter but had not submitted any paperwork, "too much of a hassle". We were discussing the service plan for next year and all the paperwork that has to be submitted for each event. We also talked about that all sign in sheets and info is scanned in and e-mailed to me after each event so I have a virtual copy of the service binder.

Quarterly Site Visit - LURA Services Report

Services Review:

Note 1:

Sofia will hold quarterly resident meetings

Note 2:

I will look into resources for a youth program event and the referral event

Note 3:

Note 4:

Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Quarterly Site Visit

Project Name:
Date Site Visit Conducted:

Regional:

TDHCA #: TX-98067

Address: 1350 Wonder World Drive
 San Marcos Texas 78666

HSI Personnel Present:

Management Staff Present:

LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass Fail
 Service Binder: Pass Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>
Set up binder with Tabs for Lura event categories	Sofia torres	next site visit

Date Corrective Action to be completed by:

Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass Fail

Note:

The property is fully leased and the Manager seems to be on top of the required services. She has Volunteer (resident) assisting with coordinating and implementing events

Quarterly Site Visit

Services Review:

Note 1:

The first Resident meeting was held in March and all forms were submitted. Sofia did not have all the forms in the binder. I sent her all the required forms and asked her to print and file them in the service binder

Note 2:

A referral event and youth program is scheduled for April

Note 3:

Note 4:

Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Project Name: Asbury Place
TDHCA #: TX-98067
Address: 1350 Wonder World Drive
San Marcos, TX 78666

Date Site Visit Conducted: 10/23/2012

HSI Personell Present: Sabine Geiser

Management Staff Present: Sofia Torres-Fernandez
Veronica Torres - Service coordinator to be hired

Financial Review: done by Lee Anderson

Physical Condition Review:

Services Review:

Met with the Manager – Sofia Torres-Fernandez and the Community Service Coordinator to be hired, Veronica Torres
I spent most of my time talking with Veronica about the service implementation for the upcoming year. She is ready to get started within the next few weeks, as soon as we get all the hiring paperwork completed. We discussed the LURA and all the requirements, discussed options for presentations meeting the requirements.
Veronica has done this before and I feel very confident that she will do a good job.

Notes and Recommendations:

Youth Activity Programs: Boys and girls club, Girl Scouts – possibly some sports activities utilizing the field

Finding some possible resources for tutoring on site, maybe once a week

Resident Group Meetings: We discussed setting up a resident meeting once a month. Some can be social but at least every other month this should be

Combined with a presentation of interest to the residents. Options discussed include Financial Literacy, Nutrition, continuing Education etc.

Service Referrals: Creating and updating a resource book of all services and resources available for the residents in the area.

Scheduling some service providers for presentations
Keeping Records of all Residents referred to Community resources

Record Keeping: A binder will be set up with monthly tabs. It will contain a copy of the LUR and an index of services provided with the date and

Service provider
Each month will contain the monthly newsletter, copies of all flyers distributed to the residents, sign in sheets for each event

distributed to the residents, sign in sheets for each event,

Copies of written information given out by presenters to residents and their
contact information for the Presenter,

Referral forms and any other pertinent information regarding services for
this particular month.

Quarterly Site Visit

Project Name: Date Site Visit Conducted:
Regional:
TDHCA #: TX-98067
Address: 1350 Wonder World Drive
San Marcos Texas 78666

HSI Personnel Present:

Management Staff Present:

LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass Fail
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Date Corrective Action to be completed by:

Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass Fail

Note:
the property has been without a manager for a while. Robbie is filling in until a permanent Manager can be placed at the site.
The binder does still not have tabs and is missing some forms. Sofia had scheduled a youth program but I never received any sign in sheets.
I will recreate the binder with the information I have and Robbie will schedule a youth program, back to school type of event, and some more resident meetings.

Quarterly Site Visit

Services Review:

Note 1:

The first Resident meeting was held in March and all forms were submitted. Sofia did not have all the forms in the binder. I sent her all the required forms and asked her to print and file them in the service binder

Note 2:

A referral event and youth program is scheduled for April

Note 3:

Note 4:

Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

HSI LURA Service Procedures

The policies and procedures outlined below must be followed by all parties providing LURA Services for which HSI is responsible. All LURA Service Events must be approved by Sabine Geiser, Director of Programs. **Without** a LURA Service Event Approval Form signed by Sabine Geiser, no event will qualify.

LURA Service Event Procedures – On-site Management Restrictions

On-Site Managers who are not HSI Employees must follow *Management Restrictions – LURA Service Events* Procedures that follow.

LURA Approved Provider List

HSI publishes an *Approved Third Party Social Server Provider List*, which is updated monthly. If a third party provider is on the list, we do not require approval of that third party service provider again for that year, provided:

- i. The third party service provider must be the same as approved on the provider list, if it is a different branch with completely different contact information, an approval for each branch will be required,
- ii. Approval of third party service provider is for 12 months from the date of approval, each provider will be required to be approved to hold LURA Service Events every 12 months.

To request and hold a LURA Service Event all parties must:

- i. E-Mail *LURA Service Event Request Form* to Sabine Geiser at sabine@hsidevelopment.org, example follows,
- ii. If a third party service provider is being used, Sabine Geiser will contact them and approve the event, (Please Note: we also require that the third party be made aware of Sabine's call and interaction so we do not catch them by surprise),
- iii. Sabine will e-mail the *LURA Service Event Approval Form* within 72 hours of request to the person who made request,
- iv. LURA Event can be scheduled only after it has been approved,
- v. Hold LURA Service Event,
- vi. E-mail Event Records to Sabine within 24 hours of event:
 - a) Marketing Flyer,
 - b) *LURA Service Event Approval Form*, with third party signature if a third party held the LURA service event,
 - c) Event Marketing Materials, if applicable
 - d) Event Questionnaires, if applicable
 - e) Sign in Sheet
- i. Follow Procedures outlined in *Community Service Records Binder Procedures* that follow

If all of the procedures above are not followed, the LURA Service Event will not qualify, also holding the event without proper records will precipitate a denial of the service event.

Community Service Records Binder Procedures

The community services binder holds all of the social service records for each community and is what the TDHCA reviews to ensure all of the required services in the regulatory agreements were offered. This document outlines what is required for our community service binders. There are three sections in each community service binder. The first section is LURA service records, the second section is the Supplemental Service Records Tracking Form (only), and the third section will have monthly tabs where all supplemental service records are kept throughout the year.

Section 1 – LURA Services

This section will only have the LURA service records. There are **NO** monthly tabs in this section, and all service records will be placed directly behind the LURA Tracking Form in chronological order.

- i. Community Specific *LURA Tracking Form* for year
- ii. LURA service records in chronological order
- iii. For each Event the following documents are required:
 - a) *LURA Event Request Form*
 - b) *LURA Event Approval Form*
 - c) Event Flyer marketing the event
 - d) Event Sign in Sheet
 - e) Event Materials, if applicable
 - f) Event Questionnaire, if applicable

Section 2 – Supplemental Services Tracking Form

This section will only have one tracking form in it, the *Supplemental Services Tracking Form*, example follows.

Section 3 – Supplemental Service Records

Unlike the LURA service records which have all records directly behind the *LURA Tracking Form*, this third section will have monthly tabs, each supplemental service should be filed in the month in which the event was held, and be in chronological order for that month. For each Supplemental Service Event the following documents are required:

- i. Event Flyer
- ii. Event Materials
- iii. Event Sign in Sheet

Management Restrictions – LURA Service Events Procedures

HSI has a strict policy regarding LURA Service Events, specifically who can hold the event, who can set them up, and who can organize them. Onsite management can only have a limited role in helping with LURA Services. Management can:

- Distribute Flyers,
- Meet third party social service provider at site and make sure they have what they need for the presentation,
- Collect appropriate service records,
- Once the Sabine Geiser has approved the LURA Service Event, management can interface with the third party service provider to coordinate the event,
- If management has a third party service provider they are interested in using, they must forward that information to Sabine Geiser for approval utilizing the *Third Party Service Provider Approval Form* and HSI Staff will interface with third party Vendors.

LURA Service Event Request Form

All LURA Service Events must be approved prior to being scheduled and held. No third party social service provider can hold an event for LURA services without approval by Sabine Geiser. This form must be filled out and e-mailed to Sabine Geiser, sabine@hsidevelopment.org.

Date

Community

HSI Service Staff/Manager

LURA Event

Qualifying Service

Event Presenter

Third Party Service Provider, if applicable

Is there a third party service provider that will host the LURA Event? Yes No

Has third party service provider been approved in the last 12 months? Yes No

If the third party provider has not been approved in the last 12 months please fill in the information below, if the third party service provider has been approved the last 12 months and is on the approved provider list DO NOT fill in the information below.

Organization:

Event Coordinator:

Address:

Phone:

E-mail:

Sabine will issue an approval of the event within 72 hours of receipt of LURA Service Event Request Form – the event cannot be scheduled prior to the approval of the event.

2013 LURA Event Tracking Form – Hickory Manor

Date Event Approved	Date Event Held	Required Service from LURA	Qualifying Social Service Event
3/4/13	3/8/13	Gardening	Gardening Demonstration
		Arts and Crafts Demonstration OR Cooking Demonstration	
3/4/13	3/8/13	Computer Literacy	Computer Literacy Event
		Outside Speakers on Relevant Topics (1 st Quarter)	Health Screenings and Relevant Health Topics
		Outside Speakers on Relevant Topics (2 nd Quarter)	
		Outside Speakers on Relevant Topics (3 rd Quarter)	
		Outside Speakers on Relevant Topics (4 th Quarter)	

Example Form

December 4, 2014

Ms. Patricia Murphy
Texas Department of Housing and Community Affairs
211 E. 11th Street
Austin, TX 78701

RE: Material Participation Humble

Dear Ms. Murphy,

I am writing in response to the Department's recent finding that HSI was "not materially involved" in the management of Asbury, which follows on recent denials of transfers (to/from HSI) on similar grounds. The question of HSI's participation has been an issue with the Department in the past and we have worked hard to address these concerns (see attached Chronology).

We are disappointed to see it arise again and want to use this opportunity to describe the many ways in which we actively participate in the management of the properties in which we are involved.

Specific Action taken at Asbury to establish material participation:

- Hire a property management company
- Lee Anderson reviews and conducts the following oversight activities:
 - Reviews Rent Rolls monthly
 - Reviews Financials monthly
 - Review Annual Audits
 - Review and respond to Lenders Questions or Default Notices if they occur
 - Work, talk, and E-mail with Dominion Management Services ("DMS") and Dominion Development ("DDA") on personnel problems, compliance issues, social services, expenses, revenues, and budgets
 - Work, Talk, and E-mail with DMS Vice President of DMS Texas regarding management staff problems and all operations
 - Work, Talk, and E-mail with DMS Regionals as necessary regarding operations



- Attend phone meetings with DMS and DDA as necessary for any and all issues
 - Sabine Geiser, HSI's Director of Compliance and Oversight, engages in the following oversight and compliance duties:
 - Provide training and support for social service requirements under the land use restrictions agreement, recommends services depending on resident needs, and work to create programs to meet those needs. In addition to site visits, Sabine interacts via phone and e-mail with all onsite managers on a consistent basis.
 - Work, talk and E-mail with DMS regional managers on supplemental services, LURA Service Training at each community, personnel problems, compliance issues, social services
 - Work with DMS On-Site managers and regional managers on Asbury management
 - Conducted site visits on the following dates:
 - 9/24/14
 - No site visit this quarter –change in management
 - No site visit this quarter – manager changing from Humble to Asbury
 - 8/20/13
 - 6/5/13
 - 3/26/13
 - 12/15/12
 - 9/16/12
 - 4/18/12
- [All site visit reports attached]
- 2012, in response to the questions regarding material participation, HSI started conducting site visits (please review attached chronology).

While we believe our organization has been materially involved, we acknowledge that given the compliance concerns raised by TDHCA HSI needs to do a better job overseeing DMS, as well as other management companies involved in our portfolio. The record does reflect we have been receptive to TDHCA direction over the past three years, have modified what we do each time we have received feedback from the Department, and have taken very deliberate action. Admittedly we have been learning and some of our operations in the oversight department could have, and

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In closing, we want to be clear about our commitment to ensuring the quality of the housing and services provided to residents. HSI is bringing new resources to the portfolio and its oversight of property management companies that include: changing all actors in our transaction team as outlined above, changing and enhancing our "development team," and engaging TCAM. Please review our Plan of Action for operational changes we feel are requisite to improve our oversight of management companies and our portfolio.

We welcome the opportunity to discuss these measures and understand better any and all of the Department's concerns.

Sincerely,



Lee Anderson
Director of Affordable Housing



Sabine Geiser
Director of Oversight and Compliance

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- As a result, during site visits Ms. Giesier's primary roll has been to conduct training and support for DMS Management regarding proper documentation required for services required under the LURA. This process has been time consuming and demanding as our portfolio has undergone so many changes, over the past 2 years, there are thousands of phone calls and e-mail training management the

past 18 months, conducting oversight into service records, and to provide ongoing training pursuant to the LURA. Ms. Gieser does 45 to 60 site visits a year on average now.

- After we installed the LURA Procedures and trained all managers, there have been no findings of non-compliance for supportive services. [As a note: there were two findings of non-compliance for Asbury and Humble recently – our management team just didn't upload the service records.]
- Now that those issues are addressed, HSI is continuing to augment other aspects of the oversight it conducts to the property management companies.
- We are working with TCAM and Frost Cummings Tidwell to modify and enhance our oversight regime.

Quarterly Site Visit - LURA Services Report

Project Name: Humble Memoria Garden **Date Site Visit Conducted:** 6/5/2013
Regional: Baba Blackstock
TDHCA #: TX02120
Address: 9850 J M Hester Street
 Humble, TX 77038

HSI Personnel Present: Cora Clay-Fowowe

Management Staff Present: Robbie Irvan

LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass Fail
 Service Binder: Pass Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>
Insert binder tabs and add materials	Robbie Irvan	6/12/2013
Will send Robbie generic flyers for ongoing events like Bingo	Cora	6/7/2013

Date Corrective Action to be completed by: 6/12/2013

Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass Fail

Note:
 Robbie is feeling frustrated, isolated, over worked, and not supported. Cora has been able to establish a good relationship with her. Robbie has indicated while she understands that other stuff in Houston is priority, she feels left to her own devices. She needs help and while she indicates there is a search, doesn't feel its a priority. She told Cora she is now looking for other work and has put in some applications at some temp agencies. This is not a reflection on Linda, rather a reflection of our managemnt team having their hands full, however, Linda must do a better job interfacing with Robbie and making her feel supported. At this point I do not feel as though management has been negligent, however, managment also needs to be mindful of protecting functioning assets and their staffs. See e-mail from Cora dated 6/6/13. Aslo as a note, to the extent this test failed and Robbie has concerns, all onsite managmers are under siege, and it is part of their jobs, however, our regional needs to do a bit of handholding and listen to her so that she feels supported.

Quarterly Site Visit - LURA Services Report

Services Review:

Note 1:

Service Binder - Robbie has the binder set up containing sign in sheets and flyers with handout materials going back to January. We talked about getting the binder in order according to P&P set out by Lee. Since most events are ongoing, this will not be a difficult task. The service request forms and the approval forms need to be included as well. **i am working on Robbie to complete this task.**

Note 2:

Senior Citizen Counseling - Caring Consultants- volunteer nurses continue to come out with food bags and they help with, nutrition, meds, teeth, hearing, blood pressure checks, for residents; there are a number of diabetic residents who use this service. **food pantry** - a location for the food pantry has been set up and is ready to go. The closet may need an additional shelf. **Houston Food Bank** will be coming out this month with food for residents and to assist with SNAP applications. **medication** - Robbie is working on this. **Houston Food Bank** is also trying to align help for residents needing assistance with medications. **food bank** - still comes 2x each month. **Medicare** - Shady Creek - Jodi Sheppsrud still working on this **Looks good in terms of LURA requirements being met**

Note 3:

Community Building Events - activities currently held include: bingo, movies - Robbie held the first June 5th. she served popcorn. **Total Health** purchased a DVD for the event. **Games** - board games, potluck 2x/mo., and birthday cake celebrations - cakes are donated by vendors - Robbie has no help at this time - **Calendar looks good in terms of LURA requirements being met**

Note 4:

Failed Service Binder Test - this has more to do with HSI's management team not training and focusing on this with Robbie, Humble is a great partnership with a great manager, and with Cora starting and being trained, this just fell through the cracks. While we did fail this test during this site visit, it will be corrected.

Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>
Linda to do a site visit and lunch with Robbie, solicit how she feels	Linda G	7/1/2013
Cora to follow up with Robbie and she how she is doing	Cora	Weekly until next site visit

Quarterly Site Visit - LURA Services Report

Quarterly Site Visit - LURA Services Report

Project Name: Humble Memoria Garden **Date Site Visit Conducted:** 03\26\2013
Regional: Baba Blackstock
TDHCA #: TX02120
Address: 9850 J M Hester Street
 Humble, TX 77038

HSI Personnel Present: Cora Clay-Fowowe

Management Staff Present: Robbie

Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass Fail
 Service Binder: Pass Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Date Corrective Action to be completed by:

Services Review:

Note 1:

Senior Citizen Counseling - Panera Bread -to come by with food for seniors but this was left unresolved by Tanzy Hamm -; **Caring Consultants- volunteer nurses who** come with food bags and they help with, nutrition, meds, teeth, hearing, blood pressure checks, for residents; Robbie looking to get someone in for foot care screening - there are a number of diabetic residents; **food vs medication** - a choice some must make so they are going w/o food;- Robbie made copy of residents in this position for me; **food bank** - comes 2x each month, but more is needed; **Medicare** - Shady Creek - Jodi Sheppsrud working on this and looking to combine efforts for both to share resources; need 2 events - one for October or Nov - **looks good in terms of LURA requirements being met**

Note 2:

Community Building Events - activities already in place- bingo, movies - Robbie is getting this in place using her 2 volunteers, board games, potluck 2x/mo, and bible study (not at this timje) - Robbie has 2 ladies that volunteer to help all the time - Mary and Wanda - **Calendar looks good in terms of LURA requirements being met**

Note 3:

Quarterly Site Visit - LURA Services Report

Concerns - r4esidents who are going hungry - no food - need help from community - Robbie has 3rd party event holders aqre told they must bring food - She also needs help- Robbie does everything from getting events scheduled to set up. She has only the 2 residents who try to help her out

Services Review Continuation:

Note 4:

community binder - went over this in detail with Robbie; tabs and what goes behind each was discussed; I will return to review 4/18/13 - my only concern was the 1st sheet under tab 1. I was very impressed with Robbie's attention to detail - facility was very clean and orderly.

Notes and Recommendations:

Review 2012 LURA Service Records with Robbie	Cora Clay	4/1/2013
on next site visit, review binder for new order and 2012 records	Cora Clay	next visit

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Quarterly Site Visit

Project Name:
Date Site Visit Conducted:

Regional:

TDHCA #: TX02120

Address: 9850 J M Hester Street
 Humble Texas 77338

HSI Personnel Present:

Management Staff Present:

LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass Fail
 Service Binder: Pass Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Date Corrective Action to be completed by:

Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass Fail

Note:
 the service binder is a bit of a mess - they did just have a TDHCA Audit a few weeks ago and passed...
 the events have sign in sheets but no other documentation. I went over all the procedures with Courtney and she has a good understanding now of how it is supposed to be.
 I put the Service tracking form in the binder and set up the tabs.
 Courtney will scan in all the sign in sheets and available information so I can update the information on my side.
 We also talked about how to find resources for presentations and the seniors.
 She will contact the Area Agency on Aging, AARP, local home health agencies (also ask them for sponsoring Bingo and other events)
 I gave her Marci Alford's Number at Seville Row in Beaumont for some networking and support

Quarterly Site Visit

Services Review:

Note 1:

Note 2:

Note 3:

Note 4:

Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Project Name: Humble Memoria Garden
TDHCA #: TX02120
Address: 9850 J M Hester Street
Humble, TX 77038

Date Site Visit Conducted: 4/18/2012

HSI Personell Present: Muszett Foreman
Lee Anderson

Management Staff Present: Robbie Irvan

Financial Review:

Finacially, this project is sound, it is trending in the right direction as expected.

Physical Condition Review:

This project is clean and in reasonably good shape, there is some signs of wear around exterior that will likely need to addressed over the next year or two. After speaking with Robbie many of those plans are being contemplated. There is a definatue gap in the interior finish out and furniture at Humble, including a light green paint on the interior that everybody unversily dislikes, as the budget permits HSI will recommened to Dominion Managment we consider these cosmetic changes if the budget permits.

Services Review:

More services are abeing done here than requires, we reviewed the community services book, everything is working well. As we discussed what we could do together to enhance services at Humble for the seniors there are several things that we considered - Robbie indicated there were 10 to 12 residents that had trouble feeding themselves, Muszetta and Robbye discssed having a community resource book, we also addressed that we need to have emergency plans incase of a hurricane, the need for a bit more transportation help. We are going to move towards a one page simple form for services and long term and short term goals. Robbie and Muszetta both thought this was a good way for us all to stay on the same page and work together, as we are all in different locations. I indicated we would create that form and impliment it after we do the next site visit, but would ciruclate a copy of the form to Robbie and Muszetta to review, change, and make any suggestions. The form will be very basic, list a service we want to work on, list a time frame for completion-this way onsite management and HSI services staff can stay on same page and work towards commmon goals. Finally, Robbie is very busy and doesn't have as much time as she would like to interface with residents, I asked if a part time coordinator would help, Robbie indicated it was for certain. A part time coordinator at Humble should be contemplated over the next months as budgeting permits.

Notes and Recommendations:

This project is performing very well. One of the things we discussed is a one page form 8.5x11 that is a community long term services goal sheet, so that we can all stay on the same page. I have asked. There were a lot of positive ideas that came out of the interaction between Muszetta and Robbie, many that will be impactful, and that are not a huge cost to make happen. The other reason it is important to keep that kind of one page services form, is that we are all in different locations. With a short form like that and target dates for completion - we can all stay on same page better. WE will also likely hold monthly service calls at every project.

Project Name: Humble Memoria Garden
TDHCA #: TX02120
Address: 9850 J M Hester Street
Humble, TX 77038

Date Site Visit Conducted: 2/22/2012

HSI Personell Present: Sabine Geiser
Lee Anderson

Management Staff Present: Robbie Irvan

Financial Review:

Finacially, this project is sound, it is trending in the right direction as expected.

Physical Condition Review:

Physical Condition is good, project is clean, nothing noted of a concern after we walked the property.

Services Review:

Services at Humble are robust, onsite management continuing to facilitate an active community, Muszetta was pleased we have active seniors here. In January, we approved 3 more events in addition to the one event for Senior Citizen Counciling under the LURA. Additoinally, Muszetta will be at the site up to six times times in 2012. In speaking with Muszetta and Sabine, we all agree with such an active community, we should be able to add and enhance what they do substantially over the next 24 months.

Notes and Recommendations:

While the project is clean and in good condition, Muszetta, Sabine, and the existing management all feel we need to punch up the community building area. The existing paint while in great shape could be changed to a more nuetral and inviting color, its a light ugly green currently. Additionally, every one involved thought we needed some new furniture and decorations to spruce the place up. Muszetta also thought we should do more with the community room to enhance services already going on, specifically those services that occur on a daily basis. As the project is cash flowing and looking good, we will work with Dennis and Baba in the second quarter to begin contemplating these kinds of improvements as the budget permits.

HSI LURA Service Procedures

The policies and procedures outlined below must be followed by all parties providing LURA Services for which HSI is responsible. All LURA Service Events must be approved by Sabine Geiser, Director of Programs. **Without** a LURA Service Event Approval Form signed by Sabine Geiser, no event will qualify.

LURA Service Event Procedures – On-site Management Restrictions

On-Site Managers who are not HSI Employees must follow *Management Restrictions – LURA Service Events* Procedures that follow.

LURA Approved Provider List

HSI publishes an *Approved Third Party Social Server Provider List*, which is updated monthly. If a third party provider is on the list, we do not require approval of that third party service provider again for that year, provided:

- i. The third party service provider must be the same as approved on the provider list, if it is a different branch with completely different contact information, an approval for each branch will be required,
- ii. Approval of third party service provider is for 12 months from the date of approval, each provider will be required to be approved to hold LURA Service Events every 12 months.

To request and hold a LURA Service Event all parties must:

- i. E-Mail *LURA Service Event Request Form* to Sabine Geiser at sabine@hsidevelopment.org, example follows,
- ii. If a third party service provider is being used, Sabine Geiser will contact them and approve the event, (Please Note: we also require that the third party be made aware of Sabine's call and interaction so we do not catch them by surprise),
- iii. Sabine will e-mail the *LURA Service Event Approval Form* within 72 hours of request to the person who made request,
- iv. LURA Event can be scheduled only after it has been approved,
- v. Hold LURA Service Event,
- vi. E-mail Event Records to Sabine within 24 hours of event:
 - a) Marketing Flyer,
 - b) *LURA Service Event Approval Form*, with third party signature if a third party held the LURA service event,
 - c) Event Marketing Materials, if applicable
 - d) Event Questionnaires, if applicable
 - e) Sign in Sheet
- i. Follow Procedures outlined in *Community Service Records Binder Procedures* that follow

If all of the procedures above are not followed, the LURA Service Event will not qualify, also holding the event without proper records will precipitate a denial of the service event.

Community Service Records Binder Procedures

The community services binder holds all of the social service records for each community and is what the TDHCA reviews to ensure all of the required services in the regulatory agreements were offered. This document outlines what is required for our community service binders. There are three sections in each community service binder. The first section is LURA service records, the second section is the Supplemental Service Records Tracking Form (only), and the third section will have monthly tabs where all supplemental service records are kept throughout the year.

Section 1 – LURA Services

This section will only have the LURA service records. There are **NO** monthly tabs in this section, and all service records will be placed directly behind the LURA Tracking Form in chronological order.

- i. Community Specific *LURA Tracking Form* for year
- ii. LURA service records in chronological order
- iii. For each Event the following documents are required:
 - a) *LURA Event Request Form*
 - b) *LURA Event Approval Form*
 - c) Event Flyer marketing the event
 - d) Event Sign in Sheet
 - e) Event Materials, if applicable
 - f) Event Questionnaire, if applicable

Section 2 – Supplemental Services Tracking Form

This section will only have one tracking form in it, the *Supplemental Services Tracking Form*, example follows.

Section 3 – Supplemental Service Records

Unlike the LURA service records which have all records directly behind the *LURA Tracking Form*, this third section will have monthly tabs, each supplemental service should be filed in the month in which the event was held, and be in chronological order for that month. For each Supplemental Service Event the following documents are required:

- i. Event Flyer
- ii. Event Materials
- iii. Event Sign in Sheet

Management Restrictions – LURA Service Events Procedures

HSI has a strict policy regarding LURA Service Events, specifically who can hold the event, who can set them up, and who can organize them. Onsite management can only have a limited role in helping with LURA Services. Management can:

- Distribute Flyers,
- Meet third party social service provider at site and make sure they have what they need for the presentation,
- Collect appropriate service records,
- Once the Sabine Geiser has approved the LURA Service Event, management can interface with the third party service provider to coordinate the event,
- If management has a third party service provider they are interested in using, they must forward that information to Sabine Geiser for approval utilizing the *Third Party Service Provider Approval Form* and HSI Staff will interface with third party Vendors.

LURA Service Event Request Form

All LURA Service Events must be approved prior to being scheduled and held. No third party social service provider can hold an event for LURA services without approval by Sabine Geiser. This form must be filled out and e-mailed to Sabine Geiser, sabine@hsidevelopment.org.

Date

Community

HSI Service Staff/Manager

LURA Event

Qualifying Service

Event Presenter

Third Party Service Provider, if applicable

Is there a third party service provider that will host the LURA Event? Yes No

Has third party service provider been approved in the last 12 months? Yes No

If the third party provider has not been approved in the last 12 months please fill in the information below, if the third party service provider has been approved the last 12 months and is on the approved provider list DO NOT fill in the information below.

Organization:

Event Coordinator:

Address:

Phone:

E-mail:

Sabine will issue an approval of the event within 72 hours of receipt of LURA Service Event Request Form – the event cannot be scheduled prior to the approval of the event.

2013 LURA Event Tracking Form – Hickory Manor

Date Event Approved	Date Event Held	Required Service from LURA	Qualifying Social Service Event
3/4/13	3/8/13	Gardening	Gardening Demonstration
		Arts and Crafts Demonstration OR Cooking Demonstration	
3/4/13	3/8/13	Computer Literacy	Computer Literacy Event
		Outside Speakers on Relevant Topics (1 st Quarter)	Health Screenings and Relevant Health Topics
		Outside Speakers on Relevant Topics (2 nd Quarter)	
		Outside Speakers on Relevant Topics (3 rd Quarter)	
		Outside Speakers on Relevant Topics (4 th Quarter)	

Example Form

Exhibit E

We have prepared this exhibit to outline many of the new asset management related activities HSI is not involved with, but is not a comprehensive list.

- Outline from Judy Rath pertaining to her activities
- Please find a brief summary prepared by Sabine Geiser for many of her new activities
- We will have a fully codified asset management and compliance management procedures in place for review by month end
- Site Visit Template – attached as Excel Sheet
- HSI now does an audit review – please see the first one completely by Ms. Gieser
- Example of HSI’s new monthly financial review process
 - Arbor Cove Financials
 - Arbor Cove Financial Review – attached as excel file
- Continuing Education – Sabine Geiser – Training with TCAM in Boston
-

Housing Services Inc. – Activities related to Judy Rath – Prepared by Judy Rath

Fair Housing Training for HSI staff

- ❖ Border Community Development Consultants, Inc. has been engaged by Housing Services Incorporated to provide fair housing training for all HSI staff. Training to include:
 - Web based fair housing compliance training
 - Corporate policy, practice and protocol evaluation
 - Corporate policy development
 - Internal compliance fair housing testing program
 - On-going consulting services as needed

Vendors for tenant file reviews

- ❖ HSI is in the process of acquiring bids from various vendors to perform annual on-site tenant file reviews, we anticipate that testing of low income rental files to commence in the fourth quarter of 2015.

Electronic file organization

- ❖ Over the course of the last 7 months, HSI has gained access to electronic file storage from Dominionium for the 12 properties HSI is currently General Partner:
 - Arbor Cove
 - Asbury Place
 - Cathy's Pointe
 - Fox Run
 - Hickory Manor
 - Hillcrest Manor
 - Humble Memorial
 - Lakeside Manor
 - Madison Pointe
 - Seville
 - Timbers Edge
 - Village of Kaufman
- ❖ HSI has integrated Dominionium's files into our updated electronic organizational file structure. Here is an example of our current structure:
 - Asset Management
 - Compliance
 - Organization documents
 - Contracts
 - Correspondence
 - Financials
 - Real Estate documents
 - Due diligence

Engagement of TCAM

- ❖ TCAM Asset Management has provided on going asset management training, file review and reporting practices for all HSI staff over the last 7 months

- HSI has spent hundreds of hours training on how to interpret the many various reports that we acquire from Dominion
 - HSI has also acquired access to the Dominion reporting system, YARDI, and has the ability to pull any reports needed
 - Conference calls with Dominion to review these asset management reports kicked off last month and will continue going forward on a quarterly basis. HIS will soon be preparing the monthly asset management reports used for the quarterly calls with Dominion without the help of TCAM
- ❖ Communication - Emails and phone calls
- Effective October 2014, HSI hired Judy Rath as Director of Operations to oversee the tasks involved in the day to day operations of running HSI. Judy Rath has a back ground in affordable housing and has worked on various projects with TDHCA.
 - In the course of the last 7 months many emails and phone calls between Judy Rath and Dominion staff have been exchanged in an attempt to improve communication and stay on top of any possible non-compliance issues as well as maintain material participation
 - Dozens of emails with Dominion Accounting staff have been exchanged in order to determine which reports best suit our needs for maintaining material participation
 - Dozens of emails with Dominion Asset Management have been exchanged in order to clear up any open action items following the file review by TCAM
 - Many phone calls have taken place and email exchanged regarding HSI's desire to be added as a recipient of TDHCA correspondence directly
 - YARDI training conference call took place between HSI and Dominion Asset Management ensuring HSI has access to all reporting needed to maintain material participation
 - HSI was recently added to the list of Dominion email recipients to receive direct correspondence from TDHCA for all communications regarding the 12 properties previously mentioned. We believe this will make a world of difference in keeping HSI abreast of any and all non-compliance issues.

Brief Summary prepared by Sabine Geiser to highlight her asset management related activities. We have also attached an example of one property Arbor Cove, the underlying spread sheets, the financials, and everything we do to substantiate this for each partnership. We would be happy to provide this level of detail on all partnerships.

Dominium Accounting is sending me the following reports for all 12 properties HSI is listed as GP

- Executive Summary
- Balance Sheet
- Budget comparison
- Rent Roll
- Trial Balance

Site Visits

- We have changed our site visit regime
- Once per year, unless we are having problems in a community or there is more support needed
- We are engaging third party vendor to conduct a review of low income tenant files across our portfolio. As Novograc just conducted a complete review of every low income tenant file, our review of low income tenant files will not start until the 4th quarter of 2015.
- We substantially enhanced what we do during site visits. Please find the new form we are working on as a site visit form, this is still under development. As a note, HSI will not be the ones to conduct the review of these low income tenant files.

All financial data is entered in a spread sheet and a summary is created to track

- Total Revenue
- Total operating Expenses
- Net Operating Income
- Total Debt Service
- Total Capex
- Operating expenses/Income per unit
- Accounts receivable/payable per unit
- Expenses as % of EGI
- Management as % of EGI
- DSCR

Each expense, as it is entered, is compared to the budget and previous months expenses.

All items that are either not budgeted or way over budget will be flagged and researched. Dominion has given me access to their yardi system and I can access details as to who the payments were made to and/or what was purchased.

I create a report for each property and take notes of all questions and concerns. At this point we are still working with TCAM and they are creating the same report with the same financial data. Tcam sends their finished reports to me and I compare their report to mine – making notes of any differences. After that we schedule a conference call to go over all the notes and questions and we discuss all action items.

We have a quarterly call set up with dominium to discuss all issues and to do a general overview of all current issues. I am also in touch with the Regional Managers on a regular basis – mostly by e-mail, copying them on all service related issues, upcoming audits etc...

All audits have been reviewed to create notes on Debt Service for each property, checking the Replacement Reserve amounts and making sure that increases (if specified in the agreements) have been applied.

<p>Arbor Cove</p>	<p>RR – amount Increase Debt Service</p> <p>Management Fee</p>	<p>300 per unit/per year – 3000 per month No 19,367 1st mortgage +interest</p> <p>5%</p> <p>Asset management fee In accordance with the Partnership Agreement, the Investor Limited Partner is entitled to an annual cumulative asset management fee in the amount of \$5,000, increasing by 3% each year. For the years ended December 31, 2014 and 2013, asset management fees of \$6,333 and \$6,149, respectively, were incurred and \$12,121 and \$0, respectively, were paid. As of December 31, 2014 and 2013, asset management fees of \$6,333 and \$12,121, respectively, remained payable</p> <p>Administrative management fee In accordance with the Partnership Agreement, an affiliate of the General Partner is entitled to an administrative management fee for services performed in ensuring the provision of all social services and related services required to be provided in order to maintain eligibility for the low-income housing tax credits. For the years ended December 31, 2014 and 2013, partnership management fees of \$15,300 and \$9,000 were incurred and paid, respectively. As of December 31, 2014 and 2013, no partnership management fees remained payable</p> <p>Incentive management fee In accordance with the Partnership Agreement, the General Partner is entitled to an annual non-cumulative incentive management fee in an amount not to exceed 12% of effective gross income, and is payable from cash flow. For the years ended December 31, 2014 and 2013, incentive management fees of \$56,427 and \$1,920, respectively, were incurred and paid. As of December 31, 2014 and 2013, no incentive management fees remained payable</p> <p>Development fee The Partnership entered into a development agreement with Polaris Holdings I, LLC, an affiliate of the General Partner. The agreement provides for a development fee in the amount of \$1,645,608 for services rendered in connection with the development and the supervision of construction of the Project. For the years ended December 31, 2014 and 2013, development fees of \$133,433 and \$0 were paid, respectively. As of December 31, 2014 and 2013, development fees of \$0 and \$133,433 remained payable, respectively.</p>
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Cathys point	RR – amount Increase Debt Service Management Fee Asset mgt. fee Incentive mgt. fee	Annual amount of \$250/unit = \$2500/month no 15,129 5% To LP - – increasing by 3% each year To GP – amount not to exceed 12% of EGI – payable from cash flow – according to 2014 audit no fees have been incurred or paid Asset management fee In accordance with the Partnership Agreement, the Investor Limited Partner is entitled to an annual cumulative asset management fee in the amount of \$5,000, increasing by 3% each year and payable from available cash flow. For the years ended December 31, 2014 and 2013, asset management fees of \$8,304 and \$5,151, respectively, were incurred and \$6,150 and \$5,971, respectively, were paid. As of December 31, 2014 and 2013, asset management fees of \$6,334 and \$4,180, respectively, remained payable and are included in due to related parties on the accompanying balance sheets. Administrative management fee In accordance with the Partnership Agreement, the General Partner is entitled to an annual fee equal to \$9,000, payable from available cash flow, for provisions of all services related to maintaining the Partnership's eligibility for the tax credits and qualification for property tax exemption or abatement. For the years ended December 31, 2014 and 2013, administrative management fees of \$2,400 and \$6,750, respectively, were incurred and paid. As of December 31, 2014 and 2013, no administrative management fees remained payable. Incentive management fee In accordance with the Partnership Agreement, the General Partner is entitled to an annual non-cumulative incentive management fee in an amount not to exceed 12% of effective gross income, payable from available cash flow, for services in connection with the administration of Partnership affairs. As of December 31, 2014 and 2013, no incentive management fees had been incurred or paid.

Fox run	RR – amount Increase Debt Service Management Fee	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> 300 per unit (70 units RR amount 1,750) 3% per year – no increases have been made!!! Bond deal 2,1771 monthly debt service 4% </div> <p>Asset management fee In accordance with the Partnership Agreement, a one-time asset management fee is to be paid to the Administrative Limited Partner, Alliant Tax Credit 66, LLC, in the amount of \$50,000. As of December 31, 2014 and 2013, \$50,000 and \$50,000, respectively remains payable, and is included in accounts payable - entity on the balance sheet.</p> <p>Due to affiliates The Partnership has received advances from Dominion Development and Acquisition, LLC, an affiliate of the General Partner, for operating expenses and construction of the property. As of December 31, 2014 and 2013, \$189,044 and \$64,497, respectively, remains payable, and is included in accounts payable - entity on the balance sheet.</p> <p>Development fee In accordance with the Partnership Agreement and the Assignment of Development Fee, the Partnership is required to pay a development fee equal to 15% of eligible basis, estimated to be \$746,150, which has been earned as of December 31, 2014 and 2013. The Partnership shall pay this amount to Orange Leased Housing Development I, LLC. The fee bears no interest and is payable from contributions from equity investors or surplus cash derived from operations. If the fee has not been paid in full by December 31, 2025, the General Partner will make a capital contribution within ten days thereafter in an amount sufficient for payment of any unpaid balance. As of December 31, 2014 and 2013, \$678,603 and \$678,603, respectively, remains payable.</p>

		<p>Incentive performance fee Pursuant to the partnership agreement, the Partnership may retain and distribute an incentive performance fee in an amount equal to 2.8% of effective gross income as defined by HUD. As of December 31, 2014 and 2013, no incentive performance fee was incurred or paid.</p> <p>Incentive management fee The Partnership is obligated to pay to the supervisory agent, Orange Leased Housing Associates SLP I, LLC, an annual incentive management fee commencing in the year in which completion occurs. This fee is payable from 50% of cash flow remaining and shall not exceed 12% of effective gross income, as defined in the Partnership Agreement. As of December 31, 2014 and 2013, no incentive management fee was incurred or paid.</p> <p>Supervisory management fee The Partnership is obligated to pay to the supervisory agent, Orange Leased Housing Associates SLP I, LLC, and annual supervisory management fee commencing in the year in which completion occurs. This fee is payable from 34.98% of cash flow remaining and shall not exceed 10% of gross revenues, as defined in the Partnership Agreement. As of December 31, 2014 and 2013, no supervisory management fee was incurred or paid.</p>
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Hickory	<p>RR – amount Increase</p> <p>Debt Service</p>	<p>300 per unit 3% annually \$6,333 in 2015</p> <p>21,269 per month</p> <p>Incentive property management fee In accordance with the management agreement, DMS, and as of June 16, 2014, DTMS, are entitled to an incentive property management fee equal to 2% of gross collections. For the year ended December 31, 2014 and the period October 29, 2012 (date of refinance) through December 31, 2013, incentive property management fees of \$33,016 and \$40,625, respectively, were incurred, and are included in other entity expenses on the accompanying statements of operations, and \$99,568 and \$0, respectively, were paid. As of December 31, 2014 and 2013, incentive management fees of \$16,516 and \$83,065, respectively, remained payable and are included in accounts payable - entity on the accompanying balance sheets.</p> <p>Asset management fee In accordance with the Partnership Agreement, the Special Limited Partner is entitled to an annual asset management fee equal to \$7,500 adjusted annually by the consumer price index (“CPI”), for services in assisting with the review of tax returns and required reports. If sufficient cash funds are not available, the fee shall accrue and be payable out of available net operating income in subsequent years. For the year ended December 31, 2014 and the period October 29, 2012 (date of refinance) through December 31, 2013, asset management fees of \$7,750 and \$7,869, respectively, were incurred, and are included in other entity expenses on the accompanying statements of operations, and \$7,869 and \$15,000, respectively, were paid. As of December 31, 2014 and 2013, asset management fees of \$7,750 and \$7,869, respectively, remained payable and are included in accounts payable - entity on the accompanying balance sheets.</p> <p>Non-profit service fee Pursuant to the Third Amendment, the General Partner is entitled to a non-profit services fee for ensuring the provision of all social services and related services required to be provided in order to maintain eligibility for the low income housing tax</p>

		<p>credits. For the year ended December 31, 2014 and the period October 29, 2012 (date of refinance) through December 31, 2013, non-profit service fees of \$2,500 and \$12,500, respectively, were incurred, and \$2,500 and \$22,500, respectively, were paid. As of December 31, 2014 and 2013, no non-profit service fees remained payable</p> <p>Performance-based consulting fee In accordance with the Partnership Agreement, the Class A Limited Partner is entitled to a non-cumulative performance-based consulting fee equal to 25% of net operating income for overseeing the marketing, lease-up and continued occupancy of the apartment units, obtaining and monitoring the mortgage loan and maintaining the books and records. The fee is payable from net operating income in accordance with the priorities set forth in Note 9. For the year ended December 31, 2014 and the period October 29, 2012 (date of</p>
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Hillcrest	RR – amount Increase Debt Service Management Fee	7,073 – 200/unit 3% annually – adjustments have been made, amount current 40,124 monthly 3% Incentive management fee In accordance with the Management Agreement, DMS, and as of June 16, 2014, Dominion Texas Management Services, LLC is entitled to an incentive management fee equal to 2% of gross collections. For the year ended December 31, 2014 and the period September 14, 2012 (date of refinancing) through December 31, 2013, incentive management fees of \$31,410 and \$40,510, respectively, were incurred, and are included in other entity expenses on the accompanying statements of operations, and \$9,476 and \$72,664, respectively, were paid. As of December 31, 2014 and 2013, incentive management fees of \$16,078 and (\$5,856), respectively, remained payable (receivable) and are included in accounts payable - entity on the accompanying balance sheets. Asset management fee Pursuant to the Partnership Agreement, the Investor Limited Partner is entitled to an annual asset management fee equal to \$7,500, adjusted annually by the consumer price index ("CPI") for its services in assisting with the preparation of tax returns and required reports. The fee shall be paid from available net operating income. For the year ended December 31, 2014 and the period September 14, 2012 (date of refinancing) through December 31, 2013, asset management fees of \$7,866 and \$7,742, respectively, were incurred, and are included in other entity expenses on the accompanying statements of operations, and \$7,742 and \$15,128, respectively, were paid. As of December 31, 2014 and 2013, asset management fees of \$7,866 and \$7,742, respectively, remained payable and are included in accounts payable - entity on the accompanying balance sheets. Administrative management fee Pursuant to the Partnership Agreement, the General Partner is entitled to an annual administrative management fee equal to \$10,000 for services performed in ensuring the provision of all social services and related services required to be provided in order to

		<p>maintain eligibility for the low-income housing tax credits. For the year ended December 31, 2014 and the period September 14, 2012 (date of refinance) through December 31, 2013, administrative management fees of \$8,824 and \$15,000, respectively, were incurred and paid. As of December 31, 2014 and 2013, no administrative management fees remained payable</p>
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humble	RR – amount Increase Debt Service Management Fee	1,556 have not found any RR info in either audit or PS agreement 10,619 monthly 6% <u>Partnership management fee</u> Pursuant to the 2 nd Agreement, reimbursements to Dominion or their affiliates by the Partnership shall be allowed under certain circumstances. Partnership management fees of \$4,500 were incurred and paid for the years ended December 31, 2014 and 2013. <u>Due to Dominion Development and Acquisitions (“DDA”)</u> DDA paid for certain operating costs of the Partnership. As of December 31, 2014 and 2013, \$36,622 and \$30,684, respectively, remained payable. <u>Non-profit services fee</u> Pursuant to the 2 nd Agreement, the Partnership shall pay to the Managing General Partner an annual fee, in the amount of \$10,000, in consideration for services performed pursuant to the 2 nd Agreement. In 2011, the non-profit services fee was prepaid through 2016. As of December 31, 2014 and 2013, the prepaid non-profit service fee was \$20,000 and \$30,000, respectively, and is included in “Prepaid expenses” in the accompanying balance sheets. For the years ended December 31, 2014 and 2013, respectively, non-profit services fees of \$10,000 were incurred. <u>Developer fee</u> The development agreement provides that a development fee be paid to an affiliate of the Initial General Partner for providing certain development services and guarantees for the completion of the development of the apartment community as described in the development agreement. The total development fee \$599,525 was capitalized as a depreciable cost of the Property and assigned to the Class A Limited Partner during 2009. The developer fee is non-interest bearing and paid out of available cash flows, as defined by the 2 nd Agreement. As of December 31, 2014 and 2013, the outstanding balance of the developer fee was \$329,349. <u>Due to Investment Partner</u> In 2009, the Investment Partner advanced the Partnership \$90,980. This amount was held in escrow and released in 2010. As of December 31, 2014 and 2013, the outstanding balance due to the Investment Partner was \$113. <u>Due from Shady Creek</u> The Partnership paid for expenses on behalf of Shady Creek, an affiliate of the General Partner. As of December 31, 2014 and 2013, the balance receivable from Shady Creek was \$82 and \$0, respectively. <u>Due to General Partner</u> During 2009, the General Partner advanced the Partnership funds to pay off existing loans and to obtain permanent financing. The advance shall bear interest at the greater of 8.0% per annum or the highest prime rate as published in the <i>Wall Street Journal</i> plus 2.0%. The advances shall only be paid from available Net Cash Flow as defined in the 2 nd Agreement. As of December 31, 2014 and 2013, \$20,937 was owed to the General Partner for both years. Interest expense for the years ended December 31, 2014 and 2013 was \$1,675. Interest payable as of December 31, 2014 and 2013 was \$5,025 and \$3,350, respectively.

kaufman	RR – amount Increase Debt Service Management Fee	1,804 (includes 3% increase annually since Jan 2014) 3% 19,940 (bond reserve fund+interest) 4% Asset management fee In accordance with the Partnership Agreement, a one-time asset management fee is to be paid to the Administrative Limited Partner, Alliant Tax Credit 66, LLC, in the amount of \$50,000. As of December 31, 2014 and 2013, \$50,000 and \$50,000, respectively, remains payable. Development fee In accordance with the Partnership Agreement and the Development Agreement, the Partnership is required to pay a development fee equal to 15% of eligible basis, estimated to be \$682,264. The Partnership shall pay this amount to Kaufman Leased Housing Development I, LLC. The fee bears no interest and is payable from contributions from equity investors or surplus cash derived from operations. If the fee has not been paid in full by December 31, 2025, the General Partners will make a capital contribution within 10 days thereafter in an amount sufficient for payment of any unpaid balance. As of December 31, 2014 and 2013, \$669,035 and \$669,035, Advances from related party As of December 31, 2014 and 2013, the Partnership received advances from Dominion Development and Acquisition, LLC, an affiliate of the General Partner. Advances are non-interest bearing and due on demand. As of December 31, 2014 and 2013, \$252,363 and \$96,591, respectively, remains payable. Incentive performance fee Pursuant to the partnership agreement, the Partnership may retain and distribute an incentive performance fee in an amount equal to 3.0% of effective gross income as defined by HUD. During the years ended December 31, 2014 and 2013, no incentive performance fees were incurred or paid.

		<p>Incentive management fee The Partnership is obligated to pay to the supervisory agent, Kaufman Leased Housing Associates SLP I, LLC, an annual incentive management fee commencing in the year in which completion occurs. This fee is payable from 50% of cash flow remaining and shall not exceed 12% of effective gross income, as defined in the Partnership Agreement. During the years ended December 31, 2014 and 2013, no incentive management fees were incurred or paid.</p> <p>Supervisory management fee The Partnership is obligated to pay to the supervisory agent, Kaufman Leased Housing Associates SLP I, LLC, and annual supervisory management fee commencing in the year in which completion occurs. This fee is payable from 34.98% of cash flow remaining and shall not exceed 12% of effective gross income, as defined in the Partnership Agreement. During the years ended December 31, 2014 and 2013, no supervisory management fees were incurred or paid</p>
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Lakeside	RR – amount Increase Debt Service Management Fee	4400 no 41,418 3% <p>Incentive property management fee In accordance with the management agreement, DMS, and as of June 16, 2014, DTMS, are entitled to an incentive property management fee equal to 2% of gross collections, as defined. For the years ended December 31, 2014 and 2013, incentive property management fees of \$30,631 and \$29,665, respectively, were incurred and are included in other entity expenses on the accompanying statements of operations and \$60,233 and \$25,353, respectively, were paid. As of December 31, 2014 and 2013, incentive property management fees of \$15,391 and \$44,993, respectively, remained payable and are included in accounts payable – entity on the accompanying balance sheets.</p> <p>Asset management fee Pursuant to the Second Amended and Restated Agreement, the Special Limited Partner is entitled to an annual asset management fee equal to \$7,500 per annum, adjusted annually by the consumer price index (“CPI”), for services in assisting with the review of tax returns and required reports. If sufficient cash is not available, then the fee shall accrue and be payable out of available net cash flow. For the years ended December 31, 2014 and 2013, asset management fees of \$7,750 and \$7,742, respectively, were incurred and are included in other entity expenses on the accompanying statements of operations and \$7,742 and \$15,128, respectively, were paid. As of December 31, 2014 and 2013, asset management fees of \$7,750 and \$7,742, respectively, remained payable and are included in accounts payable – entity on the accompanying balance sheets.</p> <p>Performance-based consulting fee Pursuant to the Second Amended and Restated Agreement, the Class A Limited Partner is entitled to a non-cumulative performance-based consulting fee equal to 25% of net operating income to operate the Partnership efficiently. The fee is payable from net cash</p>

		<p>flow. For the years ended December 31, 2014 and 2013, performance-based consulting fees of \$66,717 and \$66,383, respectively, were incurred and paid, and are included in other entity expenses on the accompanying statements of operations. A portion of the fee paid during 2014 has been reimbursed to the Partnership subsequent to December 31, 2014 as a result of an over distribution of available surplus cash. As of December 31, 2014 and 2013, no performance-based consulting fees remained payable.</p> <p>Administrative management fee Pursuant to the Second Amended and Restated Agreement, the General Partner is entitled to an annual non-cumulative administrative management fee equal to \$10,000 for services performed in ensuring the provision of all social services and related services required to be provided in order to maintain eligibility for the low-income housing tax credits. The fee is payable from operations. For the years ended December 31, 2014 and 2013, administrative management fees of \$6,325 and \$10,000, respectively, were incurred and are included in other entity expenses on the accompanying statements of operations and \$11,325 and \$12,500, respectively, were paid. As of December 31, 2014 and 2013, administrative management fees of \$0 and \$5,000, respectively, remained payable and are included in accounts payable - entity on the balance sheets.</p>
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Madison	RR – amount Increase Debt Service Management Fee	1583 – 250 per unit - no increase mentioned in audit, check PS No debt service 5% Administrative management fee Pursuant to the Partnership Agreement, the General Partner shall receive an administrative management fee for all services required to be provided to maintain the Partnership's eligibility for the tax credits. An annual amount of \$9,000 is payable annually in arrears, with the first annual payment due in 2012 from cash flow, as defined. If any administrative management fee is not paid in any year due, the Class B Limited Partner shall make a loan to the Partnership to pay the administrative management fee and the loan shall be deemed an operating deficit loan. As of December 31, 2014 and 2013, administrative fees of \$9,000 and \$6,000 were incurred, respectively, and \$16,500 and \$7,500, respectively, remained payable. Incentive management fee Pursuant to the Partnership Agreement, the General Partner shall receive an annual non-cumulative incentive management fee in an amount not to exceed 12% of Effective Gross Income, payable from cash flow, as defined, for services in connection with the administration of Partnership affairs. As of December 31, 2014 and 2013, no incentive management fees had been earned or paid. Asset management fee Beginning in 2008, the Investor Limited Partner shall receive an annual cumulative asset management fee in the amount of \$2,500, increasing by 3% each year from available cash flow or net proceeds, as defined. During the years ended December 31, 2014 and 2013, \$2,985 and \$2,898, respectively, was charged to operations and \$2,898 and \$2,732, respectively, was paid. As of December 31, 2014 and 2013, \$3,067 and \$2,980, respectively, remained payable.

Seville	RR – amount Increase Debt Service Management Fee	300/unit 2250 monthly 22,866/month 4% Partnership management fee The Partnership entered into a Partnership Management Fee Agreement with the General Partner for its services in providing partnership and asset management services. This fee is \$60 per unit per year. Any portion of the fee which cannot be paid shall accrue without interest until there is sufficient cash flow to be paid. For the years ended December 31, 2014 and 2013, partnership management fees incurred were \$5,400 and \$5,400, respectively. As of December 31, 2014 and 2013, \$31,050 and \$25,650, respectively, remains payable Construction management fee In accordance with the Partnership Agreement, \$176,128 is to be paid to an affiliate of the General Partner as consideration for services in the oversight of the construction of the Project. In prior years, the construction management fee was increased to \$196,716 pursuant to the completion of a cost certification. The fee is non-interest bearing. During the years ended December 31, 2014 and 2013, no amounts were repaid. As of December 31, 2014 and 2013, \$19,073 and \$19,073, respectively, remain payable. Development fee In accordance with the Partnership Agreement, it is provided that a \$945,974 developer fee is to be paid to Beaumont Leased Housing Development II, LLC ("Developer"), an affiliate of the General Partner, for providing services as described in the Development Services Agreement. The fee is non-interest bearing. In prior years, the developer fee was increased to \$993,583 pursuant to the completion of a cost certification. During the years ended December 31, 2014 and 2013, no amounts were repaid. As of December 31, 2014 and 2013, \$993,583 and \$993,583, respectively, remains payable.

Timbers Edge	RR – amount	<p>500/unit</p> <p>Replacement reserves Under the terms of the Partnership Agreement and Loan Agreement, the Partnership is required to fund a Repair and Replacement Reserve Fund. The Partnership shall make monthly deposits equal to \$300 per apartment unit per year, or \$45,000 annually. Effective May 2014, the deposits were increased to \$500 per apartment unit per year, or \$75,000 annually. The reserve shall be used to make disbursements to the Project for capital improvements incurred. As of December 31, 2014 and 2013, the balance in this account was \$187,517 and \$25,972, respectively.</p> <p>Current RR Deposits in tcam report are not adjusted to the 500/per unit amount which would be 6,250 this is the amount debited in the trial balance</p>
	Increase	
	Debt Service	<p>Questions about debt service – TCAM uses 32,463 My number is 30,441</p>
	Management Fee	4%
	Notes	<p>Partnership management fee The Partnership entered into a Partnership Management Fee Agreement with the General Partner for its services in providing partnership asset management services. This fee is \$60 per unit. For the years ended December 31, 2014 and 2013, partnership management fees incurred were \$9,000 and \$9,000, respectively. As of December 31, 2014 and 2013, \$51,750 and \$42,750 remain payable, respectively.</p> <p>Non-profit services fees Pursuant to the Master Agreement, the Partnership shall pay Housing Services Incorporated, an affiliate of the General Partner, a non-profit services fee for ensuring the provision of all social services and related services required to be provided in order to maintain eligibility for the low income housing tax credit. As of December 31, 2014 and 2013, fees of \$30,301 and \$19,000 were incurred and paid, respectively. As of</p>

		<p>December 31, 2014 and 2013, no amounts remained payable.</p> <p>Construction management fee In accordance with the Construction Management Agreement, \$461,408 is to be paid to Beaumont Leased Housing Development I, LLC, an affiliate of the General Partner, as consideration for the services of oversight of the construction of the Project. The fee is non-interest bearing. No payments were made during 2014 and 2013. As of December 31, 2014 and 2013, \$461,408 and \$461,408, respectively, remains payable.</p> <p>Development fee In accordance with the Development Agreement, it is provided that a \$1,542,987 developer fee is to be paid to Beaumont Leased Housing Development I, LLC (Developer), an affiliate of the General Partner, for providing services as described in the Development Agreement. The fee is non-interest bearing. No payments were made during 2014 and 2013. As of December 31, 2014 and 2013, \$1,542,987 and \$1,542,987, respectively, remains payable</p>

Balance Sheet

Period = Apr 2015

Book = Accrual,Audit,Ops

Current Balance**ASSETS****CURRENT ASSETS**

Cash	
Petty Cash	300.00
Operating Account	23,061.34
Total Cash	23,361.34

Receivables

Tenant Accounts Receivable	971.00
Subsidy Accounts Receivable	2,158.00
Total Tenant Receivables	3,129.00
Total Receivables	3,129.00

Prepaid Expenses:

Prepaid Property Insurance	9,901.36
Total Prepaid Expenses	9,901.36

Reserves & Escrows**Mortgage Reserves & Escrows**

Real Estate Tax Escrow	22,878.88
Insurance Escrow	35,635.29
Total Mortgage Reserves & Escrows	58,514.17
Replacement Reserves	105,690.77
Total Reserves & Escrows	164,204.94
Total Current Assets	200,596.64

FIXED ASSETS:**Property & Equipment:**

Land	463,019.00
Land Improvements	2,210,048.00
Buildings	10,543,989.95
Personal Property	609,474.00
Loan Costs	155,038.00
Total Property & Equipment	13,981,568.95

Accum. Depr./Amort.:

Accumulated Depreciation	-3,678,078.00
Accumulated Amortization	-68,350.00
Total Accum. Depr./Amort.	-3,746,428.00
Net Fixed Assets	10,235,140.95

OTHER ASSETS:

Tax Credit Costs	49,251.00
Total Other Assets	49,251.00
TOTAL ASSETS	10,484,988.59

LIABILITIES & EQUITY**CURRENT LIABILITIES:**

Accounts Payable	10,310.29
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Balance Sheet

Period = Apr 2015

Book = Accrual,Audit,Ops

	Current Balance
Total Accounts Payable & Notes	10,310.29
Accr. Expense/Deferred Income:	
Prepaid Rent	2,002.00
Accrued R/E Taxes	18,141.81
Accrued Asset Mgmt Fees LP - Non-Affiliated	1.12
Total Accr Exp./Deferred Inc.	20,144.93
Deposits:	
Security Deposits	35,250.00
Pet Deposits	2,700.00
Total Deposits	37,950.00
Total Current Liabilities	68,405.22
LONG TERM LIABILITIES:	
First Mortgage Payable	2,746,668.06
Accrued 1st Mortgage Interest	14,725.65
Due to GP - Funding - Affiliated	4,174.69
Total Long Term Liabilities	2,765,568.40
TOTAL LIABILITIES	2,833,973.62
EQUITY	
ILP Distributions - Non-Affiliated	-28,599.46
LP Distributions - Affiliated	-7.15
GP Capital - Affiliated	2.00
GP Distributions - Non-Affiliated	-14.30
General Partners Capital - Internal	-150.00
GP Cash Distributions - External	-12.30
Limited Partners Capital - Internal	9,281,422.00
LP Cash Distributions - Internal	-165,016.29
LP Cash Distributions - External	-24,606.22
LP Distributions - Affiliated	-203,317.24
Retained Earnings	-1,220,405.09
Year to Date Net Income/(Loss)	11,719.02
TOTAL EQUITY	7,651,014.97
TOTAL LIABILITIES & EQUITY	10,484,988.59

Budget Comparison

Period = Apr 2015

Book = Accrual,Audit,Ops

	PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
INCOME									
Rental Income									
Gross Rental Income									
Total Gross Potential Rent	<u>79,155.00</u>	<u>78,826.00</u>	<u>329.00</u>	<u>0.42</u>	<u>315,818.00</u>	<u>315,024.00</u>	<u>794.00</u>	<u>0.25</u>	<u>948,054.00</u>
Total Gross Rental Income	<u>79,155.00</u>	<u>78,826.00</u>	<u>329.00</u>	<u>0.42</u>	<u>315,818.00</u>	<u>315,024.00</u>	<u>794.00</u>	<u>0.25</u>	<u>948,054.00</u>
Rent Loss									
Rental Loss									
Total Vacancy Loss	<u>76.00</u>	<u>-400.00</u>	<u>476.00</u>	<u>119.00</u>	<u>-128.00</u>	<u>-1,600.00</u>	<u>1,472.00</u>	<u>92.00</u>	<u>-4,800.00</u>
Concessions	<u>-100.00</u>	<u>-333.33</u>	<u>233.33</u>	<u>70.00</u>	<u>-1,201.68</u>	<u>-1,333.32</u>	<u>131.64</u>	<u>9.87</u>	<u>-4,000.00</u>
Total Bad Debt & Recovery	<u>0.00</u>	<u>-124.66</u>	<u>124.66</u>	<u>100.00</u>	<u>601.00</u>	<u>-498.64</u>	<u>1,099.64</u>	<u>220.53</u>	<u>-1,495.92</u>
Total Rent Loss	<u>-24.00</u>	<u>-857.99</u>	<u>833.99</u>	<u>97.20</u>	<u>-728.68</u>	<u>-3,431.96</u>	<u>2,703.28</u>	<u>78.77</u>	<u>-10,295.92</u>
Total Rental Income	<u>79,131.00</u>	<u>77,968.01</u>	<u>1,162.99</u>	<u>1.49</u>	<u>315,089.32</u>	<u>311,592.04</u>	<u>3,497.28</u>	<u>1.12</u>	<u>937,758.08</u>
Other Income									
Other Income									
Application Fees	<u>56.00</u>	<u>50.00</u>	<u>6.00</u>	<u>12.00</u>	<u>112.00</u>	<u>200.00</u>	<u>-88.00</u>	<u>-44.00</u>	<u>600.00</u>
Late Charges	<u>370.00</u>	<u>804.90</u>	<u>-434.90</u>	<u>-54.03</u>	<u>3,482.00</u>	<u>3,219.60</u>	<u>262.40</u>	<u>8.15</u>	<u>9,658.80</u>
NSF Fees	<u>0.00</u>	<u>25.00</u>	<u>-25.00</u>	<u>-100.00</u>	<u>130.00</u>	<u>50.00</u>	<u>80.00</u>	<u>160.00</u>	<u>100.00</u>
Total Forfeited Security Deposits	<u>270.00</u>	<u>201.73</u>	<u>68.27</u>	<u>33.84</u>	<u>737.00</u>	<u>806.92</u>	<u>-69.92</u>	<u>-8.66</u>	<u>2,420.76</u>
Misc. Other Income	<u>0.00</u>	<u>16.67</u>	<u>-16.67</u>	<u>-100.00</u>	<u>0.00</u>	<u>66.68</u>	<u>-66.68</u>	<u>-100.00</u>	<u>200.00</u>
WO Chargebacks	<u>25.00</u>	<u>50.00</u>	<u>-25.00</u>	<u>-50.00</u>	<u>425.00</u>	<u>200.00</u>	<u>225.00</u>	<u>112.50</u>	<u>600.00</u>
Total Other Income	<u>721.00</u>	<u>1,148.30</u>	<u>-427.30</u>	<u>-37.21</u>	<u>4,886.00</u>	<u>4,543.20</u>	<u>342.80</u>	<u>7.55</u>	<u>13,579.56</u>
TOTAL INCOME	<u>79,852.00</u>	<u>79,116.31</u>	<u>735.69</u>	<u>0.93</u>	<u>319,975.32</u>	<u>316,135.24</u>	<u>3,840.08</u>	<u>1.21</u>	<u>951,337.64</u>
Direct Expenses									
Marketing									
Advertising - Internet	<u>0.00</u>	<u>25.00</u>	<u>25.00</u>	<u>100.00</u>	<u>0.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>300.00</u>
Misc. Marketing Expenses	<u>0.00</u>	<u>50.00</u>	<u>50.00</u>	<u>100.00</u>	<u>0.00</u>	<u>200.00</u>	<u>200.00</u>	<u>100.00</u>	<u>600.00</u>
Tenant Relations Promo/Events	<u>616.36</u>	<u>450.00</u>	<u>-166.36</u>	<u>-36.97</u>	<u>2,384.76</u>	<u>1,800.00</u>	<u>-584.76</u>	<u>-32.49</u>	<u>5,400.00</u>
Locators Referral Service	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>N/A</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>N/A</u>	<u>630.00</u>
Resident Referrals	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>N/A</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>N/A</u>	<u>200.00</u>
Total Marketing Expenses	<u>616.36</u>	<u>525.00</u>	<u>-91.36</u>	<u>-17.40</u>	<u>2,384.76</u>	<u>2,100.00</u>	<u>-284.76</u>	<u>-13.56</u>	<u>7,130.00</u>

Budget Comparison

Period = Apr 2015

Book = Accrual,Audit,Ops

	PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
Administrative									
Travel-Mileage	0.00	10.00	10.00	100.00	0.00	40.00	40.00	100.00	120.00
M & E - Out of Town Travel	0.00	0.00	0.00	N/A	-80.45	0.00	80.45	N/A	0.00
Credit Reports/Background Checks	166.00	114.58	-51.42	-44.88	697.00	458.32	-238.68	-52.08	1,375.00
Recruiting Costs	0.00	10.00	10.00	100.00	61.00	40.00	-21.00	-52.50	120.00
Office Supplies - Misc	164.46	83.33	-81.13	-97.36	346.67	333.32	-13.35	-4.01	1,000.00
Office Supplies - Toner	226.24	37.50	-188.74	-503.31	375.41	150.00	-225.41	-150.27	450.00
Office Supplies - Envelopes/Let...	0.00	18.75	18.75	100.00	269.13	75.00	-194.13	-258.84	225.00
Office Supplies - Copy Paper	0.00	12.50	12.50	100.00	79.89	50.00	-29.89	-59.78	150.00
Computer Supplies - Misc	0.00	0.00	0.00	N/A	21.64	0.00	-21.64	N/A	0.00
Computer Supplies - Software	0.00	6.36	6.36	100.00	0.00	25.44	25.44	100.00	76.32
Computer Supplies - Licenses	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	1,010.00
Recruiting Fees	0.00	6.85	6.85	100.00	0.00	27.40	27.40	100.00	82.20
Dues	0.00	0.00	0.00	N/A	535.84	250.00	-285.84	-114.34	250.00
Licenses & Permits	0.00	6.34	6.34	100.00	0.00	25.36	25.36	100.00	76.08
Legal	1,170.52	0.00	-1,170.52	N/A	1,470.88	0.00	-1,470.88	N/A	284.00
Telephone - Misc	15.95	58.75	42.80	72.85	150.35	235.00	84.65	36.02	705.00
Telephone - Local	601.11	468.85	-132.26	-28.21	2,274.43	1,875.40	-399.03	-21.28	5,626.20
Telephone - Long Distance	11.68	20.11	8.43	41.92	46.85	80.44	33.59	41.76	241.32
Training/Education - Misc	0.00	15.73	15.73	100.00	0.00	62.92	62.92	100.00	188.76
Training/Education - Internal	24.00	22.92	-1.08	-4.71	97.00	91.68	-5.32	-5.80	275.00
Training/Education - External	0.00	0.00	0.00	N/A	716.50	0.00	-716.50	N/A	0.00
Uniforms/Logo Wear	0.00	36.28	36.28	100.00	331.89	145.12	-186.77	-128.70	435.36
Portal Costs	92.09	100.00	7.91	7.91	381.20	400.00	18.80	4.70	1,200.00
Misc. Admin/Use Tax Expenses	0.00	12.50	12.50	100.00	12.00	50.00	38.00	76.00	150.00
Total Admin. Expenses	2,472.05	1,041.35	-1,430.70	-137.39	7,787.23	4,415.40	-3,371.83	-76.37	14,040.24
Insurance									
Property Insurance	3,183.34	3,158.33	-25.01	-0.79	12,733.36	12,633.32	-100.04	-0.79	37,899.96
Total Insurance Expense	3,183.34	3,158.33	-25.01	-0.79	12,733.36	12,633.32	-100.04	-0.79	37,899.96
Payroll									
Administrative Payroll	6,812.00	6,905.00	93.00	1.35	26,742.65	27,620.00	877.35	3.18	82,860.00
Repair & Maintenance Payroll	4,127.92	3,817.67	-310.25	-8.13	16,064.48	15,270.68	-793.80	-5.20	45,812.00
Bonuses	0.00	0.00	0.00	N/A	2,200.00	4,200.00	2,000.00	47.62	7,200.00
Payroll Budget Allowance	0.00	-79.68	-79.68	-100.00	0.00	-318.72	-318.72	-100.00	-956.16
PR Taxes, Benefits, WC Ins., etc.	2,669.61	2,992.54	322.93	10.79	12,760.73	11,970.16	-790.57	-6.60	35,910.48
Total Payroll Expense	13,609.53	13,635.53	26.00	0.19	57,767.86	58,742.12	974.26	1.66	170,826.32
Utilities									

Budget Comparison

Period = Apr 2015

Book = Accrual,Audit,Ops

	PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
Cable TV / Internet Expense	182.99	250.00	67.01	26.80	731.96	1,000.00	268.04	26.80	3,000.00
Refuse Removal	102.65	101.47	-1.18	-1.16	410.60	405.88	-4.72	-1.16	1,217.64
Electricity - Common Area (Sta...	285.30	291.60	6.30	2.16	1,189.70	1,347.10	157.40	11.68	5,174.70
Electricity - Common Area (Ra...	197.15	212.40	15.25	7.18	750.40	882.90	132.50	15.01	2,248.30
Electricity (Vacant Units)	67.93	104.17	36.24	34.79	132.76	416.68	283.92	68.14	1,250.00
Water & Sewer (Standard Cost)	25.00	45.00	20.00	44.44	81.00	319.00	238.00	74.61	1,427.00
Water & Sewer (Rate Variance)	43.28	41.52	-1.76	-4.24	110.95	167.16	56.21	33.63	362.11
Water & Sewer - Irrigation (Sta...	1,093.00	1,755.00	662.00	37.72	4,185.00	5,609.00	1,424.00	25.39	19,252.00
Water & Sewer - Irrigation (Rat...	-455.64	-724.80	-269.16	-37.14	-1,881.94	-2,372.54	-490.60	-20.68	-8,353.30
Gas (Standard Cost)	17.51	7.20	-10.31	-143.19	93.73	53.57	-40.16	-74.97	88.97
Gas (Rate Variance)	29.58	26.56	-3.02	-11.37	113.95	95.47	-18.48	-19.36	352.26
Utility Consultant/Monitoring Fees	0.00	54.03	54.03	100.00	152.34	216.12	63.78	29.51	648.36
Late Charges for Utilities	83.17	0.00	-83.17	N/A	170.40	0.00	-170.40	N/A	0.00
Total Utilities	1,671.92	2,164.15	492.23	22.74	6,240.85	8,140.34	1,899.49	23.33	26,668.04
Repairs And Maintenance									
General Building Maintenance	191.06	103.00	-88.06	-85.50	923.93	412.00	-511.93	-124.25	1,236.00
Cleaning Equipment & Supplies	0.00	36.30	36.30	100.00	46.66	145.20	98.54	67.86	435.60
Exterminating Contract	608.36	515.00	-93.36	-18.13	2,172.56	2,060.00	-112.56	-5.46	6,180.00
Exterminating Supplies	53.77	10.30	-43.47	-422.04	77.81	41.20	-36.61	-88.86	123.60
Grounds Contract	1,082.00	1,114.46	32.46	2.91	5,410.00	4,457.84	-952.16	-21.36	13,373.52
Grounds Supplies	149.75	214.58	64.83	30.21	245.63	858.32	612.69	71.38	2,575.00
Security Monitoring	0.00	200.85	200.85	100.00	205.53	401.70	196.17	48.84	803.40
General Repairs Material	45.33	154.50	109.17	70.66	500.83	618.00	117.17	18.96	1,854.00
HVAC Repairs	77.49	360.50	283.01	78.50	768.65	1,442.00	673.35	46.70	4,326.00
Pool Repairs & Maintenance	218.93	231.75	12.82	5.53	785.15	927.00	141.85	15.30	2,781.00
Window and Doors	3,517.00	12.88	-3,504.12	-27,205.90	4,116.00	51.52	-4,064.48	-7,889.13	154.56
Plumbing Repairs & Supplies	1,113.83	464.00	-649.83	-140.05	3,163.25	1,856.00	-1,307.25	-70.43	5,568.00
Electrical Repairs & Supplies	293.98	42.92	-251.06	-584.95	1,047.72	171.68	-876.04	-510.27	515.00
Locks and Keys	106.36	64.38	-41.98	-65.21	158.57	257.52	98.95	38.42	772.56
Appliance Maintenance/Parts	194.18	163.08	-31.10	-19.07	383.96	652.32	268.36	41.14	1,957.00
Equipment Repair Maint/Rental	0.00	0.00	0.00	N/A	150.00	0.00	-150.00	N/A	0.00
Misc. Maintenance Expense	42.83	42.92	0.09	0.21	260.00	171.68	-88.32	-51.44	515.00
Parking Lot Sweep & Stripe	0.00	0.00	0.00	N/A	0.00	8.78	8.78	100.00	8.78
Total Repairs & Maintenance	7,694.87	3,731.42	-3,963.45	-106.22	20,416.25	14,532.76	-5,883.49	-40.48	43,179.02
Turnover Expenses									
Paint Supplies	15.57	318.00	302.43	95.10	1,260.99	1,272.00	11.01	0.87	3,816.00
Cleaning Supplies	88.72	35.33	-53.39	-151.12	197.52	141.32	-56.20	-39.77	424.00
Window Coverings	107.03	0.00	-107.03	N/A	425.75	0.00	-425.75	N/A	0.00

Budget Comparison

Period = Apr 2015

Book = Accrual,Audit,Ops

	<u>PTD Actual</u>	<u>PTD Budget</u>	<u>Variance</u>	<u>% Var</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance</u>	<u>% Var</u>	<u>Annual</u>
Turnover Maintenance	136.15	53.00	-83.15	-156.89	507.42	212.00	-295.42	-139.35	636.00
Total Turnover Expenses	347.47	406.33	58.86	14.49	2,391.68	1,625.32	-766.36	-47.15	4,876.00
Total Direct Expenses	29,595.54	24,662.11	-4,933.43	-20.00	109,721.99	102,189.26	-7,532.73	-7.37	304,619.58
Controllable Operating Income	50,256.46	54,454.20	-4,197.74	-7.71	210,253.33	213,945.98	-3,692.65	-1.73	646,718.06
Management Fees & Taxes									
Management Fees - Affiliated	3,978.75	3,955.82	-22.93	-0.58	15,937.82	15,806.78	-131.04	-0.83	47,566.93
Real Estate Taxes	4,535.55	4,140.86	-394.69	-9.53	18,142.20	16,563.44	-1,578.76	-9.53	49,690.32
Total Mgmt. Fees & Taxes	8,514.30	8,096.68	-417.62	-5.16	34,080.02	32,370.22	-1,709.80	-5.28	97,257.25
Net Operating Income	41,742.16	46,357.52	-4,615.36	-9.96	176,173.31	181,575.76	-5,402.45	-2.98	549,460.81
Non-Operating Expenses									
Debt Service Interest and Fees									
Debt Service Interest	14,651.12	14,651.12	0.00	0.00	58,753.80	58,753.80	0.00	0.00	175,047.45
Interest Expense - Note Payab...	50.58	0.00	-50.58	N/A	50.58	0.00	-50.58	N/A	0.00
Total Debt Service Interest and...	14,701.70	14,651.12	-50.58	-0.35	58,804.38	58,753.80	-50.58	-0.09	175,047.45
Major Repairs/Capital Impr...									
Air Conditioners	0.00	0.00	0.00	N/A	1,040.00	0.00	-1,040.00	N/A	3,225.00
Refrigerators	0.00	0.00	0.00	N/A	1,351.13	1,350.00	-1.13	-0.08	4,050.00
Stoves & Ranges	0.00	0.00	0.00	N/A	1,535.28	550.00	-985.28	-179.14	1,650.00
Dishwashers	0.00	358.00	358.00	100.00	0.00	716.00	716.00	100.00	1,432.00
Water Heaters	324.09	1,000.00	675.91	67.59	9,202.48	4,000.00	-5,202.48	-130.06	12,000.00
Floor Coverings - Tile & Vinyl	0.00	300.00	300.00	100.00	0.00	1,200.00	1,200.00	100.00	3,600.00
Window Covering Replacement	0.00	83.33	83.33	100.00	0.00	333.32	333.32	100.00	1,000.00
Unit Improvements	0.00	0.00	0.00	N/A	2,660.00	0.00	-2,660.00	N/A	0.00
Miscellaneous	0.00	0.00	0.00	N/A	7.25	0.00	-7.25	N/A	0.00
1 - Grounds	0.00	250.00	250.00	100.00	345.32	700.00	354.68	50.67	700.00
1 - Building & Garage Repairs	0.00	0.00	0.00	N/A	0.00	1,010.00	1,010.00	100.00	1,010.00
1 - Miscellaneous Major	0.00	7,500.00	7,500.00	100.00	1,503.53	7,500.00	5,996.47	79.95	7,500.00
1 - Common Area Improvements	384.00	0.00	-384.00	N/A	384.00	1,000.00	616.00	61.60	1,000.00
1 - Computer/Office Equip Desk...	0.00	0.00	0.00	N/A	0.00	2,500.00	2,500.00	100.00	2,500.00
4 - Supervisory Fees (Project ...	0.00	0.00	0.00	N/A	7,160.94	0.00	-7,160.94	N/A	0.00
Total Unit Major Repairs/Capita...	324.09	1,741.33	1,417.24	81.39	15,796.14	8,149.32	-7,646.82	-93.83	26,957.00
Total 1 - Major Repairs/Capital...	384.00	7,750.00	7,366.00	95.05	2,232.85	12,710.00	10,477.15	82.43	12,710.00
Total 4 - Major Repairs/Capital...	0.00	0.00	0.00	N/A	7,160.94	0.00	-7,160.94	N/A	0.00
Total All Major Repair Expense	708.09	9,491.33	8,783.24	92.54	25,189.93	20,859.32	-4,330.61	-20.76	39,667.00

*Extraordinary Costs

Budget Comparison

Period = Apr 2015

Book = Accrual,Audit,Ops

	PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
*Other Extraordinary Costs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	N/A	<u>6,738.00</u>	<u>0.00</u>	<u>-6,738.00</u>	N/A	<u>0.00</u>
*Total Extraordinary Cost	0.00	0.00	0.00	N/A	6,738.00	0.00	-6,738.00	N/A	0.00
Owner Expenses									
Bank Charges	87.93	308.39	220.46	71.49	1,089.30	1,233.56	144.26	11.69	3,700.68
Compliance Fees - Affiliated	2,361.60	708.48	-1,653.12	-233.33	2,361.60	2,833.92	472.32	16.67	8,501.76
Compliance Fees - Non-Affiliated	0.00	202.50	202.50	100.00	0.00	810.00	810.00	100.00	2,430.00
Incentive Mgmt Fees - Affiliated	54,056.41	0.00	-54,056.41	N/A	54,056.41	0.00	-54,056.41	N/A	0.00
Asset Mgmt Fees GP - Affiliated	0.00	600.00	600.00	100.00	0.00	2,400.00	2,400.00	100.00	7,200.00
Partnership Mgmt Fee - Affiliated	600.00	50.00	-550.00	-1,100.00	2,400.00	200.00	-2,200.00	-1,100.00	600.00
Partnership Mgmt Fee - Non-Affi...	3,229.00	1,018.75	-2,210.25	-216.96	6,304.00	4,075.00	-2,229.00	-54.70	12,225.00
Interest Income	-2.71	-3.42	-0.71	-20.76	-12.45	-13.68	-1.23	-8.99	-41.04
Audit Expense	512.50	498.75	-13.75	-2.76	2,050.00	1,995.00	-55.00	-2.76	5,985.00
Tax Expense	114.58	109.58	-5.00	-4.56	458.32	438.32	-20.00	-4.56	1,314.96
*Legal Partnership	1,000.00	0.00	-1,000.00	N/A	5,014.80	0.00	-5,014.80	N/A	0.00
*Other Partnership Expenses	<u>0.00</u>	<u>308.67</u>	<u>308.67</u>	<u>100.00</u>	<u>0.00</u>	<u>1,234.68</u>	<u>1,234.68</u>	<u>100.00</u>	<u>3,704.04</u>
Total Owner Expenses	<u>61,959.31</u>	<u>3,801.70</u>	<u>-58,157.61</u>	<u>-1,529.78</u>	<u>73,721.98</u>	<u>15,206.80</u>	<u>-58,515.18</u>	<u>-384.80</u>	<u>45,620.40</u>
Net Profit (Loss)	<u>-35,626.94</u>	<u>18,413.37</u>	<u>-54,040.31</u>	<u>-293.48</u>	<u>11,719.02</u>	<u>86,755.84</u>	<u>-75,036.82</u>	<u>-86.49</u>	<u>289,125.96</u>

Trial Balance

Period = Apr 2015

Book = Accrual,Audit,Ops

		Forward Balance	Debit	Credit	Ending Balance
1110-0000	Petty Cash	300.00	0.00	0.00	300.00
1120-0000	Operating Account	304,390.94	0.00	281,329.60	23,061.34
1130-0000	Tenant Accounts Receivable	77.00	894.00	0.00	971.00
1131-0000	Subsidy Accounts Receivable	1,415.00	743.00	0.00	2,158.00
1141-0000	Other Receivable	0.00	0.00	0.00	0.00
1200-0000	Prepaid Property Insurance	13,084.70	0.00	3,183.34	9,901.36
1300-0000	Real Estate Tax Escrow	19,121.54	3,757.34	0.00	22,878.88
1301-0000	Insurance Escrow	32,195.28	3,440.01	0.00	35,635.29
1303-0000	Replacement Reserve	115,132.52	2.71	0.00	115,135.23
1303-0500	Replacement Reserve Deposits	9,000.00	3,000.00	0.00	12,000.00
1303-0600	Replacement Reserve Draws	-21,444.46	0.00	0.00	-21,444.46
1400-0000	Land	463,019.00	0.00	0.00	463,019.00
1401-0000	Land Improvements	2,210,048.00	0.00	0.00	2,210,048.00
1402-0000	Buildings	10,543,989.95	0.00	0.00	10,543,989.95
1403-0000	Personal Property	609,474.00	0.00	0.00	609,474.00
1450-0000	Loan Costs	155,038.00	0.00	0.00	155,038.00
1453-0000	Monitoring Fees	0.00	0.00	0.00	0.00
1490-0000	Accumulated Depreciation	-3,678,078.00	0.00	0.00	-3,678,078.00
1492-0000	Accumulated Amortization	-68,350.00	0.00	0.00	-68,350.00
1501-1000	Tax Credit Costs	49,251.00	0.00	0.00	49,251.00
2110-0000	Accounts Payable	-7,173.43	0.00	3,136.86	-10,310.29
2114-0000	Audit Adjustments	0.00	0.00	0.00	0.00
2120-0000	Prepaid Rent	-2,454.00	452.00	0.00	-2,002.00
2133-0000	Accrued R/E Taxes	-13,606.26	0.00	4,535.55	-18,141.81
2135-3000	Accrued Asset Mgmt Fees GP - Affiliated	0.00	0.00	0.00	0.00
2135-4001	Accrued Asset Mgmt Fees LP - Non-Affiliated	-6,334.12	6,333.00	0.00	-1.12
2191-0000	Security Deposits	-35,050.00	0.00	200.00	-35,250.00
2191-1000	Pet Deposits	-2,550.00	0.00	150.00	-2,700.00
2193-0000	Security Deposit Clearing	0.00	0.00	0.00	0.00
2324-0000	1st Mortgage Payable	-2,765,380.82	0.00	0.00	-2,765,380.82
2324-0050	Debt Service(Principal) 1st Mortgage	13,997.24	4,715.52	0.00	18,712.76
2330-0000	Accrued 1st Mortgage Interest	-14,725.65	0.00	0.00	-14,725.65
2331-8000	Due to GP - Funding - Affiliated	-5,807.37	1,632.68	0.00	-4,174.69
2331-8100	Due to LP - Funding - Affiliated	0.00	0.00	0.00	0.00
2333-0000	Other Liabilities	0.00	0.00	0.00	0.00
3200-3401	ILP Distributions - Non-Affiliated	0.00	28,599.46	0.00	28,599.46
3200-8400	LP Distributions - Affiliated	0.00	7.15	0.00	7.15
3200-9000	GP Capital - Affiliated	-2.00	0.00	0.00	-2.00

Trial Balance

Period = Apr 2015

Book = Accrual,Audit,Ops

		Forward Balance	Debit	Credit	Ending Balance
3200-9401	GP Distributions - Non-Affiliated	0.00	14.30	0.00	14.30
3210-0000	General Partners Capital - Internal	150.00	0.00	0.00	150.00
3210-0200	GP Cash Distributions - Internal	0.00	0.00	0.00	0.00
3210-0201	GP Cash Distributions - External	12.30	0.00	0.00	12.30
3210-1000	Limited Partners Capital - Internal	-9,281,422.00	0.00	0.00	-9,281,422.00
3210-1200	LP Cash Distributions - Internal	165,016.29	0.00	0.00	165,016.29
3210-1201	LP Cash Distributions - External	24,606.22	0.00	0.00	24,606.22
3220-8400	LP Distributions - Affiliated	0.00	203,317.24	0.00	203,317.24
3245-0000	Retained Earnings	1,220,405.09	0.00	0.00	1,220,405.09
3250-0000	Year to Date Net Income/(Loss)	0.00	0.00	0.00	0.00
5110-0000	Gross Potential Rent	-197,504.00	0.00	66,604.00	-264,108.00
5110-1000	Gross Potential Vacancy Adjustment	-204.00	76.00	0.00	-128.00
5121-0000	Tax Credit Subsidy Rental Income	-38,955.00	0.00	12,627.00	-51,582.00
5145-0000	Vacancy Loss	204.00	0.00	76.00	128.00
5150-0000	Concessions	1,101.68	100.00	0.00	1,201.68
5153-0000	Improper Notice Fee	-1,152.60	0.00	0.00	-1,152.60
5155-0000	Bad Debt Expense	1,198.60	0.00	0.00	1,198.60
5156-0000	Forfeited S/D Damage W/O's	-647.00	0.00	0.00	-647.00
5505-0000	Application Fees	-56.00	0.00	56.00	-112.00
5520-0000	Late Charges	-3,112.00	0.00	370.00	-3,482.00
5525-0000	NSF Fees	-130.00	0.00	0.00	-130.00
5545-0500	Forfeited S/D - Other Charges	-709.00	0.00	145.00	-854.00
5545-4000	Forfeited S/D - Apartment Cleaning	-405.00	0.00	125.00	-530.00
5545-9000	Forfeited S/D - W/O Contra Account	647.00	0.00	0.00	647.00
5561-0000	WO Chargebacks	-400.00	0.00	25.00	-425.00
6120-0000	Tenant Relations Promo/Events	1,768.40	616.36	0.00	2,384.76
6225-0100	M & E - Out of Town Travel	-80.45	0.00	0.00	-80.45
6265-0000	Credit Reports/Background Checks	531.00	166.00	0.00	697.00
6266-0000	Recruiting Costs	61.00	0.00	0.00	61.00
6270-0000	Office Supplies - Misc	182.21	164.46	0.00	346.67
6270-0100	Office Supplies - Toner	149.17	226.24	0.00	375.41
6270-0200	Office Supplies - Envelopes/Letterhead	269.13	0.00	0.00	269.13
6270-0300	Office Supplies - Copy Paper	79.89	0.00	0.00	79.89
6275-0000	Computer Supplies - Misc	21.64	0.00	0.00	21.64
6290-0000	Dues	535.84	0.00	0.00	535.84
6305-0000	Legal	300.36	1,170.52	0.00	1,470.88
6320-0000	Telephone - Misc	134.40	15.95	0.00	150.35
6320-0100	Telephone - Local	1,673.32	601.11	0.00	2,274.43
6320-0200	Telephone - Long Distance	35.17	11.68	0.00	46.85

Trial Balance

Period = Apr 2015

Book = Accrual,Audit,Ops

		Forward Balance	Debit	Credit	Ending Balance
6325-0100	Training/Education - Internal	73.00	24.00	0.00	97.00
6325-0200	Training/Education - External	716.50	0.00	0.00	716.50
6336-0000	Uniforms/Logo Wear	331.89	0.00	0.00	331.89
6338-0000	Portal Costs	289.11	92.09	0.00	381.20
6350-0000	Misc. Admin/Use Tax Expenses	12.00	0.00	0.00	12.00
6352-0000	Property Insurance	9,550.02	3,183.34	0.00	12,733.36
6355-0000	Administrative Payroll	19,930.65	6,812.00	0.00	26,742.65
6360-0000	Repair & Maintenance Payroll	11,936.56	4,127.92	0.00	16,064.48
6385-0000	Bonuses	2,200.00	0.00	0.00	2,200.00
6390-0000	PR Taxes, Benefits, WC Ins., etc.	4,048.11	939.34	0.00	4,987.45
6390-1000	Workmans Comp	2,039.37	656.09	0.00	2,695.46
6390-2000	Health Ins & Other Benefits	4,003.64	1,074.18	0.00	5,077.82
6408-0000	Cable TV / Internet Expense	548.97	182.99	0.00	731.96
6410-0000	Refuse Removal	307.95	102.65	0.00	410.60
6415-0000	Electricity - Common Area (Standard Cost)	904.40	285.30	0.00	1,189.70
6415-1000	Electricity - Common Area (Rate Variance)	553.25	197.15	0.00	750.40
6416-0000	Electricity (Vacant Units)	64.83	67.93	0.00	132.76
6420-0000	Water & Sewer (Standard Cost)	56.00	25.00	0.00	81.00
6420-1000	Water & Sewer (Rate Variance)	67.67	43.28	0.00	110.95
6422-0000	Water & Sewer - Irrigation (Standard Cost)	3,092.00	1,093.00	0.00	4,185.00
6422-1000	Water & Sewer - Irrigation (Rate Variance)	-1,426.30	0.00	455.64	-1,881.94
6425-0000	Gas (Standard Cost)	76.22	17.51	0.00	93.73
6425-1000	Gas (Rate Variance)	84.37	29.58	0.00	113.95
6427-0000	Utility Consultant/Monitoring Fees	152.34	0.00	0.00	152.34
6430-0000	Late Charges for Utilities	87.23	83.17	0.00	170.40
6540-0000	General Building Maintenance	732.87	191.06	0.00	923.93
6545-0000	Cleaning Equipment & Supplies	46.66	0.00	0.00	46.66
6555-0000	Exterminating Contract	1,564.20	608.36	0.00	2,172.56
6560-0000	Exterminating Supplies	24.04	53.77	0.00	77.81
6570-0000	Grounds Contract	4,328.00	1,082.00	0.00	5,410.00
6575-0000	Grounds Supplies	95.88	149.75	0.00	245.63
6582-0000	Security Monitoring	205.53	0.00	0.00	205.53
6590-0000	General Repairs Material	455.50	45.33	0.00	500.83
6605-0000	HVAC Repairs	691.16	77.49	0.00	768.65
6610-0000	Pool Repairs & Maintenance	566.22	218.93	0.00	785.15
6617-0000	Window and Doors	599.00	3,517.00	0.00	4,116.00

Trial Balance

Period = Apr 2015

Book = Accrual,Audit,Ops

		Forward Balance	Debit	Credit	Ending Balance
6620-0000	Plumbing Repairs & Supplies	2,049.42	1,113.83	0.00	3,163.25
6625-0000	Electrical Repairs & Supplies	753.74	293.98	0.00	1,047.72
6626-0000	Locks and Keys	52.21	106.36	0.00	158.57
6630-0000	Appliance Maintenance/Parts	189.78	194.18	0.00	383.96
6665-0000	Equipment Repair Maint/Rental	150.00	0.00	0.00	150.00
6670-0000	Misc. Maintenance Expense	217.17	42.83	0.00	260.00
6705-0000	Paint Supplies	1,245.42	15.57	0.00	1,260.99
6715-0000	Cleaning Supplies	108.80	88.72	0.00	197.52
6727-0000	Window Coverings	318.72	107.03	0.00	425.75
6730-0000	Turnover Maintenance	371.27	136.15	0.00	507.42
7505-0000	Management Fees - Affiliated	11,959.07	3,978.75	0.00	15,937.82
7520-0000	Real Estate Taxes	13,606.65	4,535.55	0.00	18,142.20
7560-0000	Debt Service Interest	44,102.68	14,651.12	0.00	58,753.80
7560-8500	Interest Expense - Note Payable GP - Affiliated	0.00	50.58	0.00	50.58
7570-1505	Air Conditioners	1,040.00	0.00	0.00	1,040.00
7570-1510	Refrigerators	1,351.13	0.00	0.00	1,351.13
7570-1511	Stoves & Ranges	1,535.28	0.00	0.00	1,535.28
7570-1515	Water Heaters	8,878.39	324.09	0.00	9,202.48
7570-1530	Unit Improvements	2,660.00	0.00	0.00	2,660.00
7570-1590	Miscellaneous	7.25	0.00	0.00	7.25
7571-1535	1 - Grounds	345.32	0.00	0.00	345.32
7571-1590	1 - Miscellaneous Major	1,503.53	0.00	0.00	1,503.53
7571-1620	1 - Common Area Improvements	0.00	384.00	0.00	384.00
7574-1575	4 - Supervisory Fees (Project Super. and VP Maint)	7,160.94	0.00	0.00	7,160.94
7730-0000	*Other Extraordinary Costs	6,738.00	0.00	0.00	6,738.00
8330-0000	Bank Charges	1,001.37	87.93	0.00	1,089.30
8505-0000	Compliance Fees - Affiliated	0.00	2,361.60	0.00	2,361.60
8575-0000	Incentive Mgmt Fees - Affiliated	0.00	54,056.41	0.00	54,056.41
8581-0000	Partnership Mgmt Fee - Affiliated	1,800.00	600.00	0.00	2,400.00
8581-0001	Partnership Mgmt Fee - Non-Affiliated	3,075.00	3,229.00	0.00	6,304.00
8595-2000	Interest Income Replacement Reserve	-9.74	0.00	2.71	-12.45
8610-0000	Audit Expense	1,537.50	512.50	0.00	2,050.00
8612-0000	Tax Expense	343.74	114.58	0.00	458.32
8615-0000	*Legal Partnership	4,014.80	1,000.00	0.00	5,014.80
	Total	0.00	373,021.70	373,021.70	0.00

Rent Roll
Arbor Cove Single Family Homes (481)

Page: 1
 Date: 05/11/2015
 Time: 10:54 am

As of: 04/30/2015

Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Exp	Move out	Balance
Current/Notice Residents												
03000	481c5	1,260	t0193926	Marcus Mercado	570.00	570.00	250.00	0.00	9/29/2014	8/31/2015		0.00
03010	481dm	1,400	t0180674	Reymundo Ortega III	815.00	810.00	300.00	0.00	2/13/2014	1/31/2016		0.00
03020	481d4	1,400	t0142625	Ada Rincon	467.00	467.00	300.00	0.00	12/14/2012	11/30/2014		0.00
03030	481c6	1,260	t0112191	Jose Lara	708.00	708.00	250.00	0.00	2/21/2012	1/31/2015		0.00
03040	481d4	1,400	t0100788	Jose Campos	467.00	467.00	300.00	0.00	11/18/2011	10/31/2015		0.00
03050	481b4	1,260	t0147776	Esperanza Reyes	432.00	432.00	250.00	0.00	3/6/2013	2/28/2015		0.00
03060	481c6	1,260	t0063213	Ada Perez	708.00	721.00	250.00	0.00	6/1/2007	8/31/2015		-3.00
03070	481d6	1,400	t0123167	Rachel Palacios	775.00	755.00	300.00	0.00	6/22/2012	5/31/2015		0.00
03080	481c6	1,260	t0063215	Catalina Reyna	708.00	721.00	250.00	0.00	1/31/2006	2/28/2015		-6.00
03090	481c6	1,260	t0090051	Rigoberto Arevalo	708.00	697.00	250.00	0.00	8/12/2011	7/31/2015		0.00
03100	481d6	1,400	t0063217	Juliana Herrera	775.00	775.00	300.00	0.00	3/23/2007	4/30/2015		0.00
03110	481d6	1,400	t0163266	Erica Lopez	775.00	755.00	300.00	0.00	8/20/2013	7/31/2015		0.00
03120	481d5	1,400	t0161549	Norma Villalobos	621.00	601.00	300.00	0.00	7/31/2013	6/30/2015		0.00
03130	481c6	1,260	t0090621	Angelica Garcia	708.00	697.00	250.00	0.00	8/18/2011	7/31/2015		0.00
0314A	481b4	1,260	t0186953	Elia Gonzalez	570.00	559.00	450.00	0.00	7/2/2014	6/30/2015		-10.00
03140	481c5	1,260	t0122997	Miriam Reyes	570.00	559.00	250.00	0.00	6/28/2012	5/31/2015		0.00
0315A	481e5	1,400	t0184032	Maria Lopez	621.00	601.00	500.00	0.00	5/1/2014	4/30/2015		5.00
03150	481b5	1,260	t0186542	Seferino Saucedo	432.00	421.00	450.00	100.00	7/2/2014	6/30/2015		0.00
03160	481b5	1,260	t0068155	Blanca Camacho	570.00	559.00	250.00	0.00	8/14/2010	7/31/2015		0.00
03170	481e6	1,400	t0150987	Melissa Herrera	775.00	775.00	300.00	300.00	4/4/2013	3/31/2015		0.00
03180	481e5	1,400	t0063227	Olivia Rodriguez	621.00	601.00	300.00	0.00	7/23/2009	7/31/2015		0.00
03190	481c6	1,260	t0090835	Laura Sustaita	708.00	697.00	250.00	300.00	9/1/2011	8/31/2015		0.00
03200	481e5	1,400	t0063229	Geneva Munoz	621.00	621.00	300.00	0.00	2/23/2007	3/31/2015		-1.00
03210	481em	1,400	t0163375	Reynaldo Reyna	815.00	810.00	300.00	0.00	9/1/2013	8/31/2015		0.00
03220	481b5	1,260	t0201775	Linda Sustaita	570.00	570.00	450.00	0.00	3/2/2015	2/29/2016		0.00
03230	481d6	1,400	t0161232	Gloria Carreon	775.00	755.00	300.00	0.00	7/31/2013	6/30/2015		0.00
03240	481b5	1,260	t0171829	Angelica Medellin	570.00	570.00	250.00	0.00	11/1/2013	10/31/2015		0.00
03250	481d6	1,400	t0202770	Jaime Alaniz	775.00	775.00	300.00	0.00	2/12/2015	1/31/2016		0.00
03260	481d5	1,400	t0063235	Sofia Maldonado	621.00	601.00	300.00	200.00	8/4/2006	9/30/2015		0.00
03270	481b6	1,260	t0063236	Maria Hernandez	708.00	697.00	250.00	0.00	6/19/2006	8/31/2015		0.00
03280	481e6	1,400	t0195194	Amelia Villareal	775.00	755.00	300.00	0.00	9/15/2014	8/31/2015		0.00
03290	481c5	1,260	t0063238	Hermelinda Salinas	570.00	550.00	250.00	0.00	11/20/2009	10/31/2015		0.00
04000	481c5	1,260	t0063239	Ysabel Martinez	570.00	559.00	250.00	0.00	9/26/2008	10/31/2015		-6.00

Rent Roll
Arbor Cove Single Family Homes (481)

Page: 2
 Date: 05/11/2015
 Time: 10:54 am

As of: 04/30/2015

Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Exp	Move out	Balance
Current/Notice Residents												
0401A	481b6	1,260	t0178222	Jessica Gutierrez	708.00	708.00	250.00	0.00	1/6/2014	12/31/2014		0.00
0401O	481d6	1,400	t0063241	Telma Turner	775.00	755.00	300.00	0.00	8/18/2006	8/31/2015		-87.00
0402A	481c6	1,260	t0200292	Rogelio Perez	708.00	708.00	0.00	0.00	12/29/2014	11/30/2015	5/7/2015	777.00
0402O	481e5	1,400	t0063243	Juan Flores	621.00	601.00	300.00	0.00	7/27/2006	9/30/2015		0.00
0403A	481c5	1,260	t0127503	Joselin Pedraza	570.00	559.00	250.00	150.00	9/1/2012	8/31/2015		0.00
0403O	481c6	1,260	t0063245	Diana Garcia	708.00	697.00	250.00	0.00	6/14/2006	7/31/2015		37.00
0404A	481d5	1,400	t0091157	Heberto Guerra III	621.00	601.00	300.00	0.00	8/29/2011	7/31/2015		0.00
0404O	481b4	1,260	t0191332	Maria Perez	421.00	421.00	250.00	0.00	7/31/2014	6/30/2015		-4.00
0405O	481e6	1,400	t0063248	Virginia Garcia	775.00	755.00	300.00	0.00	8/7/2006	9/30/2015		0.00
0406O	481d6	1,400	t0086784	Joe Herrera	775.00	755.00	300.00	0.00	6/28/2011	5/31/2015		-4.00
0407A	481e4	1,400	t0063250	Gregorio Cruz	467.00	444.00	600.00	0.00	1/1/2007	1/31/2015		0.00
0407O	481d6	1,400	t0154145	Maria Perrett	775.00	755.00	300.00	0.00	5/20/2013	4/30/2015		-40.00
0408A	481e5	1,400	t0202399	Kerry Tafolla	621.00	621.00	300.00	0.00	2/9/2015	1/31/2016		0.00
0409A	481b6	1,260	t0063253	Maria Munoz	708.00	708.00	250.00	0.00	11/29/2009	11/30/2014		0.00
0409O	481c4	1,260	t0180261	Esmeralda Blanco	432.00	432.00	250.00	0.00	2/7/2014	1/31/2015		0.00
0410A	481c6	1,260	t0158783	Dana Creech	708.00	697.00	250.00	0.00	7/5/2013	6/30/2015		0.00
0410O	481bm	1,260	t0191836	Samuel Grimaldo	760.00	760.00	250.00	300.00	8/5/2014	7/31/2015		0.00
0411A	481d6	1,400	t0117918	Rebecca Chavez	775.00	775.00	300.00	0.00	4/25/2012	3/31/2015		0.00
0411O	481e6	1,400	t0063258	Aida De Los Santos	775.00	775.00	300.00	0.00	12/18/2009	11/30/2014		0.00
0412A	481d5	1,400	t0162687	Lydia Martinez	621.00	601.00	300.00	0.00	8/13/2013	7/31/2015		0.00
0412O	481c5	1,260	t0063260	Sarah Garcia	570.00	570.00	250.00	0.00	2/28/2006	4/30/2015		25.00
0413A	481c6	1,260	t0063261	Francisca Lugo	708.00	708.00	250.00	0.00	3/27/2009	3/31/2015		0.00
0413O	481bm	1,260	t0203375	David Radford	760.00	760.00	250.00	0.00	3/11/2015	2/29/2016		0.00
0414A	481b6	1,260	t0063263	Alma Lopez	708.00	708.00	350.00	300.00	3/9/2010	2/28/2015		-2.00
0414O	481e6	1,400	t0199933	Jaime Guajardo	775.00	775.00	500.00	0.00	12/15/2014	11/30/2015		0.00
0415O	481e6	1,400	t0100773	Rolando Garza	775.00	775.00	300.00	0.00	11/16/2011	10/31/2015		0.00
0416O	481bm	1,260	t0185225	Jeanie Alcantar	760.00	750.00	250.00	0.00	4/29/2014	3/31/2015		0.00
0417O	481a3	1,020	t0149378	Delia Rodriguez	256.00	256.00	200.00	0.00	4/1/2013	3/31/2015		0.00
0418O	481bm	1,260	t0163707	Jaime Mata	760.00	750.00	250.00	0.00	9/6/2013	8/31/2015		0.00
0419O	481d6	1,400	t0187134	Sammantha Maldonado	775.00	755.00	500.00	0.00	7/2/2014	6/30/2015		0.00
0420O	481e5	1,400	t0063270	Teresa Gomez	621.00	621.00	300.00	0.00	4/21/2006	9/30/2015		0.00
0421O	481d6	1,400	t0157079	Soledad Villarreal	775.00	755.00	300.00	0.00	6/29/2013	5/31/2015		0.00
0422O	481e4	1,400	t0063272	Armando Uresti Jr	621.00	601.00	300.00	0.00	5/5/2006	4/30/2015	5/31/2015	0.00

Rent Roll
Arbor Cove Single Family Homes (481)

Page: 3
 Date: 05/11/2015
 Time: 10:54 am

As of: 04/30/2015

Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Exp	Move out	Balance
Current/Notice Residents												
04230	481c6	1,260	t0165785	Crystal Gonzales	708.00	697.00	250.00	0.00	9/4/2013	8/31/2015		5.00
04240	481c5	1,260	t0177527	Saleta Sanchez	570.00	570.00	250.00	0.00	12/30/2013	11/30/2014		0.00
04250	481b6	1,260	t0063275	Esmeralda Magana	583.00	583.00	250.00	0.00	7/25/2006	9/30/2015		0.00
04260	481b5	1,260	t0063276	Ana Rosas	570.00	559.00	550.00	0.00	8/1/2009	7/31/2015		0.00
05000	481e6	1,400	t0117812	Daisy Gonzalez	775.00	755.00	300.00	0.00	5/1/2012	4/30/2015		0.00
0501A	481d6	1,400	t0204016	Vicente Rangel Jr	775.00	775.00	300.00	0.00	3/6/2015	2/29/2016		0.00
0501O	481dm	1,400	t0197597	Ramiro Zamora Jr	815.00	810.00	300.00	0.00	10/24/2014	9/30/2015		0.00
0502A	481e5	1,400	t0063290	Yvonne McCall	621.00	621.00	300.00	0.00	11/7/2006	12/31/2014		0.00
0502O	481e6	1,400	t0198101	Gloria Gonzalez	775.00	775.00	500.00	0.00	11/6/2014	10/31/2015		0.00
0503A	481c6	1,260	t0070930	Roy Cedillo	708.00	708.00	250.00	150.00	11/5/2010	10/31/2015		-1.00
0503O	481cm	1,260	t0199719	Amanda Mendez	760.00	760.00	250.00	0.00	12/6/2014	11/30/2015		0.00
0504A	481c6	1,260	t0177580	Mayra Hernandez	708.00	708.00	250.00	0.00	1/9/2014	12/31/2014		0.00
0504O	481b6	1,260	t0162704	Lucinda Perez	721.00	721.00	250.00	0.00	8/14/2013	7/31/2015		0.00
0505A	481b6	1,260	t0134810	Emily Medellin	708.00	708.00	250.00	0.00	10/11/2012	9/30/2015		0.00
0505O	481em	1,400	t0175290	Aleida Valdez	815.00	810.00	300.00	0.00	11/15/2013	10/31/2015		0.00
0506A	481dm	1,400	t0163033	Erika Llanos	815.00	810.00	300.00	0.00	8/20/2013	8/31/2015		0.00
0506O	481em	1,400	t0178301	Juan Martinez	800.00	800.00	300.00	0.00	2/1/2014	1/31/2015		0.00
0507A	481d6	1,400	t0063300	Maria Alvarado	775.00	755.00	300.00	0.00	10/19/2007	12/31/2014		-62.00
0507O	481b6	1,260	t0198511	Maria Loera	708.00	708.00	250.00	0.00	11/26/2014	10/31/2015		5.00
0508A	481b6	1,260	t0205405	Gabriel Rodriguez	708.00	708.00	450.00	0.00	4/2/2015	3/31/2016		384.00
0508O	481b4	1,260	t0070092	Melissa Mercado	570.00	570.00	250.00	0.00	10/6/2010	9/30/2015	5/31/2015	0.00
0509O	481a3	1,020	t0144258	Balbina Garcia	256.00	256.00	200.00	0.00	1/8/2013	12/31/2014		0.00
0510A	481e6	1,400	t0195197	Maria Gonzalez	775.00	755.00	500.00	0.00	10/6/2014	9/30/2015		0.00
0510O	481e6	1,400	t0063306	Adan Canche	775.00	755.00	300.00	0.00	9/28/2007	11/30/2014		0.00
0511O	481b6	1,260	t0186837	Luong Nguyen	708.00	697.00	250.00	0.00	6/5/2014	5/31/2015		-2.00
0512O	481b6	1,260	t0063308	Reynaldo Calderon	708.00	697.00	250.00	0.00	5/15/2009	4/30/2015		0.00
0513O	481e6	1,400	t0144965	Esmeralda Ramos	775.00	775.00	300.00	300.00	1/25/2013	12/31/2014		0.00
0514O	481d6	1,400	t0063310	Francisco Avalos Jr.	775.00	755.00	300.00	0.00	8/5/2008	8/31/2015		0.00
0515O	481b6	1,260	t0111870	JoAnn Perez	708.00	708.00	250.00	150.00	3/2/2012	2/28/2015		0.00
0516O	481c6	1,260	t0063924	Luis Lopez	708.00	708.00	250.00	0.00	4/23/2010	3/31/2015		0.00
0517O	481a4	1,020	t0204284	Ruben Barron	376.00	376.00	200.00	0.00	4/1/2015	3/31/2016		0.00
0518O	481d6	1,400	t0184030	Elizabeth Alaniz	775.00	755.00	0.00	0.00	5/1/2014	4/30/2015	5/4/2015	0.00
0519O	481a4	1,020	t0063326	Consuelo Cardenas	376.00	371.00	200.00	0.00	9/14/2009	8/31/2015		0.00

Rent Roll
Arbor Cove Single Family Homes (481)
As of: 04/30/2015

Page: 4
Date: 05/11/2015
Time: 10:54 am

Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Exp	Move out	Balance
Current/Notice Residents												
05200	481a3	1,020	t0063327	Aurora Benavidez	256.00	251.00	200.00	0.00	6/1/2008	5/31/2015		0.00
27070	481c6	1,260	t0128346	Joseph Benavidez	708.00	697.00	250.00	0.00	9/1/2012	8/31/2015		-22.00
27080	481a3	1,020	t0068973	Victoria Lopez	256.00	272.00	200.00	0.00	9/3/2010	8/31/2015		-6.00
27090	481d6	1,400	t0200054	Tomas Escobedo	775.00	775.00	300.00	0.00	12/18/2014	11/30/2015		0.00
27100	481d6	1,400	t0087900	Norma Gracia	775.00	755.00	300.00	0.00	7/13/2011	6/30/2015		0.00
27110	481c6	1,260	t0096389	Sonia Morales	708.00	697.00	250.00	0.00	9/26/2011	8/31/2015		0.00
27120	481e6	1,400	t0063332	Clara Camarillo	775.00	755.00	300.00	0.00	7/28/2008	6/30/2015		-5.00
28000	481b6	1,260	t0165844	Jeannette Lira	708.00	697.00	250.00	0.00	9/4/2013	8/31/2015		0.00
28010	481d5	1,400	t0146448	Carlos Cantu	621.00	621.00	300.00	0.00	2/7/2013	1/31/2015		0.00
28020	481d6	1,400	t0104946	Diana Vargas	775.00	775.00	300.00	300.00	12/21/2011	11/30/2014		0.00
28040	481c6	1,260	t0193021	Laura Castillo	708.00	697.00	250.00	0.00	8/22/2014	7/31/2015		0.00
28060	481e6	1,400	t0063337	Graciela Garcia	775.00	775.00	300.00	0.00	1/26/2010	12/31/2014		117.00
28070	481e5	1,400	t0130386	Jamie Perez	621.00	621.00	300.00	0.00	10/12/2012	9/30/2015		0.00
28080	481bm	1,260	t0078198	Anna Yanes	760.00	750.00	250.00	0.00	2/25/2011	1/31/2015		0.00
28090	481b5	1,260	t0186841	Alma Parra	570.00	559.00	250.00	0.00	6/5/2014	5/31/2015	5/31/2015	0.00
28100	481e6	1,400	t0063341	Vanessa Yanez	775.00	775.00	300.00	150.00	2/13/2009	1/31/2015		68.00
28110	481e4	1,400	t0063342	Paulina Martinez	467.00	467.00	300.00	0.00	1/31/2006	2/28/2015		0.00
28120	481b5	1,260	t0092501	Jamie Yanez	570.00	559.00	250.00	0.00	9/9/2011	8/31/2015		-5.00
28130	481b6	1,260	t0127233	Eduardo Hernandez	708.00	697.00	250.00	0.00	8/3/2012	7/31/2015		0.00
28150	481c6	1,260	t0190368	Jesus Arredondo	708.00	697.00	250.00	0.00	7/16/2014	6/30/2015		0.00
28170	481d5	1,400	t0063346	Joe Jackson	621.00	621.00	300.00	0.00	1/1/2007	5/31/2015		-30.00
Future Residents/Applicants												
05180	481d6	1,400	t0207357	Gerardo Torres	775.00	0.00	0.00	0.00	6/1/2015	5/31/2016		0.00
28090	481b5	1,260	t0207739	Scott Powell II	570.00	0.00	0.00	0.00	6/1/2015	5/31/2016		0.00

Rent Roll

Arbor Cove Single Family Homes (481)

As of: 04/30/2015

Page: 5
Date: 05/11/2015
Time: 10:54 am

Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Exp	Move out	Balance
		Square Footage			Market Rent	Actual Rent	Security Deposit	Other Deposit	# of Units	Occupancy		Balance
Current/Notice Res.					79,155.00	34,500.00	2,700.00					1,127.00
Future Residents/Applicants					0.00	0.00	0.00					0.00
Occupied Units		157,740			80,005.00				120	100.00		
Vacant Units		0			0.00				0	0.00		
Totals:		<u>157,740</u>			<u>80,005.00</u>	<u>79,155.00</u>	<u>34,500.00</u>	<u>2,700.00</u>	<u>120</u>	<u>100.00</u>		<u>1,127.00</u>

Executive Summary - Arbor Cove

Occupancy

Month of:	Apr-15
Physical occupancy:	100%
Economic occupancy:	100%

Notes:

Staffing

Notes:	**list any changes in staff and who new contact is
Community Manager	Cristina Ortiz/Mary Garza
Maintenance	Ruben Reyna/Gabriel Ruiz
Any other staff listed	

Accounts Receivable

Month of:	Apr-15
A/R %:	1.20%
# of households under eviction:	1

Incidents

Notes:	None
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Insurance Claims

Notes:	None
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Inspections

Notes:	Lenders inspection May 17, 2015
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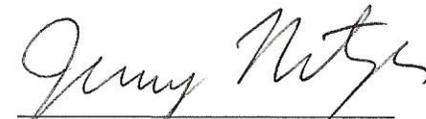
Certificate of Completion

is hereby presented to

Sabine Geiser

for successfully completing

TCAM's Asset Management Training
in Boston, MA, May 05-06, 2015



Jenny Netzer, CEO