

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
TDHCA Governing Board Approved Rule Action for
10 TAC §2.302, Administrative Penalty Process

Disclaimer

Attached is a rule action relating to 10 TAC §2.302, Administrative Penalty Process, that was approved by the TDHCA Governing Board on May 7, 2026.

This rule will be released for public comment and returned to the Board for final adoption.

This document, including its preamble, is expected to be published in the May 22, 2026, edition of the *Texas Register* and that published version will constitute the official version for purposes of public comment and can be found at the following link: <https://www.sos.texas.gov/texreg/index.shtml>.

In compliance with §2001.023, Texas Government Code, a summary of the rule and action follows:

Texas Government Code §§2306.041 - 2306.042 provide authority and limits for administrative penalty assessments for violations of the Department statute, Department rules, and/or orders. 10 TAC Chapter 2 governs how enforcement of programmatic requirements are handled. The proposed replacement rule for 10 TAC §2.302, Administrative Penalty Process, updates the administrative penalty schedule to incorporate changes to the HOME Final Rule published by the United States Department of Housing and Urban Development (HUD), and also incorporating changes pursuant to Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).

Public Comment Period: Start: 8:00 a.m. Austin local time on May 22, 2026
End: 5:00 p.m. Austin local time on June 22, 2026

Comments received after 5:00 p.m. Austin local time on June 22, 2026, will not be accepted.

Written comments may be submitted, within the designated public comment period to: ysella.kaseman@tdhca.texas.gov.

Those making public comment are encouraged to reference the specific draft rule, policy, or plan related to their comment as well as a specific reference or cite associated with each comment.

Please be aware that all comments submitted to the TDHCA will be considered public information.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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DEPARTAMENTO DE VIVIENDA Y ASUNTOS COMUNITARIOS DE TEXAS

Acción reglamentaria aprobada por la
10 TAC §2.302, Proceso de Sanciones Administrativas

Descargo de responsabilidad

Se adjunta una acción reglamentaria relacionada con 10 TAC §2.302, Proceso de Sanciones Administrativas, que recibió aprobación por parte de la Junta Directiva del Departamento de Vivienda y Asuntos Comunitarios de Texas (TDHCA) el día 7 de mayo de 2026.

Esta regla se publicará para someterse a comentarios del público y se devolverá a la Junta para su adopción final.

Se espera que este documento, incluyendo su preámbulo, se publique en la edición del *Texas Register* del 22 de mayo de 2026. Esa versión publicada constituirá la versión oficial para fines de comentarios del público y se puede encontrar en el siguiente enlace: <https://www.sos.texas.gov/texreg/index.shtml>.

De conformidad con la sección 2001.023 del Código de Gobierno de Texas, se presenta a continuación un resumen de la regla y de la acción:

§§2306.041 - 2306.042 del Código de Gobierno de Texas proporcionan la autoridad y los límites para la imposición de sanciones administrativas por violaciones al estatuto del Departamento, sus reglas y/o órdenes. 10 TAC §2 regula cómo se lleva a cabo la aplicación de los requisitos programáticos. La norma de reemplazo propuesta para 10 TAC §2.302, Proceso de Sanciones Administrativas, actualiza el calendario de sanciones administrativas para incorporar cambios a la Regla Final HOME publicada por el Departamento de Vivienda y Desarrollo Urbano de los Estados Unidos (HUD), así como cambios conforme a la Sección 401(a) de la Ley de Responsabilidad Personal y Reconciliación de Oportunidades de Trabajo de 1996 (PRWORA).

Periodo de comentarios del público:

Inicio: 8:00 a. m., hora local de Austin, del 22 de mayo de 2026

Finalización: 5:00 p. m., hora local de Austin, del 22 de junio de 2026

No se aceptarán los comentarios que se reciban después de las 5:00 p. m., hora local de Austin, del 22 de junio de 2026.

Los comentarios por escrito pueden enviarse de manera electrónica dentro del período designado de comentarios del público a ysella.kaseman@tdhca.texas.gov.

Se anima a quienes formulen comentarios públicos a que hagan referencia al borrador de la regla, política o plan específico relacionado con su comentario, así como una referencia o cita específica asociada a cada comentario.

Tenga en cuenta que todos los comentarios enviados al TDHCA se considerarán información pública.

DEPARTAMENTO DE VIVIENDA Y ASUNTOS COMUNITARIOS DE TEXAS

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Attachment 1: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process. The purpose of the proposed repeal is to eliminate the outdated rule and replace it simultaneously with a new rule that incorporates changes to the HOME Final Rule published by the United States Department of Housing and Urban Development (HUD), changes pursuant to Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), and minor rule clarifications.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for repeal because there are no costs associated with the repeal.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the repeal would be in effect:

1. The repeal does not create or eliminate a government program but relates to changes to an existing activity: the enforcement of the Department's program rules.
2. The repeal does not require a change in work that creates new employee positions.
3. The repeal does not require additional future legislative appropriations.
4. The repeal will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.
6. The repeal is not considered to expand an existing regulation.
7. The repeal does not increase the number of individuals subject to the rule's applicability.
8. The repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The repeal does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the changed sections would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the repeal is in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis from any person required to comply with the proposed rule or any other interested person. The public comment period will be held May 22, 2026 to June 22, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Ysella Kaseman at Ysella.kaseman@tdhca.texas.gov. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, June 22, 2026.

STATUTORY AUTHORITY. The repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the repeal affects no other code, article, or statute.

Attachment 2: Preamble, including required analysis, for proposed new 10 TAC Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process. The purpose of the proposed action is to eliminate the outdated rule and replace it simultaneously with a new rule that incorporates changes to the HOME Final Rule published by the United States Department of Housing and Urban Development (HUD), changes pursuant to Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), and minor rule clarifications.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed because there are no additional costs associated with this action. Sufficient existing state and/or federal administrative funds associated with the applicable programs are available to offset costs. No additional funds will be needed to implement this rule.

The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221. Mr. Bobby Wilkinson has determined that, for the first five years the new sections would be in effect:

1. The rule does not create or eliminate a government program but relates to changes to an existing activity: the enforcement of the Department's program rules.
2. The rule does not require a change in work that creates new employee positions.
3. The new section will not require additional future legislative appropriations.
4. The new section will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The new section is not creating a new regulation.
6. The new section does expand on an existing regulation.
7. The new section does not increase the number of individuals subject to the rule's applicability.
8. The new section will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the new section and determined that it will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The new section does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the new section as to its possible effects on local economies and has determined that for the first five years the new section would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the new section is in effect, the public benefit anticipated as a result of the new section would be improvement in the Department's ability to enforce noncompliance relating to the HOME Final Rule and PRWORA. The rule does provide for administrative costs to owners that fail to comply. There will not be economic costs to individuals required to comply with the new section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the new section is in effect, enforcing or administering the sections may have some costs to the state to process enforcement proceedings. However, sufficient state or federal administrative funds associated with the applicable programs are already available to offset costs. No additional funds will be required.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis from any person required to comply with the proposed rule or any other interested person. The public comment period will be held May 22, 2026 to June 22, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Ysella Kaseman at Ysella.kaseman@tdhca.texas.gov. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, June 22, 2026.

STATUTORY AUTHORITY. The new section is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the new section affects no other code, article, or statute.

§2.302 Administrative Penalty Process

(a) The Executive Director will appoint an Enforcement Committee, as defined in §2.102 of this chapter (relating to Definitions).

(b) The referring division will recommend the initiation of administrative penalty proceedings to the Committee by referral to the secretary of the Committee (Secretary). At the time of referral for a multifamily rental Development, the referral letter from the referring Division will require the Responsible Party who Controls the Development to provide a listing of the Actively Monitored Developments in their portfolio. The Secretary will use this information to help determine whether mandatory Debarment should be simultaneously considered by the Enforcement Committee in accordance with §2.401(e)(2) of this ~~section~~chapter, (relating to repeated violations.)

(c) The Secretary shall promptly contact the Responsible Party. If fully acceptable corrective action documentation is submitted to the referring division before the Secretary sends an informal conference notice, the referral shall be closed with no further action provided that the Responsible Party is not subject to consideration for Debarment and provided that the referring division does not wish to move forward with the referral based upon a pattern of repeated violations. If the Secretary is not able to facilitate resolution, but receives a reasonable plan for correction, such plan shall be reported to the Committee to determine whether to schedule an informal conference, modify the plan, or accept the plan. If accepted, plan progress shall be regularly reported to the Committee, but an informal conference will not be held unless the approved plan is substantively violated, or an informal conference is later requested by the Committee or the Responsible Party. Plan examples include but are not limited to: a rehabilitation plan with a scope of work or contracts already in place, plans approved by the Department as part of the Previous Participation Review process provided for in 10 TAC Subchapter C for an ownership transfer or funding application, plans approved by the Executive Director, plans approved by the Asset Management Division, and/or plans relating to newly transferred Developments with unresolved Events of Noncompliance originating under prior ownership. Should the Secretary and Responsible Party fail to come to, an agreement or closer of the referral, or if the Responsible Party or ownership group's prior history of administrative penalty referrals does not support closure, or if consideration of Debarment is appropriate, the Secretary will schedule an informal conference with the Responsible Party to attempt to reach an agreed resolution.

(d) When an informal conference is scheduled, a deadline for submitting Corrective Action documentation will be included, providing a final opportunity for resolution. If compliance is achieved at this stage, the referral will be closed with a warning letter provided that factors, as discussed below, do not preclude such closure. Closure with a warning letter shall be reported to the Committee. Factors that will determine whether it is appropriate to close with a warning letter include, but are not limited to:

(1) Prior Enforcement Committee history relating to the Development or other properties in the ownership group;

- (2) Prior Enforcement Committee history regarding similar federal or state Programs;
- (3) Whether the deadline set by the Secretary in the informal conference notice has been met;
- (4) Whether the Committee has set any exceptions for certain finding types; and
- (5) Any other factor that may be relevant to the situation.

(e) If an informal conference is held:

- (1) Notwithstanding the Responsible Party's attendance or presence of an authorized representative, the Enforcement Committee may proceed with the informal conference;
- (2) The Responsible Party may, but is not required to be, represented by legal counsel of their choosing at their own cost and expense;
- (3) The Responsible Party may bring to the meeting third parties, employees, and agents with knowledge of the issues;
- (4) Assessment of an administrative penalty and Debarment may be considered at the same informal conference; and
- (5) In order to facilitate candid dialogue, an informal conference will not be open to the public; however, the Committee may include such other persons or witnesses as the Committee deems necessary for a complete and full development of relevant information and evidence.

(f) An informal conference may result in the following, which shall be reported to the Executive Director:

- (1) An agreement to dismiss the matter with no further action;
- (2) A compliance assistance notice issued by the Committee, available for Responsible Parties appearing for the first time before the Committee for matters which the Committee determines do not necessitate the assessment of an administrative penalty, but for which the Committee wishes to place the Responsible Party on notice with regard to possible future penalty assessment;
- (3) An agreement to resolve the matter through corrective action without penalty with a clear timeline included. If the agreement is to be included in an order, a proposed agreed order will be prepared and presented to the Board for approval;
- (4) An agreement to resolve the matter through corrective action with the assessment of an administrative penalty which may be probated in whole or in part, and may, where appropriate, include additional action to promote compliance such as requirements to obtain training. In this circumstance, a proposed agreed order will be prepared and presented to Department's Governing Board for approval;
- (5) A recommendation by the Committee to the Executive Director to determine that a violation occurred, and to issue a report to the Board and a Notice of Violation to the Responsible Party, seeking the assessment of administrative penalties through a contested case hearing with the State Office of Administrative Hearings (SOAH); or
- (6) Other action as the Committee deems appropriate.

(g) Upon receipt of a recommendation from the Committee regarding the issuance of a report and assessment of an administrative penalty under subsection (f)(5), the Executive Director shall determine whether a violation has occurred. If needed, the Executive Director may

request additional information and/or return the recommendation to the Committee for further development. If the Executive Director determines that a violation has occurred, the Executive Director will issue a report to the Board in accordance with §2306.043 of the Texas Government Code.

(h) Not later than 14 days after issuance of the report to the Board, the Executive Director will issue a Notice of Violation to the Responsible Party, along with a Notice of Violation for Property Posting (which shall be printed and posted in two prominent places on the property subject to the Notice, and photographic proof of the posting shall be made). The Notice of Violation issued by the Executive Director will include:

- (1) A summary of the alleged violation(s) together with reference to the particular sections of the statutes and rules alleged to have been violated;
- (2) A statement informing the Responsible Party of the right to a hearing before the SOAH, if applicable, on the occurrence of the violation(s), the amount of penalty, or both;
- (3) Any other matters deemed relevant, including the requirements regarding the Notice of Violation for Property Posting; and
- (4) The amount of the recommended penalty. In determining the amount of a recommended administrative penalty, the Executive Director shall take into consideration the statutory factors at Tex. Gov't Code §2306.042 the penalty schedule shown in the tables in subsection (k) of this section and in the instance of a proceeding to assess administrative penalties against a Responsible Party administering the annual block grant portion of CDBG, CSBG, or LIHEAP, whether the assessment of such penalty will interfere with the uninterrupted delivery of services under such program(s). The Executive Director shall further take into account whether the Department's purposes may be achieved or enhanced by the use of full or partial probation of penalties subject to adherence to specific requirements and whether the violation(s) in question involve disallowed costs.

(i) Not later than 20 days after the Responsible Party receives the Notice of Violation, the Responsible Party may accept the requirements of the Notice of Violation or request a SOAH hearing.

(j) If the Responsible Party requests a hearing or does not respond to the Notice of Violation, the Executive Director, with the approval of the Board, shall cause the hearing to be docketed before a SOAH administrative law judge in accordance with §1.13 of this title (relating to Contested Case Hearing Procedures), which outlines the remainder of the process.

(k) Penalty schedules.

Figure 1: 10 TAC §2.302(k)

Penalty schedule for Chapters 6 and 7 Findings of Noncompliance. These are the maximum potential administrative penalty amounts possible for each finding of noncompliance. When an administrative penalty is to be considered, the matrix below must be considered in conjunction with the statutory factors at Tex. Gov't Code §2306.042.

Finding of Noncompliance	Maximum first time administrative penalty assessment	Maximum Administrative penalty assessment for a Responsible Party that has previously paid a penalty for the same
Lack of financial duties or material inventory segregation of duties	Up to \$500	Up to \$1,000
No Cost Allocation/Not allocating costs properly	Up to \$500 for each instance	Up to \$1,000 for each instance
Violation of Conflict of Interest policies	Up to \$500	Up to \$1,000
Lack of Insurance or Fidelity Bond coverage	Up to \$1,000 + up to \$100 a day for each day not in compliance	Up to \$1,000 + up to \$200 a day for each day not in compliance
Failure to submit Inventory Report within 45 days (end Contract Term)	Up to \$500	Up to \$1,000
Unallowable/Unreasonable expenditure	Up to \$1,000 for each instance	Up to \$1,000 for each instance
Violation of Procurement Requirements	Up to \$1,000 for each service or product not properly procured	Up to \$1,000 for each service or product not properly procured
Lack of Subcontractor contract	Up to \$250 for each instance	Up to \$500 for each instance
Lack of prior approval for purchase(s)	Up to \$500 for each instance	Up to \$1,000 for each instance
Instance of Fraud, Waste and/or Abuse	Up to \$1,000	Up to \$1,000
Commingling of funds, Misapplication of funds	Up to \$1,000	Up to \$1,000
Failure to timely submit Audit Certification Form	Up to \$250	Up to \$1,000 per violation
Failure to timely submit Single Audit	Up to \$1,000	Up to \$1,000 + up to \$100 for each day
Lack of providing requested	Up to \$500 per day for each item or	Up to \$150 per day for each item or

Failure to timely respond to Report/provide required correspondence	Up to \$100 for first violation	Up to \$1,000 per day per violation
Failure to report/record program income	Up to \$500 for each instance	Up to \$1,000 for each instance
Noncompliance with record retention	Up to \$100 for each instance	Up to \$1,000 for each instance
Providing assistance to income or SAVE ineligible	Up to \$500 for each instance	Up to \$1,000 for each instance
Service provided to clients not according to poverty population makeup	Up to \$500	Up to \$1,000
Failure to meet Tri- Partite Board Requirements	Up to \$1,000 + up to \$100 for each the	Up to \$1,000 + up to \$250 for each day
Failure to comply with Department minimum applicant/client denials and appeals	Up to \$250 for each instance	Up to \$500 for each instance
Failure to Prioritize applicants	Up to \$250 for each instance	Up to \$500 for each instance
Failure to complete or to properly complete required program documents	Up to \$250 for each instance	Up to \$750 for each instance
Payment to Vendor without a Vendor Agreement	Up to \$500 for each instance	Up to \$1,000 for each instance
Failure to perform Outreach activities	Up to \$500	Up to \$1,000
Weatherized unit expenditure over maximum cost per unit w/o prior approval	Up to \$500 for each instance	Up to \$1,000 for each instance
Failure to input Ending Homelessness, HHSP, or ESG client data into the Homeless Management Information System	Up to \$500 for each instance	Up to \$1,000 for each instance
Other noncompliance with a contract requirement	Up to \$1,000	Up to \$1,000

Failure to comply with case management requirements	Up to \$500	Up to \$750
Noncompliance with applicable OMB or state financial management requirements	Up to \$500	Up to \$1,000
Noncompliance with Texas Prompt Payment Act	Up to \$500	Up to \$750
Noncompliance with Historical Commission requirements	Up to \$500	Up to \$75
Failure to comply with Limited English Proficiency (“LEP”) policies in accordance with program rule, policy or agreement	Up to \$500	Up to \$1000
Failure to meet accessibility requirements	Up to \$1,000 per violation	Up to \$1,000 per violation
Failure to submit Inventory Report within 45 days (end of contract term)	Up to \$500	Up to \$1,000
Failure to timely enter into an ISPA (Information Privacy and Security Agreement)	Up to \$1,000 per violation	Up to \$1,000 per violation
Failure to attend required training as required by program rule, policy or agreement	Up to \$100 per violation	Up to \$200 per violation
Failure to comply with Section 3 requirements in 24 CFR Part 75 in accordance with program rule, policy, or agreement (ESG only)	Up to \$500	Up to \$1,000

Figure 2: 10 TAC §2.302(k).

<p>Penalty schedule for Multifamily Rental Findings of Noncompliance. These are the maximum potential administrative penalty amounts possible for each finding of noncompliance. When an administrative penalty is to be considered, the matrix below must be considered in conjunction with the statutory factors at Tex. Gov't Code §2306.042:</p>		
Finding of Noncompliance	Maximum First Time Administrative Penalty assessment	Maximum Administrative Penalty Assessment for a Responsible Party that has previously paid a penalty for the same finding type
<p>Violations of the Uniform Physical Condition Standards</p>	<p>Up to \$500 for level 3 deficiencies, up to \$250 for level 2 deficiencies, up to \$125 for level 1 deficiencies, plus an optional \$100 per day for each level 2 or level 3 deficiency that remains uncorrected 6 months from the corrective action deadline</p>	<p>Up to \$1,000 for level 3 deficiencies, up to \$500 for level 2 deficiencies, up to \$250 for level 1 deficiencies, plus an optional \$200 per day for each level 2 or level 3 deficiency that remains uncorrected 6 months from the corrective action deadline</p>
<p>Violations of National Standards for Physical Inspections of Real Estate</p>	<p>Up to \$500 for life threatening and severe deficiencies, up to \$250 for moderate deficiencies, up to \$125 for low deficiencies, plus an optional \$100 per day for each life threatening or severe deficiency that remains uncorrected 6 months from the corrective action deadline</p>	<p>Up to \$1,000 for life threatening and severe deficiencies, up to \$500 for moderate deficiencies, up to \$250 for low deficiencies, plus an optional \$200 per day for each life threatening or severe deficiency that remains uncorrected 6 months from the corrective action deadline</p>
<p>Violations of National Standards for Physical Inspections of Real Estate, relating to inoperable elevators</p>	<p>If an elevator-serviced building has no operable elevators: Up to \$1,000.00 per inoperable elevator, plus an optional \$2,500.00 per week</p>	<p>If an elevator-serviced building has no operable elevators: Up to \$1,000.00 per inoperable elevator, plus an optional \$5,000.00 per week</p>

	If an elevator-serviced building has an inoperable elevator, but other operable elevators are available in the building: Up to \$1,000.00 per inoperable elevator, plus an optional \$500.00 per week	If an elevator-serviced building has an inoperable elevator, but other operable elevators are available in the building: Up to \$1,000.00 per inoperable elevator, plus an optional \$1,000.00 per week
Noncompliance related to Affirmative Marketing requirements described in §10.801 of this title.	Up to \$250	Up to \$500
TDHCA has received notice from HUD, the DOJ, the TWC, or another party of a judgement from a court of competent jurisdiction regarding a Fair Housing Violation and/or reported general public use violations, unless such violation has already been disclosed in the Annual Owner’s Compliance Report.	Up to \$1,000	Up to \$1,000
TDHCA has referred unresolved Fair Housing design and construction issues to the Texas Workforce Commission Civil Rights division	Up to \$1,000	Up to \$1,000
Development is not available to the general public because of leasing issues	Up to \$1,000 per day per violation	Up to \$1,000 per day per violation
Development is never expected to comply due to failure to report or allow monitoring	Up to \$1,000 per day	Up to \$1,000 per day

Owner did not allow on-site monitoring or failed to notify residents, resulting in inspection cancellation (including failure to appear for review)	Up to \$1,000 per day	Up to \$1,000 per day
LURA not in effect	Up to \$1,000 per day	Up to \$1,000 per day
Project failed to meet minimum set aside	Up to \$1,000 per day	Up to \$1,000 per day
No evidence of, or failure to certify to material participation and/or ownership by a non-profit or HUB, if required by LURA	Up to \$750	Up to \$1,000
Development failed to meet additional state required rent and occupancy restrictions	Up to \$250 per day per violation	Up to \$500 per day per violation
Noncompliance with social service requirements (provision of services)	Up to \$250 per violation, with each required service considered a separate violation	Up to \$500 per violation, with each required service considered a separate violation
Noncompliance with social service requirements (expenditure amounts)	Double the monthly expenditure deficiency, up to a maximum of \$1,000 per day	Triple the monthly expenditure deficiency, up to a maximum of \$1,000 per day.
Development failed to provide housing to the elderly as promised at application	Up to \$5 per day per violation	Up to \$10 per day per violation
Failure to provide special needs housing, or to follow preferences and limitations as required by rule or LURA	Up to \$1,000 per violation	Up to \$1,000 per violation

Changes in Eligible Basis or Applicable percentage in violation of the IRS 8823 Audit Guide or other IRS guidance	Up to \$1,000 per day per violation	Up to \$1,000 per day per violation
Failure to submit all or parts of the Annual Owner's Compliance Report	Up to \$500	Up to \$1,000
Failure to respond to Compliance Division requests for clarification regarding answers on the Annual Owner's Compliance Report	Up to \$250	Up to \$750
Failure to submit quarterly reports <u>or notices</u> as required by §10.607 of this title	Up to \$100, then an additional \$250 for each subsequent quarter that the report is not received	Up to \$250, then an additional \$500 for each subsequent quarter that the report is not submitted
Noncompliance with utility allowance requirements described in §10.614 of this title and/or Treasury Regulation 26 CFR §1.42-10	Up to \$50 per unit	Up to \$100 per unit
Noncompliance with lease requirements described in §10.613 of this title (relating to failure to execute required lease provisions)	Up to \$500	Up to \$1,000
Noncompliance with lease requirements described in §10.613 of this title (relating to failure to provide lease brochures, guides or notices described in §10.613 currently including but not limited to the Tenant Rights and Resources Guide)	Up to \$250	Up to \$500

Asset Management has reported that Development has failed to establish and maintain a reserve account in accordance with §10.404 of this title	Up to \$1,000	Up to \$1,000
Failure to provide a notary public as promised at application	Up to \$500	Up to \$750
Violation of the Unit Vacancy Rule	Up to \$250 per violation	Up to \$500 per violation
Failure to provide pre-onsite documentation	Up to \$250 per pre-onsite documentation item	Up to \$500 per pre-onsite documentation item
Failure to provide amenity as required by LURA	Up to \$1,000 per violation	Up to \$1,000 per violation, plus \$100 for each subsequent day the violation continues
Failure to pay asset management, compliance monitoring or other required fee	Up to \$250 for the first day plus \$10 per day for each subsequent day the violation continues	Up to \$500 for the first day plus \$50 per day for each subsequent day the violation continues
Change in ownership without department approval (other than removal of a general partner in accordance with §10.406 of this title)	Up to \$1,000 for the first day plus \$100 per day for each subsequent day the violation continues	Up to \$1,000 for the first day plus \$200 per day for each subsequent day the violation continues
Noncompliance with written policy and procedure requirements described in §10.802 of this title (written policy violations)	Up to \$500 per violation	Up to \$1,000 per violation
Noncompliance with written policy and procedure requirements described in §10.802 of this title (notice of termination language requirements)	Up to \$250 per violation	Up to \$500 per violation

Noncompliance with Reasonable Accommodation Policy requirements as described in §10.802 of this title	Up to \$500 per violation	Up to \$1,000 per violation
Program Unit not leased to Low-Income household (either because the household's income exceeds the allowable limit or because the owner did not gather adequate documentation to establish household eligibility)	Up to \$1,000 per violation	Up to \$1,000 per violation
Program unit occupied by nonqualified full- time students	Up to \$1,000 per violation	Up to \$1,000 per violation
Low-Income units used on a transient basis	Up to \$500 per violation	Up to \$1,000 per violation
Violation of the Available Unit Rule	Up to \$500 per violation	Up to \$1,000 per violation
Gross rent exceeds the highest rent allowed under the LURA or other deed restriction	Up to \$50 per unit per day	Up to \$150 per unit per day
Failure to provide Tenant Income Certification and documentation	Up to \$100 per violation	Up to \$250 per violation
Unit not available for rent	Up to \$50 per unit per day	Up to \$100 per unit per day
Failure to collect data required by §10.612(b)(1) and/or (2) of this title (Annual Eligibility Certifications)	Up to \$50 per violation	Up to \$100 per violation

Development evicted or terminated the tenancy of a low-income tenant for other than good cause	Up to \$1,000 per violation	Up to \$1,000 per violation
Household income increased above 80 percent at recertification and Owner failed to properly determine rent	Up to \$500 per violation	Up to \$1,000 per violation
Violation of the Integrated Housing Rule in 10 TAC 1.15	Up to \$500	Up to \$500
Failure to resolve final construction deficiencies within corrective action period	Up to \$1,000 per violation	Up to \$1,000 per violation
Noncompliance with the required accessibility requirements such as §504 of the Rehabilitation Act of 1973, the 2010 ADA standards or other accessibility related requirements of a Department Rule, including but not limited to those described in Chapter 1, Subchapter B (except those only under the Fair Housing Act for which there is a separate category), <u>or as reflected in a Contract or LURA</u>	Up to \$1,000 per violation, plus an optional \$100 per day for each accessibility deficiency that remains uncorrected 6 months from the corrective action deadline	Up to \$1,000 per violation, plus an optional \$100 per day for each accessibility deficiency that remains uncorrected 6 months from the corrective action deadline
Noncompliance with the notice to the Department requirements described in §10.609 of this title	Up to \$500	Up to \$500

Failure to provide a reasonable accommodation under 10 TAC, Chapter 1, Subchapter B	Up to \$1,000 per violation	Up to \$1,000 per violation
Violation of the Fair Housing Act and §1.205 of this Title	Up to \$1,000	Up to \$1,000
Failure to reserve units for Section 811 participants (Section 811 PRA only)	Up to \$750 per violation	Up to \$1,000 per violation
Failure to notify the Department of the availability of Section 811 units (Section 811 PRA only)	Up to \$750 per violation	Up to \$1,000 per violation
Owner failed to check criminal history and drug use of household (as required by Department Rule)	Up to \$250	Up to \$500
Failure to use Enterprise Income Verification System (section 811 PRA only)	Up to \$250	Up to \$500
Failure to properly document and calculate adjusted income (section 811 PRA only)	Up to \$500 per violation	Up to \$1,000 per violation
Failure to use required HUD forms (Section 811 PRA only)	Up to \$250	Up to \$500
Accepted funding that limits 811 PRA participation	Up to \$1,000	Up to \$1,000

Failure to properly calculate resident portion of rent (Section 811 PRA, Department funded Project-Based Section 8 , and HOME ARP Qualified Population Units only)	Up to \$50 per unit per day	Up to \$150 per unit per day
Failure to use HUD model Lease (Section 811 PRA- only) or Department or HUD Tenant Addendum (a Development subject to the 2025 HOME Final Rule, and a Development with Department issued Project-Based Vouchers)	Up to \$500	Up to \$1,000
Failure to disperse 811 PRA Units according to program requirements (relates to disbursement throughout the Development. Section 811 PRA only)	Up to \$500	Up to \$1,000
Failure to conduct interim certifications (Section 811 PRA only)	Up to \$100 per violation	Up to \$250 per violation
Failure to conduct annual income recertification (Section 811 PRA only)	Up to \$100 per violation	Up to \$250 per violation
Asset Management Division has reported that Development has failed to submit rents for review on an annual basis in accordance with §10.403 of this Title	Up to \$750	Up to \$1,000

Failure to maintain status as a qualified Community Housing Development Organization (CHDO)	Up to \$1,000 + up to \$100 for each day the entity failed to comply	Up to \$1,000 + up to \$250 for each day the entity failed to comply
Failure to submit Audit Certification Form, a Single Audit, or other programmatic audit	Up to \$1,000	Up to \$1,000 plus up to \$100 for each day not in compliance
Failure to timely enter into an Information Privacy and Security Agreement	Up to \$1,000 per violation	Up to \$1,000 per violation
Failure to comply with Labor Standards requirements in accordance with program rule, policy or agreement	Up to \$500	Up to \$1,000
Failure to comply with displacement policies as required by program rule, policy or agreement	Up to \$500	Up to \$1,000
Casualty loss not corrected during restoration period	Up to \$100 per unit per day	Up to \$500 per unit per day
Unit leased to Household that is not qualified for the Section 811 PRA program	Up to \$500	Up to \$1,000
Failure to submit documentation for mail in review	Up to \$1,000 per day	Up to \$1,000 per day
Noncompliance with CHDO requirements	Up to \$500	Up to \$1,000
Failure to properly calculate security deposit (Section 811 PRA only)	Up to \$1,000	Up to \$1,000

Failure to prominently display required Fair Housing Posters (Section 811 PRA only)	Up to \$250	Up to \$500
Failure to comply with Section 3 requirements in 24 CFR Part 75 in accordance with program rule, policy, or agreement	Up to \$500	Up to \$1,000
<u>Failure to obtain supporting documentation of qualified legal status for all persons signing a lease per 10 TAC §10.612 (HOME, HOME ARP, and NHTF only)</u>	<u>Up to \$500 per violation</u>	<u>Up to \$1,000 per violation</u>
<u>Failure to obtain the executed attestation required by 10 TAC §10.612(a)(6) for each person signing the lease (HOME, HOME ARP, and NHTF only)</u>	<u>Up to \$500 per violation</u>	<u>Up to \$1,000 per violation</u>
<u>Owner fails to timely sign agreement or Contract Amendment to access the SAVE system as described in 10 TAC §10.628 (HOME, HOME ARP, and NHTF only)</u>	<u>Up to \$1,000</u>	<u>Up to \$1,000</u>
<u>Failure to comply with requirements of the SAVE System Agreement</u>	<u>Up to \$250 per violation</u>	<u>Up to \$500 per violation</u>
<u>Failure to accept rent that was paid on time and in full</u>	<u>Up to \$250 per violation</u>	<u>Up to \$500 per violation</u>

<u>Terminated utilities controlled by the Development Owner during a period prohibited by the applicable federal program or under state law</u>	<u>Up to \$50 per Unit per day</u>	<u>Up to \$150 per unit per day</u>
<u>Failure to Follow a required Appeal policy or Fair Lease and Grievance Process as required by 10 TAC §10.802, Program Rules, or a Contract or LURA</u>	<u>Up to \$250 per violation</u>	<u>Up to \$500 per violation</u>
<u>Failure to correct a Contract Monitoring Finding during the Corrective Action Period (that is not separately listed in Figure 2) including but not limited to (as applicable by program) Build America Buy America Act, Uniform Relocation Assistance and Real Property Act, Section 104(d), Davis-Bacon and Related Acts, Violence Against Women Act, Lead-Based Paint, and Conflict of Interest Provisions</u>	<u>Up to \$1,000 per violation</u>	<u>Up to \$1,000 per violation</u>

Figure 3: 10 TAC 2.302(k).

Penalty table for Single Family Program Findings of Noncompliance. These are the maximum potential administrative penalty amounts possible for each finding of noncompliance. When an administrative penalty is to be considered, this matrix must be considered in conjunction with the statutory factors at Tex. Gov't Code §2306.042.

Finding of Noncompliance	Maximum first time administrative penalty assessment	Maximum administrative penalty assessment for a Responsible Party that has previously paid a penalty for the same finding type
Noncompliance related to Affirmative Marketing requirements	Up to \$500	Up to \$1,000
Program Accessibility violations	Up to \$100 per violation	Up to \$200 per violation
Failure to meet CHDO Board requirements	Up to \$1,000 + up to \$100 for each day the entity failed to comply <u>500</u>	Up to \$1,000 + up to \$250 for each day the entity failed to comply
Repeated violations of interim loan terms or timeline	Up to \$500	Up to \$1,000
Records retention violations	Up to \$100 per violation	Up to \$200 per violation
Failure to attend required training as required by program rule, policy or agreement	Up to \$100 per violation	Up to \$200 per violation
Providing assistance to households that are not income eligible	Up to \$500	Up to \$1,000
Violations of construction standards	Up to \$500	Up to \$1,000
Violations of property condition standards	Up to \$500	Up to \$1,000
Violation of Conflict of Interest Policies	Up to \$500	Up to \$1,000
Violation of program policies regarding use of funds for sectarian or religious activity	Up to \$500	Up to \$1,000

Failure to comply with Limited English Proficiency ("LEP") policies in accordance	Up to \$500	Up to \$1,000
Failure to comply with labor standards requirements in accordance with program	Up to \$500	Up to \$1,000
Violation of Procurement Requirements	Up to \$1,000 for each service or product not properly procured	Up to \$1,000 for each service or product not properly procured
Failure to comply with Section 3 requirements in 24 CFR Part 75 in accordance with program rule, policy, or agreement	Up to \$500	Up to \$1,000
Failure to comply with displacement policies as by program rule, policy, or agreement required	Up to \$500	Up to \$1,000
Failure to provide Tenant Income Certification and documentation	Up to \$250 per violation	Up to \$250 violation
Failure to collect data required by program rules, policies or agreements	Up to \$50 per violation	Up to \$100 per violation
Failure to provide required documentation or corrections to documentation	Up to \$50 per day	Up to \$150 per day
Development evicted or terminated the tenancy of a low- income tenant for other than good cause	Up to \$500 per violation	Up to \$1,000 per violation

For tenant-based rental programs, Household income increased above 80 percent at recertification and Owner failed to properly determine rent	Up to \$500 per violation	Up to \$1,000 per violation
For tenant-based rental programs, gross rent exceeds the highest rent <u>allowed</u> by program rule, policy or agreement	Up to \$50 per unit per day	Up to \$150 per unit per day
Failure to return or repay funds to the Department as required by (such as contract termination, assessed penalties, disallowed costs, overpayment, Deobligation, or recapture) rule, policy or agreements	Up to \$50 per day	Up to \$150 per day
Failure to meet accessibility requirements	Up to \$1,000 per violation	Up to \$1,000 per violation
Noncompliance with applicable OMB or state financial management requirements	Up to \$500	Up to \$1,000
Failure to timely submit Audit Certification Form	Up to \$250	Up to \$1,000 per violation
Failure to timely submit Single Audit	Up to \$1,000	Up to \$1,000 + up to \$100 for each day not in compliance
Failure to timely enter into an ISPA (Information Privacy and Security Agreement)	Up to \$1,000 per Violation	Up to \$1,000 per Violation

Lack of insurance of fidelity bond coverage	Up to \$1,000 + up to \$100 a day for each day not in compliance	Up to \$1,000 + up to \$200 a day for each day not in compliance
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