

ENFORCEMENT ACTION AGAINST VILLA	§	BEFORE THE
MAIN HOUSING ASSOCIATES, LTD. WITH	§	TEXAS DEPARTMENT OF
RESPECT TO VILLA MAIN APARTMENTS	§	HOUSING AND COMMUNITY
(HTC FILE # 60193 / CMTS # 4403)	§	AFFAIRS
	§	
	§	

AGREED FINAL ORDER

General Remarks and official action taken:

On this 27th day of July, 2023, the Governing Board (Board) of the Texas Department of Housing and Community Affairs (TDHCA or Department) considered the matter of whether enforcement action should be taken against **VILLA MAIN HOUSING ASSOCIATES, LTD.**, a Texas limited partnership (Respondent).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act (APA), Tex. Gov't Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by Tex. Gov't Code §2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov't Code §2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT (FOF)

Jurisdiction:

1. During 2006, Respondent was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of \$440,440 to build and operate Villa Main Apartments (Property) (HTC file No. 60193 / CMTS No. 4403 / LDLD No. 898).

2. Respondent signed a land use restriction agreement (LURA) regarding the Property. The LURA was effective August 29, 2008, and filed of record at Document Number 2008042481 of the Official Public Records of Real Property of Jefferson County, Texas (Records), as amended by a First Amendment executed on August 6, 2010, and filed in the Records at Document Number 2010039596. In accordance with Section 2 of the LURA, the LURA is a restrictive covenant/deed restriction encumbering the Property and binding on all successors and assigns for the full term of the LURA.
3. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

4. Property has a history of violations and previously signed an Agreed Final Order on July 15, 2020, assessing no administrative penalty, but stipulating that violations occurred and were not timely corrected.
5. The Department conducted a Uniform Physical Condition Standards (UPCS) inspection on October 15, 2021. Inspection reports showed numerous serious property condition deficiencies, a violation of 10 TAC § 10.621 (Property Condition Standards). The Department issued notifications of noncompliance setting a January 15, 2022, corrective action deadline. Respondent timely submitted partial corrective action, but it was incomplete, and the TDHCA Compliance Division referred the remaining deficiencies for an administrative penalty (see violation list at *Exhibit 1*). The Enforcement Committee then approved multiple corrective plans, but exterior roofing, fascia, and gutter deficiencies remain uncorrected.
6. The following violations remain outstanding at the time of this order:
 - a. UPCS violations described in FOF #5 relating to roofing, exterior fascia, and gutters.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503 and 10 TAC Chapter 2.
2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC Chapter 10 refers to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

4. Pursuant to Tex. Gov't Code Chapter 2306, Subchapter DD and Tex. Gov't Code §2306.185, TDHCA is authorized to make Housing Tax Credit Allocations for the State of Texas and is required to monitor to ensure compliance.
5. Pursuant to 10 TAC §10.621(a), TDHCA has adopted HUD's Uniform Physical Condition Standards as the standard for its physical inspections.
6. Respondent violated 10 TAC §10.621 in 2021, and I.R.C. §42, as amended, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.
7. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and §2306.267.
8. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
9. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code §2306.053 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.
10. An administrative penalty of \$5,000.00 is an appropriate penalty in accordance with 10 TAC Chapter 2.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Governing Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondent is assessed an administrative penalty in the amount of \$5,000.00, subject to deferral as further ordered below.

IT IS FURTHER ORDERED that Respondent shall repair all UPCS violations as indicated at Exhibit 1 and submit corrective documentation in the correct format, and including all necessary parts, to document the corrections to TDHCA on or before October 31, 2023.

IT IS FURTHER ORDERED that if Respondent timely and fully complies with the terms and conditions of this Agreed Final Order, correcting all violations as required, the satisfactory performance under this order will be accepted in lieu of the assessed administrative penalty and the full amount of the administrative penalty will be deferred and forgiven.

IT IS FURTHER ORDERED that if Respondent fails to satisfy any conditions or otherwise violates any provision of this order, or the property is sold before the terms and conditions of this Agreed Final Order have been fully satisfied, then the full administrative penalty in the amount of \$5,000.00 shall be immediately due and payable to the Department. Such payment shall be made by cashier's check payable to the "Texas Department of Housing and Community Affairs" upon the earlier of (1) within thirty days of the date the Department sends written notice to Respondent that it has violated a provision of this Order, or (2) the property closing date if sold before the terms and conditions of this Agreed Final Order have been fully satisfied.

IT IS FURTHER ORDERED that corrective documentation must be uploaded to the Compliance Monitoring and Tracking System (CMTS) by following the instructions at this link: <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>. After the upload is complete, an email must be sent to Ysella Kaseman at ysella.kaseman@tdhca.state.tx.us to inform her that the documentation is ready for review. If it comes due and payable, the penalty payment must be submitted to the following address:

If via overnight mail (FedEx, UPS):	If via USPS:
TDHCA Attn: Ysella Kaseman 221 E 11 th St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at Exhibit 2, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

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Approved by the Governing Board of TDHCA on July 27, 2023.

By: /s/ Leo Vasquez

Name: Leo Vasquez

Title: Chair of the Board of TDHCA

By: /s/ James "Beau" Eccles

Name: James "Beau" Eccles

Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §

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COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 27th day of July, 2023, personally appeared Leo Vasquez, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

/s/ Nancy Dennis

Notary Public, State of Texas

THE STATE OF TEXAS §

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COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 27th day of July, 2023, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

/s/ Nancy Dennis

Notary Public, State of Texas

Given under my hand and seal of office this 25th day of August, 2023.

/s/ Lydia V. Williams
Signature of Notary Public

Lydia V. Williams
Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

My Commission Expires: 11-2-2026

Exhibit 1

Uniform Physical Condition Standards Inspection Violation Instructions

Inspection Date: October 15, 2021

1. UPCS violations that must be corrected are outlined in the following table.
 - a. Un-highlighted rows were timely corrected and were not considered for an administrative penalty. Nothing further is required for these rows.
 - b. Highlighted rows with the “Completed On” and “Completed By” columns filled out were corrected as part of a plan with the Enforcement Committee. Nothing further is required for these rows.
 - c. Highlighted rows with nothing in the “Completed On” and “Completed By” columns are uncorrected.
2. For highlighted rows with nothing in the “Completed On” and “Completed By” columns, prepare complete corrective documentation following all of the guidelines at <http://www.tdhca.state.tx.us/pmcomp/inspections/docs/UPCS-WorkOrderGuidelines.pdf>. Organize your corrections in the same order that they appear in the table. Incomplete work orders and/or invoices that do not follow the guidelines will not be accepted.
3. Submit corrective documentation via CMTS following the instructions at <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf> on or before October 31, 2023, then email Ysella Kaseman at ysella.kaseman@tdhca.state.tx.us to let her know that the submission is ready for review.

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Completed On	Completed By
Site			Grounds	Overgrown/Penetrating Vegetation	L3	Over sidewalk bldg 12 creating accessibility issues	11/1/2021	US LAWNS
Site			Parking/Drives	Cracks/Settlement/Heaving/Loose Materials/Potholes	L2	By bldg 6 and 5	1/11/2022	T. Trice
Bldg Ext	Bldg 1		Roofs	Missing/Damaged Shingles	L3	Missing shingles		
Unit	Bldg 1	101	Bathroom	Lavatory Sink - Damaged/Missing	L1	Stopper	11/5/2021	Z. Guillory
Unit	Bldg 1	101	Ceiling	Peeling/Needs Paint	L2	Bdr 2	11/5/2021	Z. Guillory
Unit	Bldg 1	101	Doors	Damaged Hardware/Locks	L3	Storage door and patio door	11/5/2021	Z. Guillory
Unit	Bldg 1	101	Health & Safety	Electrical Hazards - Exposed Wires/Open Panels	L3	Ceiling light missing wires exposed	10/15/2021	Z. Guillory
Unit	Bldg 1	101	Health & Safety	Hazards - Other	L3	Smoke alarm hall	10/15/2021	T. Trice
Unit	Bldg 1	101	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	Disposal	11/5/2021	Z. Guillory
Unit	Bldg 1	101	Kitchen	Range Hoods/Exhaust Fans - Excessive Grease/Inoperable	L3	Stove	11/5/2021	Z. Guillory
Unit	Bldg 1	101	Kitchen	Refrigerator-Missing/Damaged/Inoperable	L3	Fridge	6/9/2022	Port Arthur Housing

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Completed On	Completed By
Unit	Bldg 1	101	Lighting	Missing/Inoperable Fixture	L3	Ceiling light	11/5/2021	Z. Guillory
Unit	Bldg 1	101	Walls	Damaged	L3	Under sink. Can see daylight coming through	11/5/2021	Z. Guillory
Unit	Bldg 1	105	Ceiling	Holes/Missing Tiles/Panels	L3	Bath 1 NIS	11/5/2021	T. Trice
Unit	Bldg 1	105	Ceiling	Peeling/Needs Paint	L2	Living room	11/5/2021	T. Trice
Unit	Bldg 1	105	Kitchen	Refrigerator- Missing/Damaged/Inoperable	L1	Gasket	1/12/2022	T. Trice
Unit	Bldg 1	107	Doors	Damaged Hardware/Locks	L3	Patio door lock	1/12/2022	T. Trice
Unit	Bldg 1	108	Doors	Damaged Hardware/Locks	L3		11/9/2021	Z. Guillory
Unit	Bldg 1	108	Floors	Hard Floor Covering Missing/Damaged Flooring/Tiles	L1	Living room	12/23/2021	Z. Guillory/T. Trice
Unit	Bldg 1	108	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	Bdr 1 ac in window	10/15/2021	K. Wright
Unit	Bldg 1	108	Health & Safety	Hazards - Other	L3	Cover off ten owned fan	11/9/2021	W. Miller
Unit	Bldg 1	108	Health & Safety	Infestation - Insects	L3	Kitchen and bath	10/26/2021	Pestco Pest Control

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Completed On	Completed By
Unit	Bldg 1	108	Kitchen	Refrigerator- Missing/Damaged/Inoperable	L1	Gasket	12/23/2021	Z. Guillory
Bldg Ext	Bldg 10		Health & Safety	Hazards - Sharp Edges	L3	Nails in foundation	12/6/2021	Z. Guillory
Bldg Ext	Bldg 10		Roofs	Missing/Damaged Shingles	L2	Missing shingles		
Unit	Bldg 10	209	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	Bdr 1 windows screwed shut (RDI)	10/15/2021	K. Wright
Unit	Bldg 10	209	Outlets/Switches	Missing/Broken Cover Plates	L3	Bdr 2	10/15/2021	K. Wright
Unit	Bldg 10	214	Doors	Damaged Frames/Threshold/Lintels/Trim	L3	Bath door	12/13/2021	Z. Guillory
Unit	Bldg 10	214	Health & Safety	Hazards - Other	L3	Smoke alarm bdr 2	10/15/2021	M. Brantley
Bldg Ext	Bldg 11		Roofs	Missing/Damaged Shingles	L3	Missing shingles		
Unit	Bldg 11	228	Doors	Damaged Hardware/Locks	L3	Patio door lock	6/9/2022	Port Arthur Housing
Unit	Bldg 11	228	Kitchen	Cabinets - Missing/Damaged	L2	Drawer facing	6/9/2022	Port Arthur Housing
Unit	Bldg 11	228	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	Disposal	6/9/2022	Port Arthur Housing
Unit	Bldg 11	228	Kitchen	Plumbing - Leaking Faucet/Pipes	L3	Not hooked up	6/9/2022	Port Arthur Housing

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Completed On	Completed By
Unit	Bldg 11	228	Kitchen	Refrigerator- Missing/Damaged/Inoperable	L1	Gasket	6/9/2022	Port Arthur Housing
Unit	Bldg 11	228	Kitchen	Sink - Damaged/Missing	L3	Not hooded up	6/9/2022	Port Arthur Housing
Bldg Ext	Bldg 12		Roofs	Missing/Damaged Shingles	L3	Missing shingles		
Comm Area	Bldg 12		FHEO - Accessible Outside Common Areas	Routes Obstructed or Inaccessible to Wheelchair	L3	Bldg 12 vegetation over sidewalk	11/1/2021	US LAWNS
Unit	Bldg 12	233	Ceiling	Bulging/Buckling	L3	Dining	1/10/2022	T. Trice
Unit	Bldg 12	233	Doors	Damaged Hardware/Locks	L3	Patio door lock	1/10/2022	T. Trice
Unit	Bldg 12	233	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	Bdr 1 items on patio blocking window	6/9/2022	A. Jennings
Unit	Bldg 12	236	Ceiling	Bulging/Buckling	L3	Living room	1/11/2022	T. Trice
Bldg Ext	Bldg 2		Health & Safety	Hazards - Sharp Edges	L3	Patio fencing	11/9/2021	T. Trice
Bldg Ext	Bldg 2		Roofs	Damaged Soffits/Fascia/Soffit Vents	L2	Fascia		
Bldg Ext	Bldg 2		Roofs	Missing/Damaged Components from Downspout/Gutter	L1	Splashblock		
Bldg Ext	Bldg 2		Roofs	Missing/Damaged Shingles	L2	Missing shingles		
Unit	Bldg 2	114	Bathroom	Shower/Tub - Damaged/Missing	L3	Missing	7/8/2022	Port Arthur Housing

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Completed On	Completed By
Unit	Bldg 2	114	Ceiling	Holes/Missing Tiles/Panels	L3	Cracking along living and bdrm	7/8/2022	Port Arthur Housing
Unit	Bldg 2	114	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L3	Missing	7/8/2022	Port Arthur Housing
Unit	Bldg 2	114	Kitchen	Refrigerator- Missing/Damaged/Inoperable	L3	Missing	7/8/2022	Port Arthur Housing
Unit	Bldg 2	114	Walls	Damaged	L3	Bath	7/8/2022	Port Arthur Housing
Unit	Bldg 2	115	Ceiling	Peeling/Needs Paint	L1	Bdr	11/9/2021	T. Trice
Unit	Bldg 2	115	Health & Safety	Infestation - Insects	L3	Kitchen	11/9/2021	Pestco Pest Control
Unit	Bldg 2	121	Ceiling	Mold/Mildew/Water Stains/Water Damage	L3	Bath and dining	8/8/2022	Maintenance
Unit	Bldg 2	121	Doors	Damaged Frames/Threshold/Lintels/Trim	L3	Front door	8/8/2022	Maintenance
Unit	Bldg 2	121	Doors	Damaged Surface (Holes/Paint/Rusting)	L3	Bdrm and bath and front door	8/8/2022	Maintenance
Unit	Bldg 2	121	Floors	Soft Floor Covering Missing/Damaged	L3	Bdrm carpet		Maintenance
Unit	Bldg 2	121	Health & Safety	Hazards - Tripping	L3	Carpet closet	5/24/2022	Redi Carpet
Unit	Bldg 2	121	Kitchen	Countertops - Missing/Damaged	L2	Kitchen	8/8/2022	Maintenance

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Completed On	Completed By
Unit	Bldg 2	121	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L3	Missing	8/8/2022	Maintenance
Unit	Bldg 2	121	Walls	Damaged	L3	Holes living room and bdrm	8/8/2022	Maintenance
Unit	Bldg 2	123	Ceiling	Holes/Missing Tiles/Panels	L3	Ceiling bath NIS	11/9/2021	T. Trice
Unit	Bldg 2	123	Doors	Damaged Frames/Threshold/Lintels/Trim	L3	Front door	11/9/2021	T. Trice
Unit	Bldg 2	123	Health & Safety	Hazards - Other	L3	Smoke alarm bdrm	10/15/2021	T. Trice
Unit	Bldg 2	123	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	Disposal	1/12/2022	T. Trice
Bldg Ext	Bldg 3		Roofs	Damaged Soffits/Fascia/Soffit Vents	L3	Fascia off by roof		
Bldg Ext	Bldg 3		Roofs	Missing/Damaged Shingles	L3	Missing		
Unit	Bldg 3	226	Doors	Damaged Surface (Holes/Paint/Rusting)	L3	Bdr 1	12/6/2021	T. Trice
Unit	Bldg 3	226	Health & Safety	Hazards - Other	L3	Bdr 1 smoke alarm and hall	10/15/2021	T. Trice
Unit	Bldg 3	226	Kitchen	Cabinets - Missing/Damaged	L2	Drawer facing	12/6/2021	T. Trice
Unit	Bldg 3	226	Kitchen	Refrigerator-Missing/Damaged/Inoperable	L1	Gasket	12/6/2021	T. Trice

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Completed On	Completed By
Unit	Bldg 3	228	Doors	Damaged Frames/Threshold/Lintels/Trim	L3	Front door	11/9/2021	Z. Guillory
Unit	Bldg 3	228	Doors	Damaged Surface (Holes/Paint/Rusting)	L3	Front door	1/12/2022	T. Trice
Unit	Bldg 3	228	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	Bdr 1 window	11/9/2021	Z. Guillory
Unit	Bldg 3	228	Kitchen	Refrigerator-Missing/Damaged/Inoperable	L1	Gasket	11/9/2021	Z. Guillory
Unit	Bldg 3	228	Windows	Inoperable/Not Lockable	L3	Bdr 1 window	11/9/2021	Z. Guillory
Bldg Ext	Bldg 4		Roofs	Damaged Soffits/Fascia/Soffit Vents	L2	Soffit by 138		
Bldg Ext	Bldg 4		Roofs	Missing/Damaged Shingles	L3	Missing shingles		
Bldg Syst	Bldg 4		Sanitary System	Missing Drain/Cleanout/Manhole Covers	L3	Missing cover	11/9/2021	T. Trice
Comm Area	Bldg 4		Health & Safety	Hazards - Sharp Edges	L3	Metal on top step	12/6/2021	T. Trice
Comm Area	Bldg 4		Health & Safety	Hazards - Tripping	L3	Metal on top step	12/6/2021	T. Trice
Unit	Bldg 4	138	Bathroom	Shower/Tub - Damaged/Missing	L1	Stopper	11/9/2021	T. Trice
Unit	Bldg 4	138	Doors	Damaged Surface (Holes/Paint/Rusting)	L3	Bath 2 nis	11/9/2021	T. Trice

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Completed On	Completed By
Unit	Bldg 4	138	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L2	Small burner	11/9/2021	T. Trice
Unit	Bldg 4	139	Health & Safety	Hazards - Other	L3	Hall smoke alarm	10/15/2021	T. Trice
Unit	Bldg 4	139	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	Disposal	12/8/2021	Z. Guillory
Unit	Bldg 4	139	Kitchen	Plumbing - Clogged Drains	L3	Kitxhen	12/8/2021	Z. Guillory
Unit	Bldg 4	139	Kitchen	Refrigerator- Missing/Damaged/Inoperable	L3	Missing	12/8/2021	Z. Guillory
Bldg Ext	Bldg 5		Doors	Damaged Surface (Holes/Paint/Rusting)	L3	Maintenance shop door	12/15/2021	T. Trice
Bldg Ext	Bldg 5		Roofs	Missing/Damaged Shingles	L2	Missing shingles		
Bldg Ext	Bldg 5		Walls	Missing Pieces/Holes/Spalling	L2	Missing dryer vent	12/15/2021	T. Trice
Comm Area	Bldg 5		Health & Safety	Hazards - Sharp Edges	L3	Landing on stair rusted creating sharp edge	12/15/2021	t. Trice
Unit	Bldg 5	149	Bathroom	Lavatory Sink - Damaged/Missing	L1	Bath 2 stopper	12/6/2021	T. Trice
Unit	Bldg 5	149	Doors	Damaged Surface (Holes/Paint/Rusting)	L3	Bdr 1 door NIS	12/6/2021	T. Trice
Unit	Bldg 5	149	Walls	Damaged/Deteriorated Trim	L2	Living room	12/6/2021	T. Trice

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Completed On	Completed By
Unit	Bldg 5	152	Bathroom	Cabinets - Damaged/Missing	L1	bath counter	12/9/2021	Z. Guillory
Unit	Bldg 5	152	Doors	Damaged Hardware/Locks	L1	Closet dr handle	12/9/2021	Z. Guillory
Unit	Bldg 5	152	Health & Safety	Electrical Hazards - Exposed Wires/Open Panels	L3	Bdr 1 missing light exp wites	10/15/2021	Z. Guillory
Unit	Bldg 5	152	Health & Safety	Hazards - Other	L3	Smoke al bdr	10/15/2021	T. Trice
Unit	Bldg 5	152	Kitchen	Cabinets - Missing/Damaged	L2	Drawer facing	12/9/2021	Z. Guillory
Unit	Bldg 5	152	Lighting	Missing/Inoperable Fixture	L3	Bdr	12/9/2021	Z. Guillory
Bldg Ext	Bldg 6		Roofs	Missing/Damaged Shingles	L3	Missing shingles		
Unit	Bldg 6	167	Doors	Damaged Surface (Holes/Paint/Rusting)	L3	Front dr inseam	1/11/2022	T. Trice
Unit	Bldg 6	167	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	Bdr 1 window will not stay open	10/15/2021	K. Wright
Unit	Bldg 6	167	Kitchen	Cabinets - Missing/Damaged	L2	Drawer facing	1/11/2022	T. Trice
Unit	Bldg 6	167	Windows	Inoperable/Not Lockable	L3	Bdr 1	1/11/2022	T. Trice
Bldg Ext	Bldg 7		Health & Safety	Hazards - Sharp Edges	L3	Nails in foundation	12/6/2021	z. Guillory
Bldg Ext	Bldg 7		Roofs	Missing/Damaged Shingles	L1	Missing shingles		

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Completed On	Completed By
Unit	Bldg 7	181	Ceiling	Mold/Mildew/Water Stains/Water Damage	L3	Bath	6/9/2022	Port Arthur Housing
Unit	Bldg 7	181	Doors	Damaged Frames/Threshold/Lintels/Trim	L2	Bdrm 1	6/9/2022	Port Arthur Housing
Unit	Bldg 7	181	Doors	Missing Door	L1	Bdrm 1	6/9/2022	Port Arthur Housing
Unit	Bldg 7	181	Floors	Hard Floor Covering Missing/Damaged Flooring/Tiles	L3	Tile dining and bath	5/24/2022	Redi Carpet
Unit	Bldg 7	181	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L3	Missing	6/9/2022	Port Arthur Housing
Unit	Bldg 7	181	Kitchen	Refrigerator- Missing/Damaged/Inoperable	L3	Missing	6/9/2022	Port Arthur Housing
Unit	Bldg 7	183	Bathroom	Water Closet/Toilet - Damaged/Clogged/Missing	L3	Bath 1 and 2	6/9/2022	Port Arthur Housing
Unit	Bldg 7	183	Doors	Damaged Hardware/Locks	L3	Patio door lock	6/9/2022	Port Arthur Housing
Unit	Bldg 7	183	Doors	Damaged Surface (Holes/Paint/Rusting)	L3	Closet	6/9/2022	Port Arthur Housing
Unit	Bldg 7	183	Floors	Hard Floor Covering Missing/Damaged Flooring/Tiles	L3	Bath and living room	6/9/2022	Port Arthur Housing
Unit	Bldg 7	183	Kitchen	Cabinets - Missing/Damaged	L2	Drawer facing	6/7/2022	Smiths Remodling

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Completed On	Completed By
Unit	Bldg 7	183	Kitchen	Plumbing - Leaking Faucet/Pipes	L3	Pipes not hooked up	6/9/2022	Port Arthur Housing
Unit	Bldg 7	183	Kitchen	Sink - Damaged/Missing	L3	Not hooked up	6/9/2022	Port Arthur Housing
Unit	Bldg 7	183	Outlets/Switches	Missing/Broken Cover Plates	L3	All Cover plates off	10/15/2021	K. Wright
Bldg Ext	Bldg 8		Roofs	Missing/Damaged Shingles	L3	Missing shingles		
Unit	Bldg 8	187	Bathroom	Water Closet/Toilet - Damaged/Clogged/Missing	L3	Nath	6/9/2022	Port Arthur Housing
Unit	Bldg 8	187	Doors	Damaged Frames/Threshold/Lintels/Trim	L3	Front door	6/9/2022	Port Arthur Housing
Unit	Bldg 8	187	Doors	Damaged Hardware/Locks	L3	Bath handle missing and patio door	6/9/2022	Port Arthur Housing
Unit	Bldg 8	187	Doors	Damaged Surface (Holes/Paint/Rusting)	L3	Bdr 1	6/9/2022	Port Arthur Housing
Unit	Bldg 8	187	Health & Safety	Electrical Hazards - Exposed Wires/Open Panels	L3	Living room wires where light belongs	10/15/2021	Z. Guillory
Unit	Bldg 8	187	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	Bdr 1 window boarded	6/9/2022	Port Arthur Housing
Unit	Bldg 8	187	Kitchen	Cabinets - Missing/Damaged	L2	Drawer facing	6/9/2022	Port Arthur Housing

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Completed On	Completed By
Unit	Bldg 8	187	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L3	Missing	6/9/2022	Port Arthur Housing
Unit	Bldg 8	187	Kitchen	Refrigerator- Missing/Damaged/Inoperable	L3	Missing	6/9/2022	Port Arthur Housing
Unit	Bldg 8	187	Lighting	Missing/Inoperable Fixture	L3	Living room	6/9/2022	Port Arthur Housing
Unit	Bldg 8	187	Walls	Damaged	L3	Bath 1	6/9/2022	Port Arthur Housing
Unit	Bldg 8	187	Windows	Cracked/Broken/Missing Panes	L3	Bdr 1	6/9/2022	Port Arthur Housing
Unit	Bldg 8	190	Doors	Damaged Hardware/Locks	L3	Patio dr off track	1/11/2022	T. Trice
Unit	Bldg 8	190	Electrical	GFI Inoperable	L3	Bath	1/11/2022	T. Trice
Unit	Bldg 8	190	Health & Safety	Hazards - Other	L3	Smoke alarm hall	10/15/2021	T. Trice
Unit	Bldg 8	190	Health & Safety	Hazards - Sharp Edges	L3	Tack strips bdr 1 and 2	1/11/2022	T. Trice
Unit	Bldg 8	190	Health & Safety	Hazards - Tripping	L3	Carpet living room and bdrm	1/11/2022	T. Trice
Bldg Ext	Bldg 9		Roofs	Missing/Damaged Shingles	L3	Missin shingles		
Unit	Bldg 9	197	Ceiling	Mold/Mildew/Water Stains/Water Damage	L1	Bdr 2	1/11/2022	T. Trice
Unit	Bldg 9	197	Health & Safety	Hazards - Other	L3	Smoke alarm bdr 2 and hall	10/15/2021	T. Trice

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Completed On	Completed By
Unit	Bldg 9	197	Health & Safety	Infestation - Insects	L3	Kitchen	11/23/2021	Pestco Pest Control
Unit	Bldg 9	197	Outlets/Switches	Missing	L3	Living room	10/15/2021	K. Wright
Unit	Bldg 9	198	Electrical	GFI Inoperable	L3	Kitchen and bath	1/12/2022	T. Trice
Unit	Bldg 9	198	Lighting	Missing/Inoperable Fixture	L3	No lights in bdr or bath	11/10/2021	Gulf Coast Electric
Bldg Ext	Office		Roofs	Missing/Damaged Shingles	L3	Missing shingles		

Exhibit 2:

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 10	UNIFORM MULTIFAMILY RULES
SUBCHAPTER E	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
RULE §10.406	Ownership Transfers (§2306.6713)

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice and a completed Ownership Transfer packet, if applicable, to the Department at least 45 calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Except as otherwise provided herein, the Executive Director's prior written approval of any such transfer is required. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section.

(b) Exceptions. The exceptions to the ownership transfer process in this subsection are applicable.

(1) A Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new Principals or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(2) Transfers that are the result of an involuntary removal of the general partner by the investment limited partner do not require advance approval but must be reported to the Department as soon as possible due to the sensitive timing and nature of this decision. In the event the investment limited partner has proposed a new general partner or will permanently replace the general partner, a full Ownership Transfer packet must be submitted.

(3) Changes to the investment limited partner, non-Controlling limited partner, or other non-Controlling partners affiliated with the investment limited partner do not require Executive Director approval. A General Partner's acquisition of the interest of the investment limited partner does not require Executive Director approval, unless some other change in ownership is occurring as part of the same overall transaction.

(4) Changes resulting from foreclosure do not require advance approval but acquiring parties must notify the Department as soon as possible of the revised ownership structure and ownership contact information.

(c) General Requirements.

(1) Any new Principal in the ownership of a Development must be eligible under §11.202 of Subchapter C (relating to Ineligible Applicants and Applications). In addition, Persons and Principals will be reviewed in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee).

(2) Changes in Developers or Guarantors must be addressed as non-material amendments to the application under §10.405 of this subchapter (relating to Amendments and Extensions).

(3) To the extent an investment limited partner or its Affiliate assumes a Controlling interest in a Development Owner, such acquisition shall be subject to the Ownership Transfer requirements set forth herein. Principals of the investment limited partner or Affiliate will be considered new Principals and will be reviewed as stated under paragraph (1) of this subsection.

(4) Simultaneous transfer or concurrent offering for sale of the General Partner's and Limited Partner's control and interest will be subject to the Ownership Transfer requirements set forth herein and will trigger a Right of First Refusal, if applicable.

(d) Transfer Actions Warranting Debarment. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure or the Department at risk for financial exposure as a result of non-compliance, staff will refer the matter to the Enforcement

Committee for debarment consideration pursuant to §2.401 of this title (relating to Enforcement, Debarment from Participation in Programs Administered by the Department). In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee), prior to recommending any new financing or allocation of credits.

(e) Transfers Prior to 8609 Issuance or Construction Completion. Prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs), an Applicant may request an amendment to its ownership structure to add Principals. The party(ies) reflected in the Application as having Control must remain in the ownership structure and retain Control, unless approved otherwise by the Executive Director. A development sponsor, General Partner or Development Owner may not sell the Development in whole or voluntarily end their Control prior to the issuance of 8609s.

(f) Nonprofit Organizations. If the ownership transfer request is to replace a nonprofit organization within the Development ownership entity, the replacement nonprofit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Nonprofit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Nonprofit Organization that meets the requirements of §42(h)(5) of the Code and Tex. Gov't Code §2306.6706, if applicable, and can demonstrate planned participation in the operation of the Development on a regular, continuous, and substantial basis.

(2) If the LURA requires ownership or material participation in ownership by a nonprofit organization or CHDO, the Development Owner must show that the transferee is a nonprofit organization or CHDO, as applicable, that complies with the LURA. If the transferee has been certified as a CHDO by TDHCA prior to 2016 or has not previously been certified as a CHDO by TDHCA, a new CHDO certification package must be submitted for review. If the transferee was certified as a CHDO by TDHCA after 2016, provided no new federal guidance or rules concerning CHDO have been released and the proposed ownership structure at the time of review meets the requirements in 24 CFR Part 92, the CHDO may instead submit a CHDO Self-Certification form with the Ownership Transfer package.

(3) Exceptions to paragraphs (1) and (2) of this subsection may be made on a case by case basis if the Development (for MFDL) is past its Federal Affordability Period or (for HTC Developments) is past its Compliance Period, was not reported to the IRS as part of the Department's Nonprofit Set Aside in any HTC Award year, and follows the procedures outlined in §10.405(b)(1) - (5) of this subchapter. The Board must find that:

(A) The selling nonprofit is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(B) The participation by the nonprofit was substantive and meaningful during the full term of the Compliance Period but is no longer substantive or meaningful to the operations of the Development; and

(C) The proposed purchaser is an affiliate of the current Owner or otherwise meets the Department's standards for ownership transfers.

(g) Historically Underutilized Business (HUB) Organizations. If a HUB is the general partner or special limited partner of a Development Owner and it determines to sell its ownership interest, after the issuance of IRS Form(s) 8609, the purchaser of that partnership interest or the general or special limited partner is not required to be a HUB as long as the LURA does not require it or the procedure described in §10.405(b)(1) of this subchapter has been followed and approved. The removal of a HUB requirement prior to filing of IRS Form(s) 8609 is subject to the procedure described in §10.405(b)(2) of this subchapter.

(h) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances pertaining to the transfer and the effects of approval or denial. Documentation must be submitted as directed in the Post Award Activities Manual, which includes but is not limited to:

(1) A written explanation outlining the reason for the request;

(2) Ownership transfer information, including but not limited to the type of sale, terms of any new financing introduced as a result of the transfer, amount of Development reserves to transfer in the event of a property sale, and the prospective closing date;

(3) Pre and post transfer organizational charts with TINs of each organization down to the level of natural persons in the ownership structure as described in §11.204(13)(B) of Subchapter C of this title (relating to Required Documentation for Application Submission);

(4) A list of the names and contact information for transferees and Related Parties;

(5) Previous Participation information for any new Principal as described in §11.204(13)(C) of this title (relating to Required Documentation for Application Submission);

(6) Agreements among parties associated with the transfer;

(7) Owners Certifications with regard to materials submitted as further described in the Post Award Activities Manual;

(8) Detailed information describing the organizational structure, experience, and financial capacity of any party holding a controlling interest in any Principal or Controlling entity of the prospective Development Owner;

(9) Evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least 30 calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30-day period has expired; and

(10) Any required exhibits and the list of exhibits related to specific circumstances of transfer or Ownership as detailed in the Post Award Activities Manual.

(i) Once the Department receives all necessary information under this section and as required under the Post Award Activities Manual, staff shall initiate a qualifications review of a transferee, in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee), to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter and §11.202 of this title (relating to Ineligible Applicants and Applications).

(j) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) In cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) In cases where the general partner is being replaced if the award of credits was made at least five years prior to the transfer request date.

(k) Penalties, Past Due Fees and Underfunded Reserves. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring) and Subchapter G of this chapter (relating to Affirmative Marketing Requirements and Written Policies and Procedures). The Development Owner on record with the Department will be liable for any penalties or fees imposed by the Department (even if such penalty can be attributable to the new Development Owner) unless an ownership transfer has been approved by the Department. In the event a transferring Development has a history of uncorrected UPCS violations, ongoing issues related to keeping housing sanitary, safe, and decent, an account balance below the annual reserve deposit amount as specified in §10.404(a) of this subchapter (relating to Replacement Reserve Accounts), or that appears insufficient to meet capital expenditure needs as indicated by the number or cost of repairs included in a PNA or SCR, the prospective Development Owner may be required to establish and maintain a replacement reserve account or increase the amount of regular deposits to the replacement reserve account by entering into a Reserve Agreement with the Department. The Department may also request a plan and timeline relating to needed repairs or renovations that will be completed by the departing and/or incoming Owner as a condition to approving the Transfer. A PNA or SCR may be requested if one has not already been received under §10.404 of this subchapter.

(l) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by the corresponding ownership transfer fee as outlined in §11.901 of this title (relating to Fee Schedule).

Source Note: The provisions of this §10.406 adopted to be effective February 3, 2022, 47 TexReg 266