

ENFORCEMENT ACTION AGAINST	§	BEFORE THE
2107 LINCOLN DRIVE, LLC	§	TEXAS DEPARTMENT OF
WITH RESPECT TO THE JONES	§	HOUSING AND COMMUNITY
(HTC FILE # 93063 / CMTS # 1137)	§	AFFAIRS
	§	

AGREED FINAL ORDER

General Remarks and official action taken:

On this 7th day of December, 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 **2107 LINCOLN DRIVE, LLC**, a Delaware limited liability company (Respondent).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act (APA), Texas Government Code section 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 1995, Two Northridge, Ltd. (Prior Owner) was awarded an allocation of Low Income Housing Tax Credits by the Board to acquire, rehabilitate, and operate The Jones (Property) (HTC file No. 93063 / CMTS No. 1137).
2. Prior Owner signed a Declaration of Land Use Restrictive Covenants For Low-Income Housing Credits (LURA) regarding the Property. The LURA was effective January 18,

1995, and filed of record at Volume 11984, Page 0554 of the Official Public Records of Real Property of Tarrant County, Texas (Records), as re-filed at Volume 12185, Page 1912, and as amended by an Agreement to Comply with and First Amendment to Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits effective April 22, 2015, and filed of record at Instrument Number D215088683 of the Records.

3. Respondent purchased the Property on September 30, 2020. 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. These restrictions remain in place in accordance with Section 2 of the LURA, thereby binding Respondent to the terms of the agreement.
4. Representatives for Respondent signed an Owner Certification & Agreement to Comply with the LURA on August 5, 2020, acknowledging that the Property remained bound to the terms of the LURA, agreeing to assume the duties imposed by the LURA, and agreeing to comply fully with the terms thereof.
5. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

6. The Department conducted a Uniform Physical Condition Standards (UPCS) inspection on June 22, 2022. The inspection report showed numerous serious property condition violations, a violation of 10 TAC §10.621 (Property Condition Standards). The Department issued a notification of noncompliance on July 25, 2022, setting an October 23, 2022, corrective action deadline. That deadline was extended on February 13, 2023, providing ten days to correct remaining noncompliance, but no response was submitted and the noncompliance outlined at Exhibit 1 was referred for an administrative penalty. Final corrective documentation was uploaded to TDHCA by Respondent via the Compliance Monitoring and Tracking System (CMTS) on November 3, 2023, after intervention by the TDHCA Enforcement Committee.
7. All violations listed above are considered resolved at the time of this Order².

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.

² This Agreed Final Order does not include the noncompliance identified during TDHCA's UPCS inspection conducted on August 29, 2023. That 2023 inspection is within a corrective action period that expires January 1, 2024, and is not eligible for an administrative penalty at this time.

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.
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 and I.R.C. §42, as amended, in 2022, 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 \$20,000.00 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 \$20,000.00.

IT IS FURTHER ORDERED that Respondent shall pay and is hereby directed to pay the \$20,000.00 administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" on or before January 8, 2024, 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 December 7, 2023.

By: _____
Name: Leo Vasquez
Title: Chair of the Board of TDHCA

By: _____
Name: James "Beau" Eccles
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 7th day of December, 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)

Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 7th day of December, 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)

Notary Public, State of Texas

STATE OF _____ §

COUNTY OF _____ §

BEFORE ME, _____ (*notary name*), a notary public in and for the State of _____, on this day personally appeared William Mitchell Voss, known to me or proven to me through circle one: personally known / driver's license / passport to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is William Mitchell Voss, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of President for Respondent. I am an authorized representative of Respondent, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondent to execute this document.
3. The Taxpayer ID for Respondent is _____.
4. The mailing address for Respondent is _____.
5. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Governing Board of the Texas Department of Housing and Community Affairs."

RESPONDENT:

2107 LINCOLN DRIVE, LLC, a Delaware limited liability company

By: _____

Name: William Mitchell Voss

Title: President

Given under my hand and seal of office this _____ day of _____, 2023.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

Exhibit 1

2022 UPCS Noncompliance

Corrected timely and not eligible for an administrative penalty = Grey

Not corrected timely and therefore eligible for an administrative penalty:

- Corrected 11/1/2023 = Yellow
- Corrected before 11/1/2023 = White

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Corrected date
Site			Retaining Walls	Damaged/Falling/Leaning	L3	near boiler #1 bldg 2105	11/1/2023
Common Areas	Bldg 2101a	Doors	Laundry Room	Damaged Hardware/Locks	L3	laundry room doors locked-vandalized	11/1/2023
Building Exterior	Bldg 2107		Roofs	Missing/Damaged Components from Downspout/Gutter	L3	downspout not connected	11/1/2023
Common Areas	Bldg 2113	Walls	Closet/Utility/Mechanical	Damaged	L2	siding cut	11/1/2023
Site			Grounds	Erosion/Rutting Areas	L3	near building foundations: 2103, 2101 near sidewalk 1016	photo submitted
Site			Grounds	Overgrown/Penetrating Vegetation	L2	vegetation growing in gutters:, bldg 2101, 2113	photo submitted
Site			Health & Safety	Hazards - Tripping	L3	near 1016, btwn bldgs 707 and 709, near #1030	photo submitted
Site			Mailbox/Signs	Mailbox Missing/Damaged	L3	mailboxes damaged	photo submitted
Site			Market Appeal	Graffiti	L1	breezeway at 2071	10/17/2022

Site			Parking/Drives	Cracks/Settlement/Heaving/Loose Materials/Potholes	L2	near Bldgs 2117& 2115	10/21/2022 Invoice
Building Systems	Bldg 2100		Sanitary System	Broken/Leaking/Clogged Pipes or Drains	L3	sewage backing up into tub of 1034	10/24/2022 Invoice
Unit	Bldg 2100	Unit 1034	Bathroom	Plumbing - Clogged Drains	L3	tub backing up with sewage	10/24/2022
Unit	Bldg 2100	Unit 1034	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible at top of entry when closed	10/13/2022
Unit	Bldg 2100	Unit 1034	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	dresser blocks window	10/13/2022
Unit	Bldg 2100	Unit 1034	Walls	Mold/Mildew/Water Stains/Water Damage	L1	visible at baseboards/evidence of water intrusion	10/13/2022
Building Exterior	Bldg 2101		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	downspout broken & gutter clogged	10/13/2022 (work order)
Building Systems	Bldg 2101		Electrical System	Missing Covers	L3	1131 a/c disconnect interior cover missing, exposed wires.	10/22/2022
Common Areas	Bldg 2101	Health & Safety	Health & Safety	Garbage and Debris - Outdoors	L3	patio with 5 bags of trash outside (2130?)	10/22/2022
Unit	Bldg 2101	Unit 1131	Doors	Damaged Hardware/Locks	L3	glass sliding door-does not lock (handle does not lock)	10/17/2022
Unit	Bldg 2101	Unit 1131	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	Blocked by desk	10/22/2022
Building Systems	Bldg 2101a		Fire Protection	Missing/Damaged/Expired Extinguishers	L3	laundry room missing extinguisher	10/12/2022

Common Areas	Bldg 2101a	Ceiling	Patio/Porch/Balcony	Holes/Missing Tiles/Panels/Cracks	L3	at balcony ceiling over 2010	6/14/2023
Unit	Bldg 2101a	Unit 1011	Health & Safety	Air Quality - Mold and/or Mildew Observed	L3	under kitchen sink	10/12/22 work order
Unit	Bldg 2101a	Unit 1012	Ceiling	Peeling/Needs Paint	L2	large patch in bathroom needs texture and paint	10/20/2022
Unit	Bldg 2101a	Unit 2012	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	disposal inoperable	10/22/2022
Building Systems	Bldg 2103		Sanitary System	Broken/Leaking/Clogged Pipes or Drains	L3	sewer leak	10/22/2022
Common Areas	Bldg 2103	Ceiling	Halls/Corridors/Stairs	Holes/Missing Tiles/Panels/Cracks	L1	sag at breezeway ceiling near 2120	10/11/2022
Common Areas	Bldg 2103	Health & Safety	Health & Safety	Electrical Hazards - Exposed Wires/Open Panels	L3	breezeway exterior light at 1121-wires exposed	10/22/2022
Unit	Bldg 2103	Unit 1123- vacant used as storage	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L3	missing	10/28/2022
Unit	Bldg 2103	Unit 1123- vacant used as storage	Kitchen	Refrigerator- Missing/Damaged/Inoperable	L3	missing	10/28/2022
Unit	Bldg 2103	Unit 2117	Bathroom	Plumbing - Leaking Faucet/Pipes	L1	tub leaks will not turn off	10/22/2022
Unit	Bldg 2103	Unit 2117	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	leak at disposal	10/22/2022
Unit	Bldg 2103	Unit 2117	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L2	1 burner missing	10/22/2022

Building Exterior	Bldg 2104		Walls	Missing Pieces/Holes/Spalling	L2	hole @ exterior near 1039	10/11/2022
Building Systems	Bldg 2104		Electrical System	Missing Covers	L3	a/c disconnect missing interior cover-exposed wires	10/20/2022
Unit	Bldg 2104	Unit 1044	Bathroom	Shower/Tub - Damaged/Missing	L2	tub overflow missing	10/22/2022
Unit	Bldg 2104	Unit 1044	Ceiling	Holes/Missing Tiles/Panels	L3	a/c cover missing/ceiling burned at kitchen	10/22/2022
Unit	Bldg 2104	Unit 1044	HVAC System	Not Operable	L3	burned a/c	10/20/2022
Unit	Bldg 2104	Unit 1044	Walls	Mold/Mildew/Water Stains/Water Damage	L1	water intrusion at bedroom baseboard/crack at sheetrock	10/21/2022-Work order
Building Exterior	Bldg 2105		Foundations	Spalling/Exposed Rebar	L3	exposed post-tension cable	10/11/2022
Building Exterior	Bldg 2105		Walls	Missing Pieces/Holes/Spalling	L3	hole at exterior wall near 1111	10/11/2022
Common Areas	Bldg 2105	Walls	Closet/Utility/Mechanical	Damaged	L2	large hole near boiler room floor	photo submitted
Common Areas	Bldg 2105	Ceiling	Halls/Corridors/Stairs	Bulging/Buckling	L3	breezeway support beam/lintel cracking near 2112	10/11/2022
Common Areas	Bldg 2105		Health & Safety	Electrical Hazards - Exposed Wires/Open Panels	L3	boiler room breaker panel missing interior cover	10/3/2022
Common Areas	Bldg 2105		Health & Safety	Garbage and Debris - Outdoors	L3	3 bags of trash stored at 1109	10/12/2022
Unit	Bldg 2105	Unit 1110	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible when door is closed	10/12/2022

Unit	Bldg 2105	Unit 1110	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L2	1 burner inoperable	10/12/2022
Unit	Bldg 2105	Unit 2110	Bathroom	Plumbing - Leaking Faucet/Pipes	L3	into lav cabinet-repaired during inspection	6/22/2022
Unit	Bldg 2105	Unit 2110	Ceiling	Bulging/Buckling	L3	balcony ceiling bowed	10/5/2022 RCC Invoice
Unit	Bldg 2105	Unit 2110	Health & Safety	Hazards - Sharp Edges	L3	glass on balcony	10/13/2022
Building Exterior	Bldg 2107		Roofs	Damaged Soffits/Fascia/Soffit Vents	L3	fascia damage	10/11/2022
Building Exterior	Bldg 2107		Roofs	Missing/Damaged Shingles	L1	10x10 square	10/13/2022-Invoice
Unit	Bldg 2107	Unit 2105	Outlets/Switches	Missing	L3	outlet and switch covers missing	10/13/2022
Unit	Bldg 2107	Unit 2105	Smoke Detector	Missing/Inoperable	L3	repaired during inspection	6/22/2022
Building Systems	Bldg 2108		Electrical System	Missing Covers	L3	2045 a/c disconnect missing interior panel, exposed wires	10/12/2022 (work order?)
Unit	Bldg 2108	Unit 2045	Doors	Damaged Surface (Holes/Paint/Rusting)	L1	bedroom door separation	10/12/2022
Unit	Bldg 2108	Unit 2045	Outlets/Switches	Missing	L3	removed by painters	10/12/2022
Unit	Bldg 2108	Unit 2045	Smoke Detector	Missing/Inoperable	L3	all SD inoperable-rdi	6/22/2022
Building Exterior	Bldg 2109		Roofs	Damaged Soffits/Fascia/Soffit Vents	L3	fascia damage	10/11/2022

Building Systems	Bldg 2109		Electrical System	Missing Covers	L3	missing interior cover at a/c disconnect.	10/22/2022
Building Systems	Bldg 2109		Fire Protection	Missing/Damaged/Expired Extinguishers	L3	missing extinguisher at office	10/22/2022
Common Areas	Bldg 2109	Walls	Halls/Corridors/Stairs	Damaged	L3	breezeway wall damaged	10/11/2022
Unit	Bldg 2109	Unit 1098	Bathroom	Plumbing - Leaking Faucet/Pipes	L3	leak under bathroom sink	10/13/2022
Unit	Bldg 2109	Unit 1098	Ceiling	Mold/Mildew/Water Stains/Water Damage	L1	paint at ceiling bubbling near kitchen (possible a/c leak)	10/12/2022
Unit	Bldg 2109	Unit 1098	Doors	Damaged Hardware/Locks	L2	bedroom door broken	photo
Unit	Bldg 2109	Unit 1098	Doors	Damaged Surface (Holes/Paint/Rusting)	L3	hole in bathroom door surface (taped)	photo
Unit	Bldg 2109	Unit 1098	Electrical	Missing Breakers/Fuses	L3	missing breaker-repaired during inspection	6/22/2022
Unit	Bldg 2109	Unit 1098	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	headboard blocks secondary window egress	10/12/2022
Unit	Bldg 2109	Unit 1098	Health & Safety	Hazards - Sharp Edges	L3	broken window	9/30/2022
Unit	Bldg 2109	Unit 1098	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	disposal-repaired during inspection	6/22/2022
Unit	Bldg 2109	Unit 1098	Smoke Detector	Missing/Inoperable	L3	repaired during inspection	6/22/2022
Unit	Bldg 2109	Unit 1098	Walls	Damaged	L3	at bedroom near door entry/hole at kitchen	10/13/2022

						wall	
Unit	Bldg 2109	Unit 1098	Windows	Cracked/Broken/Missing Panes	L3	window glass broken from interior	9/30/2022
Building Exterior	Bldg 2111		Health & Safety	Hazards - Sharp Edges	L3	nails protrude from foundation near 1093	10/11/2022
Building Systems	Bldg 2111		Domestic Water	Leaking Central Water Supply	L3	hose bib leaks-will not turn off	10/13/2022
Common Areas	Bldg 2111		Health & Safety	Garbage and Debris - Outdoors	L3	2 bags of trash at 2096	10/11/2022
Unit	Bldg 2111	Unit 2095	Bathroom	Water Closet/Toilet - Damaged/Clogged/Missing	L3	X2 inoperable	10/11/2022
Unit	Bldg 2111	Unit 2095	Doors	Missing Door	L3	bathroom door missing	10/11/2022
Unit	Bldg 2111	Unit 2095	Health & Safety	Infestation - Insects	L3	Roaches	9/7/2022
Unit	Bldg 2112	Unit 1053	Bathroom	Lavatory Sink - Damaged/Missing	L1	x2 tub stop missing	10/11/2022
Building Exterior	Bldg 2113		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	gutter down	10/13/2022_ work order
Building Exterior	Bldg 2113		Roofs	Missing/Damaged Shingles	L1	10X10 square missing/damaged	10/13/2022
Building Exterior	Bldg 2113		Walls	Damaged Chimneys	L3	stucco deteriorated near 1060	10/11/2022-Nman Invoice
Building Systems	Bldg 2113		Sanitary System	Missing Drain/Cleanout/Manhole Covers	L3	missing sewer caps	10/13/2022
Common Areas	Bldg 2113	Doors	Closet/Utility/Mechanical	Damaged Frames/Threshold/Lintels/Trim	L3	door frame at boiler #2-frame/trim damaged	10/11/2022

Common Areas	Bldg 2113	Ceiling	Patio/Porch/Balcony	Bulging/Buckling	L3	patio ceiling bowed	10/11/2022
Unit	Bldg 2115	Unit 1090	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible when entry door is closed	10/11/2022
Unit	Bldg 2115	Unit 1090	Laundry Area	Dryer Vent Missing/Damaged/Inoperable	L3	Repaired during inspection	6/22/2022
Unit	Bldg 2115	Unit 1090	Smoke Detector	Missing/Inoperable	L3	Repaired during inspection	6/22/2022
Unit	Bldg 2115	Unit 2090	Doors	Damaged Surface (Holes/Paint/Rusting)	L3	bathroom door & bedroom door damage	10/12/2022
Unit	Bldg 2115	Unit 2090	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible when entry door is closed	10/6/2022
Unit	Bldg 2115	Unit 2090	Smoke Detector	Missing/Inoperable	L3	removed	10/12/2022
Unit	Bldg 2115	Unit 2090	Walls	Damaged	L2	behind bedroom door & laundry room	10/12/2022
Unit	Bldg 2115	Unit 2090	Windows	Cracked/Broken/Missing Panes	L3	broken window at entry	10/25/2022
Building Exterior	Bldg 2117		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	downspout missing	10/15/2022
Unit	Bldg 2117	Unit 1085	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible when entry door is closed	10/12/2022
Unit	Bldg 2117	Unit 1085	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	disposal inoperable	10/12/2022
Unit	Bldg 2117	Unit 1085	Laundry Area	Dryer Vent Missing/Damaged/Inoperable	L3	not connected	10/12/2022

Unit	Bldg 2117	Unit 1085	Smoke Detector	Missing/Inoperable	L3	repaired during inspection	6/22/2022
Unit	Bldg 2119	Unit 1061	Bathroom	Plumbing - Clogged Drains	L3	toilet inoperable	10/17/2022
Unit	Bldg 2119	Unit 1061	Ceiling	Mold/Mildew/Water Stains/Water Damage	L3	laundry room ceiling, bathroom wall (down stairs) , lav cabinet	10/17/2022
Unit	Bldg 2119	Unit 1061	Doors	Damaged Surface (Holes/Paint/Rusting)	L1	hole in bedroom door	10/22/2022
Unit	Bldg 2119	Unit 1061	Doors	Missing Door	L2	closet door broken off hinges & bathroom closet door	10/17/2022
Unit	Bldg 2119	Unit 1061	Health & Safety	Air Quality - Mold and/or Mildew Observed	L3	laundry room ceiling	10/17/2022
Building Exterior	Bldg 700		Health & Safety	Flammable/Combustible Materials - Improperly Stored	L3	gas can stored on BBQ grill near 1080	10/17/2022
Building Exterior	Bldg 700		Windows	Cracked/Broken/Missing/Cracked Panes	L3	window boarded- broken pane	10/17/2022
Common Areas	Bldg 700		Health & Safety	Flammable/Combustible Materials - Improperly Stored	L3	oil stored on top of BBQ grill	10/17/2022
Unit	Bldg 700	Unit 1073	Outlets/Switches	Missing/Broken Cover Plates	L3	missing under Kitchen sink for disposal	10/12/2022
Unit	Bldg 700	Unit 1073	Smoke Detector	Missing/Inoperable	L3	smoke detector missing	10/12/2022
Unit	Bldg 700	Unit 1073	Stairs	Broken/Missing Hand Railing	L3	interior stair rail missing	10/22/2022
Building Exterior	Bldg 701		Roofs	Damaged Soffits/Fascia/Soffit Vents	L2	soffit separation near	photo submitted

Building Exterior	Bldg 701		Roofs	Missing/Damaged Components from Downspout/Gutter	L3	gutter torn from building roof (hanging)	10/13/2022
Building Exterior	Bldg 701		Walls	Missing Pieces/Holes/Spalling	L2	small hole at stucco near 1008 a/c disconnect	10/4/2022
Building Systems	Bldg 701		Electrical System	Missing Covers	L3	a/c disconnect missing interior cover-exposed wires @ 1008	10/22/2022
Building Systems	Bldg 701		Sanitary System	Broken/Leaking/Clogged Pipes or Drains	L3	sewer leak near 1002	10/22/2022
Building Systems	Bldg 701		Sanitary System	Missing Drain/Cleanout/Manhole Covers	L3		10/17/2022
Unit	Bldg 701	Unit 2004	Windows	Damaged/Missing Screens	L1	window screens missing	10/12/2022
Building Exterior	Bldg 705		Roofs	Damaged Soffits/Fascia/Soffit Vents	L3	northeast side of building-deteriorated	10/11/2022
Building Exterior	Bldg 705		Walls	Cracks/Gaps	L2	separation of wall and deterioration of stucco near 2014, exterior siding loose	10/11/2022
Building Exterior	Bldg 705		Walls	Missing Pieces/Holes/Spalling	L3	2 large holes near 1015 and 1013:	10/11/2022
Common Areas	Bldg 705	Stairs	Halls/Corridors/Stairs	Broken/Missing Hand Railing	L3	near 2018-balester loose	Photo submitted
Unit	Bldg 705	Unit 1016	Smoke Detector	Missing/Inoperable	L3	repaired during inspection	6/22/2022
Building Exterior	Bldg 707		Walls	Missing Pieces/Holes/Spalling	L3	holes cut into exterior wall for plumbing repairs	10/11/2022

Unit	Bldg 707	Unit 1023	Ceiling	Holes/Missing Tiles/Panels	L2	hole at laundry room ceiling-previous a/c leak	10/12/2022
Unit	Bldg 707	Unit 1023	Ceiling	Peeling/Needs Paint	L1	bathroom ceiling	10/12/2023
Building Exterior	Bldg 708		Health & Safety	Hazards - Tripping	L3	cord across sidewalk/walkway	10/22/2022
Building Exterior	Bldg 708		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	gutter broken	Photo submitted
Common Areas	Bldg 708	Stairs	Halls/Corridors/Stairs	Broken/Damaged/Missing Steps	L3	stairwell loose/not secure	Photo submitted
Common Areas	Bldg 708	Walls	Halls/Corridors/Stairs	Damaged	L2	bowing near 2072	Photo submitted
Common Areas	Bldg 709	Ceiling	Patio/Porch/Balcony	Bulging/Buckling	L3	from balcony directly over entry of 1031	Photo submitted
Unit	Bldg 709	Unit 1031	Bathroom	Lavatory Sink - Damaged/Missing	L1	stop inoperable	10/14/2022
Unit	Bldg 709	Unit 1031	Ceiling	Mold/Mildew/Water Stains/Water Damage	L3	leak over tub	10/14/2022
Unit	Bldg 709	Unit 1031	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible	10/14/2022
Unit	Bldg 709	Unit 1031	Health & Safety	Air Quality - Mold and/or Mildew Observed	L3	@ laundry room; under kitchen sink	10/14/2022
Unit	Bldg 709	Unit 1031	Outlets/Switches	Missing/Broken Cover Plates	L3	outlet covers missing	10/14/2022
Unit	Bldg 709	Unit 1031	Walls	Mold/Mildew/Water Stains/Water Damage	L3		10/14/2022

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