

Agenda
WACO HOUSING AUTHORITY & AFFILIATES
4400 Cobbs Drive
MICROSOFT VIRTUAL TEAMS MEETING
DIAL IN: 915-255-2469
CONFERENCE ID: 403 812 847#
Waco, Texas
September 22, 2020
12:00 Noon

- I. Call to Order
- II. Establishment of Quorum
- III. Hearing from Visitors
 - Recognition of Officials
- IV. Approval of Minutes
- V. Updates
 - CARES ACT FUNDING
 - RAD BOARD UPDATE (CLOSING OCTOBER)
 - REMAINING BOARD TRAININGS WITH SHEILA JONES
 - September 24, 2020 9a-11a
 - September 30, 2020 9a-11a
- VI. New Business
 - RESOLUTION NO. 3824 RESOLUTION BY THE BOARD OF COMMISSIONERS OF WACO HOUSING AUTHORITY & AFFILIATES APPROVING THE WACO HOUSING AUTHORITY 2020 HUD ANNUAL PLAN
 - RESOLUTION NO. 3825 RESOLUTION BY THE BOARD OF COMMISSIONERS OF WACO HOUSING AUTHORITY & AFFILIATES APPROVING THE LOW RENT PUBLIC HOUSING BUDGET FOR KATE ROSS, ESTELLA MAXEY, AND SOUTH TERRACE AND THE OPERATING BUDGET FOR CENTRAL COST CENTER AND THE SECTION 8 ADMINISTRATIVE BUDGET FOR THE FISCAL YEAR OCTOBER 1, 2020 TO SEPTEMBER 30, 2021
 - RESOLUTION NO. 3826 RESOLUTION BY THE BOARD OF COMMISSIONERS OF THE WACO HOUSING AUTHORITY & AFFILIATES AUTHORIZING THE PRESIDENT/CEO TO CHARGE OFF \$111,445.99 FROM THE PUBLIC HOUSING BUDGET. THESE AMOUNTS ARE FOR DELINQUENT ACCOUNTS FOR KATE ROSS, ESTELLA MAXEY, AND SOUTH TERRACE DEVELOPMENTS
 - RESOLUTION NO. 3827 RESOLUTION BY THE BOARD OF COMMISSIONERS OF WACO HOUSING AUTHORITY & AFFILIATES AUTHORIZING THE PRESIDENT/CEO TO ENTER INTO A CONTRACT WITH JNA PAINT CONTRACTING OF DALLAS, TEXAS IN THE AMOUNT OF \$80,900.00 FOR THE INTERIOR PAINTING OF 25 UNITS AT ESTELLA MAXEY AND 25 UNITS AT KATE ROSS.
 - RESOLUTION NO. 3828 RESOLUTION AUTHORIZING THE WACO HOUSING AUTHORITY (THE "AUTHORITY") TO TAKE SUCH ACTIONS NECESSARY OR CONVENIENT TO FACILITATE THE DEVELOPMENT OF THE SOUTH TERRACE APARTMENTS (THE "PROJECT")

- RESOLUTION NO. 3829 RESOLUTION APPROVING WACO PUBLIC FACILITY CORPORATION II'S ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING GOVERNMENTAL NOTES (SOUTH TERRACE APARTMENTS) SERIES 2020; APPROVING THE FORM AND SUBSTANCE OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS NECESSARY TO CARRY OUT THE FINANCING OF SUCH MULTIFAMILY RENTAL RESIDENTIAL DEVELOPMENT; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

VII. Consideration of Future Agenda Items

VIII. Adjournment

Synopsis of the Minutes
WACO HOUSING AUTHORITY & AFFILIATES
4400 Cobbs Drive
Board Room
Waco, Texas
August 25, 2020
12:00 Noon

- I. Call to Order
Chair Malcolm Duncan Jr. called the meeting to order at 12:00 p.m.
- II. Establishment of Quorum
Commissioners present: Malcolm Duncan Jr., Susan Cowley, Jon Ramos, Shirley Langston
Commissioners absent Connie Mack
- III. Hearing from Visitors
 - Recognition of Officials
There were no officials present.
- IV. Approval of Minutes
Chair Malcolm Duncan Jr. asked for a motion to approve the minutes of the July 2020 Board Meeting. Commissioner Susan Cowley made the motion and Commissioner Shirley Langston seconded the motion. Chair Malcolm Duncan Jr. called for a vote and the motion passed unanimously.
- V. Updates
President/CEO Milet Hopping updated the Board on the CARES ACT FUNDING and advised the Board that the PH Funds must be spent by December 2020 and the Section 8 funds must be spent by June 2021. A review of the CARES ACT financials was completed with the board. Malcolm Duncan, Board Chair would like to have this topic as a standing agenda item until we figure out ways to spend the funds, so they are not returned to HUD. President/CEO reviewed & discussed the outcome of the recent SOUTH TERRACE TENANT MEETINGS with the board. The recent August 13, 2020 meeting went well with 30 people in attendance in person. This meeting was to allow everyone to vote on the interior design schemes. The winner of the vote was Design scheme B. CITY OF WACO council meetings are going well and as planned. The next meeting is on September 1 to approve the TEFRA. President/CEO Milet Hopping reviewed the CLOSING ON SOUTH TERRACE with the board and advised that closing is planned for Mid-October. Milet asked the board if having a plaque made recognizing the board members and the ST site as a newly RAD Converted site was something they would like to do, everyone approved. Chair of the board Malcolm Duncan also stated that it would be a good idea to put a press release together for the newly converted site and volunteered the Vice Chair, Susan Cowley to write the press release, she graciously agreed. Milet also advised the board that a resolution approving the closing will need to be approved by the board once the legal paperwork is done in September. Finally, the board was updated on the STRATEGIC PLANNING WITH SHIELA JONES- dates have been set for August 31, September 17, 24 & 30th from 9a-11a and Zoom invites will be sent out.
- VI. Department Reports
Administrative Services and Information Technology – Vice President Annie Botsford
Administrative Services
Everything for Admin was usual business.

Information Technology
Everything for IT was usual business.

Operations –Vice President Gloria Dancer
Rising Images
The nonprofit properties continue to do well with rent collection and leasing. All properties are in compliance.
MOD
Everything for IT was usual business.

PUBLIC HOUSING
Everything for public housing was usual business.

MAINTENANCE

The Maintenance Department continues to work on make readies.

Section 8 and Community Services- President/CEO Milet Hopping

Section 8

Everything for S8 was usual business.

Community Services

Everything for CS was usual business.

FINANCE – Vice President Edwina Viera

Everything for Finance was usual business.

- VII. Consideration of Future Agenda Items
CARES ACT FUNDING (Standing Agenda Item)

- VIII. Adjournment
Chair Malcolm Duncan Jr. adjourned the meeting at 1:45 pm.

Secretary

Chairperson of the Board

Seal

RESOLUTION NO. 3824

RESOLUTION BY THE BOARD OF COMMISSIONERS OF WACO HOUSING AUTHORITY & AFFILIATES APPROVING THE WACO HOUSING AUTHORITY 2020 HUD ANNUAL PLAN

WHEREAS, Waco Housing Authority & Affiliates is required by HUD to submit an annual plan, and

WHEREAS, a part of this annual plan is an update of the obligations and expenditures of the Capital Fund Program, and

WHEREAS, the Modernization Department updated the required forms for these obligations and expenditures

WHEREAS, the Modernization Department will utilize these funds on improvements to the development sites, as required in the Housing Act of 1937, Section 9 (j), and

WHEREAS, any changes to agency policies and all other requirements of the Annual Plan are in the attached documentation, and

WHEREAS, all components of the plan have been filled out and updated and the plan is ready for submission, and

WHEREAS, this plan must be approved by the Board of Commissioners, and

WHEREAS, this resolution was considered at a regular meeting open to the public as required by law and notice of the time, place and purpose of said meeting was given as required by Chapter 551 of the Texas Government Code:

NOW, THEREFORE, BE IT RESOLVED THAT the above resolution was adopted by the BOARD OF COMMISSIONERS OF WACO HOUSING AUTHORITY & AFFILIATES on this the 22nd day of September 2020.

Secretary

Chairperson of the Board

(SEAL)

Annual PHA Plan <i>(Standard PHAs and Troubled PHAs)</i>	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 02/29/2016
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Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

Applicability. Form HUD-50075-ST is to be completed annually by **STANDARD PHAs or TROUBLED PHAs**. PHAs that meet the definition of a High Performer PHA, Small PHA, HCV-Only PHA or Qualified PHA do not need to submit this form.

Definitions.

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined, and is not PHAS or SEMAP troubled.

A.	PHA Information.																																
A.1	<p>PHA Name: _____ Waco Housing Authority & Affiliates _____ PHA Code: _____ TX 010 _____</p> <p>PHA Type: <input checked="" type="checkbox"/> Standard PHA <input type="checkbox"/> Troubled PHA</p> <p>PHA Plan for Fiscal Year Beginning: (MM/YYYY): _____ 10/2020 _____</p> <p>PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above)</p> <p>Number of Public Housing (PH) Units _____ 902 _____ Number of Housing Choice Vouchers (HCVs) _____ 2612 _____ Total Combined Units/Vouchers _____</p> <p>PHA Plan Submission Type: <input checked="" type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission</p> <p>Availability of Information. PHAs must have the elements listed below in sections B and C readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans.</p> <p>The PHA Annual Plan is posted at all three Public Housing Development Sites—Estella Maxey – 1809 J J Flewellen , Waco, Texas; Kate Ross, 937 s. 11th, Waco, Texas; South Terrace – 100 Kennedy circle, Waco, Texas; Main Office – 4400 Cobbs Dr., Waco, TX; WHA website www.wacopha.org; a copy is also given to each Resident Council.</p> <p><input type="checkbox"/> PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below)</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2" style="width: 25%;">Participating PHAs</th> <th rowspan="2" style="width: 10%;">PHA Code</th> <th rowspan="2" style="width: 25%;">Program(s) in the Consortia</th> <th rowspan="2" style="width: 20%;">Program(s) not in the Consortia</th> <th colspan="2" style="width: 20%;">No. of Units in Each Program</th> </tr> <tr> <th style="width: 10%;">PH</th> <th style="width: 10%;">HCV</th> </tr> </thead> <tbody> <tr> <td>Lead PHA:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program		PH	HCV	Lead PHA:																							
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		PH	HCV																														
Lead PHA:																																	

B.	Annual Plan Elements					
B.1	<p>Revision of PHA Plan Elements.</p> <p>(a) Have the following PHA Plan elements been revised by the PHA?</p> <p>Y N</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Statement of Housing Needs and Strategy for Addressing Housing Needs</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Financial Resources.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Rent Determination.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Operation and Management.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Grievance Procedures.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Homeownership Programs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Community Service and Self-Sufficiency Programs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Safety and Crime Prevention.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Pet Policy.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Asset Management.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Substantial Deviation.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Significant Amendment/Modification</p> <p>(b) If the PHA answered yes for any element, describe the revisions for each revised element(s):</p> <p>Financial audit was completed with no findings. Chanes to ACOP and Admin Plan are attached</p> <p>(c) The PHA must submit its Deconcentration Policy for Field Office review.</p>					

<p>B.2</p>	<p>New Activities.</p> <p>(a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Hope VI or Choice Neighborhoods.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Mixed Finance Modernization or Development.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Demolition and/or Disposition.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Designated Housing for Elderly and/or Disabled Families.</p> <p><input type="checkbox"/> <input type="checkbox"/> Conversion of Public Housing to Tenant-Based Assistance.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Conversion of Public Housing to Project-Based Assistance under RAD.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Occupancy by Over-Income Families.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Occupancy by Police Officers.</p> <p><input type="checkbox"/> <input type="checkbox"/> Non-Smoking Policies.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Project-Based Vouchers.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Units with Approved Vacancies for Modernization.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).</p> <p>(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project based units and general locations, and describe how project basing would be consistent with the PHA Plan. WHA has applied for RAD and has been accepted. Will be doing all three Public Housing Developments, Estella Maxey, 1809 JJ Flewellen, Kate Ross, 937 S. 11th St., South Terrace, 100 Kennedy Circle, for a total of 902 units. WHA has also implemented a No Smoking policy at all three Public Housing Developments.</p> <p>Rental Assistance Demonstration (RAD)</p> <p>Rental Assistance Demonstration (RAD) The Waco Housing Authority is amending its (annual and/or 5-year) PHA Plan because it was a successful applicant in the Rental Assistance Demonstration (RAD). As a result, The Waco Housing Authority will be converting to (Project Based Vouchers or Project Based Rental Assistance) under the guidelines of H 2019-xx/PIH 2019-xx, REV-4 and any successor Notices. Upon conversion to (Project Based Vouchers or Project Based Rental Assistance) the Authority will adopt the resident rights, participation, waiting list and grievance procedures listed in (For conversions to PBV: Section 1.6 of H 2019-xx/PIH 2019-xx, REV-4; and H-2016-17/PIH-2016- 17; For conversions to PBRA: Section 1.7 of H 2019-xx/PIH 2019-xx, REV-4; and H-2016-17/PIH-2016-17). Waco Housing Authority plans to initially convert 250 unit at South Terrace, with a RAD (PBV) Section 18 blend, currently proposed at 188 + 62 Section 18. Residents housed in a RAD converted unit for no less than one full year will have the opportunity to request a Housing Choice Voucher (HCV).</p> <p>RAD was designed by HUD to assist in addressing the capital needs of public housing by providing Waco Housing Authority and Affiliates with access to private sources of capital to repair and preserve its affordable housing assets. Please be aware that upon conversion, the Authority's Capital Fund Budget will be reduced by the pro rata share of Public Housing Developments converted as part of the Demonstration, and that Waco Housing Authority and Affiliates may also borrow funds to address their capital needs. Waco Housing Authority and Affiliates will also be contributing Operating and Capital Funds towards the conversion.</p> <p>Waco Housing Authority & Affiliates for South Terrace Apartments at 100 Kennedy Circle, Waco, Texas 76706, is including to the Annual Plan 68 One Bedrooms, 94 Two Bedrooms, 64 Three Bedrooms, and 24 Four Bedrooms. WHA may pursue disposition of 62 units under Section 18, as permitted in HUD Notice H-2019-09/PIH-2019-23, Rental Assistance Demonstration REV-4-Final implementation and PIH 2018-04, Demolition and/or disposition of public housing property, eligibility for tenant protection vouchers and associated requirements.</p>
<p>B.3</p>	<p>Civil Rights Certification.</p> <p>Form HUD-50077, <i>PHA Certifications of Compliance with the PHA Plans and Related Regulations</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>

B.4	<p>Most Recent Fiscal Year Audit.</p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y N <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, please describe:</p>
B.5	<p>Progress Report.</p> <p>Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year and Annual Plan.</p> <p>WHA continues to increase the number of Section 8 Landlords participating in the Section 8 program. WHA continues to work with organizations in the City of Waco to revitalize neighborhoods in Waco WHA continues to have new homeowners through our Section 8 Homeownership program and FSS program. WHA continues to maintain Public Housing stock to a high quality by making all needed upgrades and repairs. WHA continues with its RAD program.</p>
B.6	<p>Resident Advisory Board (RAB) Comments.</p> <p>(a) Did the RAB(s) provide comments to the PHA Plan?</p> <p>Y N <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(c) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p>
B.7	<p>Certification by State or Local Officials.</p> <p>Form HUD 50077-SL, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
B.8	<p>Troubled PHA.</p> <p>(a) Does the PHA have any current Memorandum of Agreement, Performance Improvement Plan, or Recovery Plan in place?</p> <p>Y N N/A <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, please describe:</p>
<p>C. Statement of Capital Improvements. Required for all PHAs completing this form that administer public housing and receive funding from the Capital Fund Program (CFP).</p>	
C.1	<p>Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan (HUD-50075.2) and the date that it was approved by HUD.</p> <p>Most recent approved plan was 9/20/17</p>

Instructions for Preparation of Form HUD-50075-ST Annual PHA Plan for Standard and Troubled PHAs

A. PHA Information. All PHAs must complete this section.

A.1 Include the full **PHA Name, PHA Code, PHA Type, PHA Fiscal Year Beginning (MM/YYYY), PHA Inventory, Number of Public Housing Units and or Housing Choice Vouchers (HCVs), PHA Plan Submission Type,** and the **Availability of Information,** specific location(s) of all information relevant to the public hearing and proposed PHA Plan. ([24 CFR §903.23\(4\)\(e\)](#))

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table. ([24 CFR §943.128\(a\)](#))

B. Annual Plan. All PHAs must complete this section.

B.1 Revision of PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the “yes” box. If an element has not been revised, mark “no.” ([24 CFR §903.7](#))

Statement of Housing Needs and Strategy for Addressing Housing Needs. Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA’s strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income), (ii) elderly families and families with disabilities, and (iii) households of various races and ethnic groups residing in the jurisdiction or on the waiting list based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. ([24 CFR §903.7\(a\)\(1\)](#)) Provide a description of the PHA’s strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. ([24 CFR §903.7\(a\)\(2\)\(ii\)](#))

Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions. PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see [24 CFR 903.2](#). ([24 CFR §903.23\(b\)](#)) Describe the PHA’s admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA’s policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR §903.2(b)(2) for developments not subject to deconcentration of poverty and income mixing requirements. ([24 CFR §903.7\(b\)](#)) Describe the PHA’s procedures for maintain waiting lists for admission to public housing and address any site-based waiting lists. ([24 CFR §903.7\(b\)](#)). A statement of the PHA’s policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV. ([24 CFR §903.7\(b\)](#)) Describe the unit assignment policies for public housing. ([24 CFR §903.7\(b\)](#))

Financial Resources. A statement of financial resources, including a listing by general categories, of the PHA’s anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. ([24 CFR §903.7\(c\)](#))

Rent Determination. A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. ([24 CFR §903.7\(d\)](#))

Operation and Management. A statement of the rules, standards, and policies of the PHA governing maintenance and management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA. ([24 CFR §903.7\(e\)](#))

Grievance Procedures. A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants. (24 CFR §903.7(f))

Homeownership Programs. A description of any Section 5h, Section 32, Section 8y, or HOPE I public housing or Housing Choice Voucher (HCV) homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. (24 CFR §903.7(k))

Community Service and Self Sufficiency Programs. Describe how the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. (24 CFR §903.7(l)) A description of: **1)** Any programs relating to services and amenities provided or offered to assisted families; and **2)** Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS. (24 CFR §903.7(l))

Safety and Crime Prevention. Describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must provide development-by-development or jurisdiction wide-basis: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities. (24 CFR §903.7(m)) A description of: **1)** Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; **2)** Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and **3)** Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families. (24 CFR §903.7(m)(5))

Pet Policy. Describe the PHA's policies and requirements pertaining to the ownership of pets in public housing. (24 CFR §903.7(n))

Asset Management. State how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory. (24 CFR §903.7(q))

Substantial Deviation. PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan. (24 CFR §903.7(r)(2)(i))

Significant Amendment/Modification. PHA must provide its criteria for determining a "Significant Amendment or Modification" to its 5-Year and Annual Plan. Should the PHA fail to define 'significant amendment/modification', HUD will consider the following to be 'significant amendments or modifications': a) changes to rent or admissions policies or organization of the waiting list; b) additions of non-emergency CFP work items (items not included in the current CFP Annual Statement or CFP 5-Year Action Plan) or change in use of replacement reserve funds under the Capital Fund; or c) any change with regard to demolition or disposition, designation, homeownership programs or conversion activities. See guidance on HUD's website at: [Notice PIH 1999-51](#). (24 CFR §903.7(r)(2)(ii))

If any boxes are marked "yes", describe the revision(s) to those element(s) in the space provided.

B.2 New Activities. If the PHA intends to undertake any new activities related to these elements in the current Fiscal Year, mark "yes" for those elements, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake these activities, mark "no."

Hope VI or Choice Neighborhoods. **1)** A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Choice Neighborhoods; and **2)** A timetable for the submission of applications or proposals. The application and approval process for Hope VI or Choice Neighborhoods is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>. (Notice PIH 2010-30)

Mixed Finance Modernization or Development. **1)** A description of any housing (including project number (if known) and unit count) for which the PHA will apply for Mixed Finance Modernization or Development; and **2)** A timetable for the submission of applications or proposals. The application and approval process for Mixed Finance Modernization or Development is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>. (Notice PIH 2010-30)

Demolition and/or Disposition. Describe any public housing projects owned by the PHA and subject to ACCs (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and **(2)** A timetable for the demolition or disposition. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed as described in the PHA's last Annual and/or 5-Year PHA Plan submission. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm. (24 CFR §903.7(h))

Designated Housing for Elderly and Disabled Families. Describe any public housing projects owned, assisted or operated by the PHA (or portions thereof), in the upcoming fiscal year, that the PHA has continually operated as, has designated, or will apply for designation for occupancy by elderly and/or disabled families only. Include the following information: **1)** development name and number; **2)** designation type; **3)** application status; **4)** date the designation was approved, submitted, or planned for submission, and; **5)** the number of units affected. **Note:** The application and approval process for such designations is separate from the PHA Plan process, and PHA Plan approval does not constitute HUD approval of any designation. (24 CFR §903.7(i)(C))

Conversion of Public Housing. Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; **2)** An analysis of the projects or buildings required to be converted; and **3)** A statement of the amount of assistance received to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>. (24 CFR §903.7(j))

Conversion of Public Housing. Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA plans to voluntarily convert to project-based assistance under RAD. See additional guidance on HUD's website at: [Notice PIH 2012-32](#)

Occupancy by Over-Income Families. A PHA that owns or operates fewer than two hundred fifty (250) public housing units, may lease a unit in a public housing development to an over-income family (a family whose annual income exceeds the limit for a low income family at the time of initial occupancy), if all the following conditions are satisfied: (1) There are no eligible low income families on the PHA waiting list or applying for public housing assistance when the unit is leased to an over-income family; (2) The PHA has publicized availability of the unit for rental to eligible low income families, including publishing public notice of such availability in a newspaper of general circulation in the jurisdiction at least thirty days before offering the unit to an over-income family; (3) The over-income family rents the unit on a month-to-month basis for a rent that is not less than the PHA's cost to operate the unit; (4) The lease to the over-income family provides that the family agrees to vacate the unit when needed for rental to an eligible family; and (5) The PHA gives the over-income family at least thirty days notice to vacate the unit when the unit is needed for rental to an eligible family. The PHA may incorporate information on occupancy by over-income families into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: [Notice PIH 2011-7. \(24 CFR 960.503\)](#) (24 CFR 903.7(b))

Occupancy by Police Officers. The PHA may allow police officers who would not otherwise be eligible for occupancy in public housing, to reside in a public housing dwelling unit. The PHA must include the number and location of the units to be occupied by police officers, and the terms and conditions of their tenancies; and a statement that such occupancy is needed to increase security for public housing residents. A "police officer" means a person determined by the PHA to be, during the period of residence of that person in public housing, employed on a full-time basis as a duly licensed professional police officer by a Federal, State or local government or by any agency of these governments. An officer of an accredited police force of a housing agency may qualify. The PHA may incorporate information on occupancy by police officers into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: [Notice PIH 2011-7. \(24 CFR 960.505\)](#) (24 CFR 903.7(b))

Non-Smoking Policies. The PHA may implement non-smoking policies in its public housing program and incorporate this into its PHA Plan statement of operation and management and the rules and standards that will apply to its projects. See additional guidance on HUD's website at: [Notice PIH 2009-21. \(24 CFR §903.7\(e\)\)](#)

Project-Based Vouchers. Describe any plans to use Housing Choice Vouchers (HCVs) for new project-based vouchers, which must comply with PBV goals, civil rights requirements, Housing Quality Standards (HQS) and deconcentration standards, as stated in 983.57(b)(1) and set forth in the PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. If using project-based vouchers, provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan. [\(24 CFR §903.7\(b\)\)](#)

Units with Approved Vacancies for Modernization. The PHA must include a statement related to units with approved vacancies that are undergoing modernization in accordance with [24 CFR §990.145\(a\)\(1\)](#).

Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

For all activities that the PHA plans to undertake in the current Fiscal Year, provide a description of the activity in the space provided.

B.3 Civil Rights Certification. Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulation*, must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction. [\(24 CFR §903.7\(o\)\)](#)

B.4 Most Recent Fiscal Year Audit. If the results of the most recent fiscal year audit for the PHA included any findings, mark "yes" and describe those findings in the space provided. [\(24 CFR §903.7\(p\)\)](#)

B.5 Progress Report. For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year PHA Plan. [\(24 CFR §903.7\(r\)\(1\)\)](#)

B.6 Resident Advisory Board (RAB) comments. If the RAB provided comments to the annual plan, mark "yes," submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations. [\(24 CFR §903.13\(c\), 24 CFR §903.19\)](#)

B.7 Certification by State or Local Officials. Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. [\(24 CFR §903.15\)](#). Note: A PHA may request to change its fiscal year to better coordinate its planning with planning done under the Consolidated Plan process by State or local officials as applicable.

B.8 Troubled PHA. If the PHA is designated troubled, and has a current MOA, improvement plan, or recovery plan in place, mark "yes," and describe that plan. If the PHA is troubled, but does not have any of these items, mark "no." If the PHA is not troubled, mark "N/A." [\(24 CFR §903.9\)](#)

C. Statement of Capital Improvements. PHAs that receive funding from the Capital Fund Program (CFP) must complete this section. [\(24 CFR 903.7 \(g\)\)](#)

C.1 Capital Improvements. In order to comply with this requirement, the PHA must reference the most recent HUD approved Capital Fund 5 Year Action Plan. PHAs can reference the form by including the following language in Section C. 8.0 of the PHA Plan Template: "See HUD Form- 50075.2 approved by HUD on XX/XX/XXXX."

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year and Annual PHA Plan.

Public reporting burden for this information collection is estimated to average 9.2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

**Certification by State or Local
 Official of PHA Plans Consistency
 with the Consolidated Plan or
 State Consolidated Plan
 (All PHAs)**

U. S Department of Housing and Urban Development
 Office of Public and Indian Housing
 OMB No. 2577-0226
 Expires 2/29/2016

**Certification by State or Local Official of PHA Plans
 Consistency with the Consolidated Plan or State Consolidated Plan**

I, Bradley Ford, the City Manager of the City of Waco, TX
Official's Name *Official's Title*

certify that the 5-Year PHA Plan and/or Annual PHA Plan of the
Waco Housing Authority
PHA Name

is consistent with the Consolidated Plan or State Consolidated Plan and the Analysis of
 Impediments (AI) to Fair Housing Choice of the
City of Waco, TX
Local Jurisdiction Name

pursuant to 24 CFR Part 91.

Provide a description of how the PHA Plan is consistent with the Consolidated Plan or State
 Consolidated Plan and the AI.

the Waco Housing Authority Annual Plan is consistent with the Consolidated Plan of the city of Waco in that
we continue to maintain our properties to provide decent, safe and sanitary housing for our clients. We
continue to improve our properties and strive to work with our clients to reach self sufficiency. We also
work with the City of Waco to help end homelessness.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will
 prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official Bradley Ford	Title City Manager, City of Waco, TX
Signature 	Date 9/11/20



Sign-in Sheet- Resident Advisory Meeting
Thursday, June 18, 2020

Name	Signature
Milet Hopping	
Gloria Dancer	
Annie Botsford	
Latanya Rector	
Rebecca Ellis	
Earnest Ward	attended virtually
Tonia Jackson	attended virtually
Gerald Davis	attended virtually
Mary Powell	attended virtually





Resident Council Advisory Minutes
June 18, 2020
2:00 p.m.

- I. Welcome
President/CEO Milet Hopping welcomed the groups and introduced everyone. Residents present were Tonia Jackson from Kate Ross, Gerald Davis from South Terrace, Mary Powell from South Terrace.
WHA representatives present were: Earnest Ward, Resident Coordinator, Gloria Dancer, Vice President of Operations, Annie Botsford, Vice President of Administrative Services/Information Technology, LaTanya Rector, Director of Section 8
- II. Changes to the Admin Plan
LaTanya Rector explained all the changes that are being made to the Admin Plan. There were no other questions.
- III. Changes to ACOP & Lease
Gloria Dancer explained all the changes to the ACOP. There were no questions.
- IV. Comments
There were no further comments and the meeting was adjourned.

**ADMISSIONS AND
CONTINUED
OCCUPANCY POLICY
(ACOP)**

REVISED
April ~~2019~~2020

ACOP TABLE OF CONTENTS

1.0	FAIR HOUSING	4
2.0	REASONABLE ACCOMMODATION 24CFR 100.204	4
2.1	COMMUNICATION (CFR 100.60).....	4
2.2	QUESTIONS TO ASK IN GRANTING THE ACCOMMODATION	45
3.0	ACCOMMODATIONS FOR LIMITED ENGLISH PROFICIENCY ASSISTANCE	6
	RIGHT TO PRIVACY	6
4.0	FAMILY OUTREACH	6
5.0	RIGHT TO PRIVACY	6
5.1	FRAUD POLICY.....	6
6.0	REQUIRED POSTINGS	6
7.0	APPLICATION PROCESS	7
7.1	SCHEDULING APPOINTMENTS	7
7.2	RE-SCHEDULING POINTMENTS	7
7.3	MISSED APPOINTMENTS	8
8.0	ELIGIBILITY FOR ADMISSION	8
8.1	INTRODUCTION	8
8.2	ELIGIBILITY CRITERIA.....	8
8.3	GROUND FOR DENIAL.....	10
8.4	INFORMAL REVIEW/HEARING	11
9.0	MANAGING THE WAITING LIST	1112
9.1	OPENING AND CLOSING THE WAITING LIST	11 12
9.2	ORGANIZATION OF THE WAITING LIST	12
9.3	PURGING THE WAITING LIST	12
9.4	REMOVAL OF APPLICANTS FROM THE WAITING LIST	12
9.5	NOTIFICATION OF NEGATIVE ACTIONS	12
10.0	TENANT SELECTION AND ASSIGNMENT PLAN	1213
10.1	PREFERENCES	13
10.2	OCCUPANCY STANDARD	13 14
10.3	SELECTION FROM THE WAITING LIST	14
10.4	OFFER OF A UNIT.....	15
10.5	REJECTION OF UNIT.....	15
10.6	ACCEPTANCE OF A UNIT.....	15
11.0	INCOME, EXCLUSIONS FROM INCOME, AND DEDUCTIONS FROM INCOME	16
11.1	INCOME.....	16
11.2	EXCLUSIONS FROM ANNUAL INCOME	17
11.3	DEDUCTIONS FROM ANNUAL INCOME	19
12.0	VERIFICATION	19
12.1	ACCEPTABLE METHODS OF VERIFICATION	19 20
12.2	TYPES OF VERIFICATION	20
12.3	VERIFICATION OF CITIZENSHIP OR ELIGIBLE NON-CITIZEN STATUS	25
12.4	VERIFICATION OF SOCIAL SECURITY NUMBERS 24 CFR 5.216	26
12.5	TIMING OF VERIFICATION	26 27
12.6	FREQUENCY OF OBTAINING VERIFICATION.....	26 27
13.0	DETERMINATION OF TOTAL TENANT PAYMENT AND TENANT RENT	2627
13.1	FAMILY CHOICE	27
13.2	THE FORMULA METHOD	27
13.3	MINIMUM RENT.....	27
13.4	THE FLAT RENT	28
13.5	RENT FOR FAMILIES UNDER THE NON-CITIZEN RULE	28
13.6	UTILITY ALLOWANCE	29
13.7	PAYING RENT	29
13.8	REPAYMENT AGREEMENT.....	29 30

14.0	CONTINUED OCCUPANCY AND COMMUNITY SERVICE	30
14.1	GENERAL.....	30
14.2	EXEMPTIONS.....	30
14.3	NOTIFICATION OF THE REQUIREMENT.....	3031
14.4	VOLUNTEER OPPORTUNITIES.....	3031
14.5	THE PROCESS.....	31
14.6	NOTIFICATION OF NON-COMPLIANCE WITH COMMUNITY SERVICE REQUIREMENT.....	32
14.7	OPPORTUNITY FOR CURE.....	3132
15.0	RECERTIFICATION/REEXAMINATION	32
15.1	GENERAL.....	32
15.2	MISSED APOINTMENTS	33
15.3	FLAT RENTS.....	3233
15.4	THE FORMULA METHOD	33
15.5	EFFECTIVE DATE OF RENT CHANGES FOR ANNUAL REEXAMINATION	33
15.6	INTERIM REEXAMINATIONS	3334
15.7	SPECIAL REEXAMINATIONS	35
15.8	EFFECTIVE DATE OF RENT CHANGES DUE TO INTERIM OR SPECIAL REEXAMINATIONS...	3435
16.0	UNIT TRANSFERS	3435
16.1	TRANSFER REQUEST	35
16.2	OBJECTIVES OF THE TRANSFER POLICY	35
16.3	CATEGORIES OF TRANSFER	35
16.4	DOCUMENTATION.....	3536
16.5	PROCESSING TRANSFER	36
16.6	COST OF THE FAMILY’S MOVE	3637
16.7	TENANTS IN GOOD STANDING	37
16.8	RIGHT OF THE HOUSING AUTHORITY OF THE CITY OF WACO REGARDING TRANSFER POLICY.....	37
17.0	INSPECTIONS	37
17.1	NOTICE OF INSPECTION.....	37
17.2	MOVE-IN INSPECTION	37
17.3	ANNUAL/HOUSEKEEPING INSPECTION	37
17.4	UNIFORM PROPERTY CONDITION STANDARD (UPCS) PREVENTIVE MAINTENANCE INSPECTION ..	38
17.5	SPECIAL INSPECTION.....	3738
17.6	EMERGENCY INSPECTION.....	3738
17.7	PRE MOVE-OUT INSPECTION	38
17.8	MOVE-OUT INSPETION	38
17.9	INFESTATION POLICY	38
18.0	TERMINATION	39
18.1	TERMINATION BY TENANT	39
18.2	TERMINATION BY THE HOUSING AUTHORITY OF THE CITY OF WACO	39
18.3	ABSENCE FROM UNIT.....	3940
18.4	RETURN OF SECURITY DEPOSIT.....	4041
8.5	GRIEVANCE PROCEDURE	40
19.0	VIOLENCE AGAINST WOMEN’S ACT COMPLIANCE.....	41
	GLOSSARY	46
	ACRONYMS	5253

ADMISSIONS AND CONTINUED OCCUPANCY POLICY

This Admissions and Continued Occupancy Policy defines the Housing Authority of the City of Waco's policies for the operation of its Public Housing Program, incorporating Federal, State and local law. If there is conflict between this policy and laws or regulations, the laws and regulations will prevail.

1.0 FAIR HOUSING (AMENDS TITLE VIII OF CIVIL RIGHTS ACT OF 1968) 24CFR 100.5

It is the policy of the Housing Authority of the City of Waco to fully comply with all Federal, State and local non-discrimination laws, the Americans with Disabilities Act, and the U.S. Department of Housing and Urban Development regulations governing Fair Housing and Equal Opportunity.

No person shall, on the grounds of race, color, sex, religion, national or ethnic origin, familial status, disability or actual or perceived sexual orientation, or gender identity be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the Housing Authority of the City of Waco's programs.

To further its commitment to full compliance with applicable Civil Rights laws, the Housing Authority of the City of Waco will provide Federal, State and local information to applicants/tenants of the Public Housing program regarding discrimination and any recourse available to them if they believe they may be victims of discrimination. Such information will be made available with the application, and all applicable Fair Housing Information and Discrimination Complaint Forms will be made available at the Housing Authority of the City of Waco office. In addition, all written information and advertisements will contain the appropriate Equal Opportunity language and logo.

The Housing Authority of the City of Waco will assist any family that believes they have suffered illegal discrimination by providing them with copies of the appropriate housing discrimination forms. The Housing Authority of the City of Waco will also assist them in completing the forms if requested, and will provide them with the address of the nearest HUD office of Fair Housing and Equal Opportunity.

2.0 REASONABLE ACCOMMODATION 24CFR 100.204

Sometimes people with disabilities may need a reasonable accommodation in order to take full advantage of the Housing Authority of the City of Waco's housing programs and related services. When such accommodations are granted, they do not confer special treatment or advantage for the person with a disability; rather, they make the program accessible to the person in a way that would otherwise not be possible due to his/her disability. This policy clarifies how people can request accommodations and the guidelines the Housing Authority of the City of Waco will follow in determining whether it is reasonable to provide a requested accommodation. Because disabilities are not always apparent, the Housing Authority of the City of Waco will ensure that all applicants/tenants are aware of the opportunity to request reasonable accommodation.

2.1 COMMUNICATION (CFR 100.60)

Anyone requesting an application will also receive a Request for Reasonable Accommodation form. Notification of re-examination will include information about requesting a reasonable accommodation.

All decisions granting or denying requests for reasonable accommodation will be in writing.

2.2 QUESTIONS TO ASK IN GRANTING THE ACCOMMODATION

- A. Is the requestor a person with disabilities? For this purpose the definition of a person with disabilities is different than the definition used for admission. The Fair Housing definition used for this purpose is:

A person with a physical or mental impairment that substantially limits one or more major life activities, has a record of such impairment, or is regarded as having such impairment. (The disability may not be apparent to others, i.e., a heart condition).

If the disability is apparent or already documented, the answer to this question is yes. It is possible that the disability for which the accommodation is being requested is a disability other than the apparent disability. If the disability is not apparent or documented, the Housing Authority of the City of Waco will obtain verification that the person is a person with a disability.

- B. Is the requested accommodation related to the disability? If it is apparent that the request is related to the apparent or documented disability, the answer to this question is yes. If it is not apparent, the Housing Authority of the City of Waco will obtain documentation that the requested accommodation is needed due to the disability. The Housing Authority of the City of Waco will not inquire as to the nature of the disability.

- C. Is the requested accommodation reasonable? In order to be determined reasonable, the accommodation must meet two criteria:

1. Would the accommodation constitute a fundamental alteration? The Housing Authority of the City of Waco's business is housing. If the request would alter the fundamental business that the Housing Authority of the City of Waco conducts, that would not be reasonable. For instance, the Housing Authority of the City of Waco would deny a request to have the Housing Authority of the City of Waco do grocery shopping for a person with disabilities.
2. Would the requested accommodation create an undue financial hardship or administrative burden? Frequently the requested accommodation costs little or nothing. If the cost would be an undue burden, the Housing Authority of the City of Waco may request a meeting with the individual to investigate and consider equally effective alternatives.

- D. Generally the individual knows best what it is they need. However, the Housing Authority of the City of Waco retains the right to be shown how the requested accommodation enables the individual to access or use the Housing Authority of the City of Waco's programs or services.

If more than one accommodation is equally effective in providing access to the Housing Authority of the City of Waco's programs and services, the Housing Authority of the City of Waco retains the right to select the most efficient or economic choice.

The cost necessary to carry out approved requests, including requests for physical modifications, will be borne by the Housing Authority of the City of Waco if there is no one else willing to pay for the modifications. If another party pays for the modification, the Housing Authority of the City of Waco will seek to have the same entity pay for any restoration costs.

If the tenant requests as a reasonable accommodation that they be permitted to make physical modifications at their own expense, the Housing Authority of the City of Waco will generally approve such request if it does not violate codes or affect the structural integrity of the unit.

Any request for an accommodation that would enable a tenant to materially violate essential lease terms will not be approved, i.e. allowing nonpayment of rent, destruction of property, disturbing the peaceful enjoyment of others, etc.

3.0 ACCOMMODATIONS FOR LIMITED ENGLISH PROFICIENCY ASSISTANCE SERVICES FOR NON-ENGLISH SPEAKING APPLICANTS AND TENANTS

In order to better serve those applicants with Limited English Proficiency, WHA will do the following:

- Post signs in the lobby to request assistance with the application

- Online applications will be provided in the two most common languages for our area - Have bilingual staff available by appointment and phone
- Allow assistance to the participant from a family member or friend for translation purposes.
- Train staff on use of computer internet programs available for translation, i.e. www.Freetranslator.com
- Provide translated materials as provided by HUD
- WHA will, when needed, provide professional translation services at no cost to the participant.

The Authority retains the right to select the most efficient or economic choice.

4.0 FAMILY OUTREACH

The Housing Authority of the City of Waco will publicize the availability and nature of its Public Housing program for extremely low-income, very low and low-income families in a newspaper of general circulation, minority media, and by other suitable means.

To reach people who cannot or do not read the newspapers; the Housing Authority of the City of Waco will distribute fact sheets to initiate personal contacts with members of the community service personnel. The Housing Authority of the City of Waco will also try to utilize public service announcements.

The Housing Authority of the City of Waco will communicate the status of housing availability to other service providers in the community and inform them of housing eligibility factors and guidelines so they can make proper referrals for the Public Housing Program.

5.0 RIGHT TO PRIVACY

All adult members of both applicant and tenant households are required to sign HUD Form 9886, Authorization for Release of Information and Privacy Act Notice. The Authorization for Release of Information and Privacy Act Notice states how family information will be released, and includes the Federal Privacy Act Statement.

Any request for applicant or tenant information will not be released unless there is a signed release of information request from the applicant or tenant.

5.1 FRAUD POLICY

The Housing Authority of the City of Waco will reject any application for housing or terminate a tenant lease if it is determined that the applicant/tenant misrepresented any information related to eligibility, award of any preference for admission, housing/rental history, allowance, family composition or rent at time of application or at annual recertification. Tenants that commit fraud in the amount of \$2,500.00 or more will be subject to termination and prosecution. (Fraud is failure to report income)

6.0 REQUIRED POSTINGS

In each of its offices, the Housing Authority of the City of Waco will post, in a conspicuous place and at a height easily read by all persons, including persons with mobility disabilities, the following information:

- A. Statement of Policies and Procedures Governing Admission and Continued Occupancy (available upon request)
- B. Notice of the status of the Waiting List (opened or closed)
- C. A listing of all developments by name, address, number of units, units designed with special accommodations, address of all development offices, office hours, telephone numbers, TDD numbers, and tenant facilities and hours of operation
- D. Income limits for admission
- E. Excess utility charges
- F. Utility allowance schedule
- G. Current schedule of routine Maintenance Charges
- H. Dwelling Lease
- I. Grievance Procedure
- J. Fair Housing Poster

- K. Equal Opportunity in Employment Poster
- L. Any current Housing Authority of the City of Waco notices
- M. Any other information as may be required by Federal, State and local law

7.0 APPLICATION PROCESS

- (A) Families wishing to apply for the Public Housing program will be required to complete an application for housing assistance. Pre- Applications will be accepted by applying online at wacopha.org
- (B) Applications are taken to compile a waiting list. Due to the demand for housing in the Housing Authority of the City of Waco’s jurisdiction, the Housing Authority of the City of Waco may take applications on an open enrollment basis, depending on the length of the waiting list.
- (C) Completed application will be required at orientation for eligibility
- (D) Persons with disabilities who require a reasonable accommodation in completing an application may call the Housing Authority of the City of Waco to make special arrangements. A Telecommunication Device for the Deaf (TDD) is available for the deaf. The TDD telephone number is 1-800432-2690..
- (E) The application process will involve one phase. The application for housing assistance requires the family to provide basic information to establish placement on the waiting list.
- (F) Upon receipt of the family’s pre-I application, the Housing Authority of the City of Waco will make a preliminary determination of eligibility. The Housing Authority of the City of Waco will notify the family in writing of the date and time of placement on the waiting list, and the approximate waiting period before housing may be offered. If the Housing Authority of the City of Waco determines the family to be ineligible, the notice will state the reason(s) for the ineligibility, and the Housing Authority of the City of Waco will offer the family the opportunity for an informal review of the determination.
- (G) The applicant must report changes in their applicant status, including changes in family composition income, or preference factors. The Housing Authority of the City Waco will annotate the applicant’s file and will update their place on the waiting list. In order to ensure that the family income and compositin data provided by applicant or participant families is complete and accurate, WHA will review all relevant information provided and available to it, including but not limited to confirmation of information provided by and applicant or participant family by contacting relevant agencies, organizations, employers, or others as necessary and reviewing any relevant court orders, contracts, agreements, statements, social media, and other means as may be permitted by law. (H)
 The completion of a full application takes place when the family is scheduled for orientation. The Housing Authority of the City of Waco will ensure that verification of all preferences, eligibility, suitability and selection factors are current in order to determine the family’s final eligibility for admission into the Public Housing program.

7.1 SCHEDULING APPOINTMENTS

All applicants will be notified in writing, of their orientation/interview appointment date and time, in order to complete the application process. Due to number of applicants on waiting list and availability of unit’s orientation/interview may be schedule ninety (90) days prior to move-in. Applicants that cannot verify preference at time of orientation/interview will be placed back on the waiting list and required to complete a change form.

The head of household and all adult family members are required to attend the orientation/interview for eligibility. The head of household and all adult family members must sign the appropriate consent and application forms at the time of the orientation/interview. Applicants that are more than 15 minutes late will not be allowed in the orientation they will need to request to be reschedule. Children are not permitted in orientation.

7.2 RE-SCHEDULING APPOINTMENTS

The applicant may re-schedule the orientation/interview appointment for good cause, providing the family contacts the Housing Authority of the City of Waco at least 24 hours prior to the scheduled orientation/interview date and time.

The applicant may not re-schedule an appointment more than two (2) times, except under verifiable, extraordinary circumstances. In such case, the Housing Authority of the City of Waco will work closely with the applicant family to find a suitable time to meet. The Housing Authority of the City of Waco will assist any applicant who may request reasonable accommodation due to a disability.

7.3 MISSED APPOINTMENTS

The name of any applicant who fails to keep a scheduled appointment, and fails to notify the Housing Authority of the City of Waco and re-schedule an appointment /orientation within 72 hours will be sent a notice of termination of the process for eligibility and his/her name will be removed from the waiting list.

The name of any applicant will be removed from the waiting list if his/her appointment letter is returned to the Housing Authority of the City of Waco by the U.S. Postal Service as “Undeliverable” or “Addressee Unknown”.

Written notification to the applicant that his/her name is being removed from the waiting list will also inform the applicant of his/her right to request an informal review.

8.0 ELIGIBILITY FOR ADMISSION

8.1 INTRODUCTION

There are five (5) eligibility requirements for admission to Public Housing: qualifies as a family, has an income within the income limits, meets citizenship/eligible immigrant criteria, provides documentation of Social Security numbers, and signs consent authorization documents. In addition to the eligibility criteria, a family must also meet the Housing Authority of the City of Waco screening criteria in order to be admitted to Public Housing. Families include but are not limited to the following regardless of actual perceived sexual orientation, gender or marital status

8.2 ELIGIBILITY CRITERIA

- A. Family status
1. A **family with or without children**. Such a family is defined as a group of people related by blood, marriage, adoption or affinity that live together in a stable family relationship.
 - a. Children temporarily absent from the home due to placement in foster care are considered family members.
 - b. Unborn children and children in the process of being adopted are considered family members for the purpose of determining bedroom size, but are not considered family members for determining income limit.
 2. An **elderly family**, which is:
 - a. A family whose head, spouse, or sole member is a person who is at least 62 years of age;
 - b. Two or more persons who are at least 62 years of age living together; or
 - c. One or more persons who are at least 62 years of age living with one or more live-in aides.
 3. A **near-elderly family**, which is:
 - a. A family whose head, spouse, or sole member is a person who is at least 50 years of age, but below the age of 62;
 - b. Two or more persons who are at least 50 years of age, but below the age of 62, living together; or
 - c. One or more persons; who are at least 50 years of age, but below the age of 62, living with one or more live-in aides
 4. A **disabled family**, which is:
 - a. A family whose head, spouse, or sole member is a person with disabilities;
 - b. Two or more persons with disabilities living together; or
 - c. One or more persons with disabilities living with one or more live-in aides.
 5. A **displaced family**, which is a family in which each member, or whose sole member has been displaced by governmental action, or whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.
 6. A **remaining member of a tenant family** who is a member of a Public Housing family listed on the lease who continues to live in the Public Housing dwelling after all other family members

have left the dwelling.

7. A **single person** who is not an elderly or displaced person, a person with disabilities, nor the remaining member of a tenant family.

B. Income Eligibility

1. To be eligible for Public Housing, an applicant must have an annual income that is no more than the “Lower Income” limit set by HUD. This means the family income cannot exceed 80 percent of the median income for the area.
2. To be eligible for admission to development units that were available on or after 1981, the family’s income must be within the very low-income limit set by HUD, unless HUD grants an exception. This means that without a HUD exception, the family income cannot exceed 50 percent of the median income for the area.
3. Income limits apply at admission and are applicable for continued occupancy. 24 CFR 960.261
4. A family may not be admitted to the Public Housing program from another assisted housing program or from a Public Housing program operated by another housing authority without meeting the income requirements of the Housing Authority of the City of Waco.
5. If the Housing Authority of the City of Waco acquires a property for federal Public Housing purposes, the families living there must have incomes within the low-income limit in order to be eligible to remain as Public Housing tenants.
6. Income limit restrictions do not apply to families transferring within the Public Housing program of the Housing Authority of the City of Waco.

C. Citizenship/Eligibility Status

1. To be eligible each member of the family must be a citizen, national, or a non-citizen who has eligible immigration status under one of the categories set forth in Section 214 of the Housing and Community Development Act of 1980 (see 42 U.S.C. 143a(a)).
2. Family eligibility for assistance:
 - a. A family shall not be eligible for assistance unless every member of the family residing in the unit is determined to have eligible status, with the exception noted below.
 1. Despite the ineligibility of one or more family members, a mixed family may be eligible for one of three types of assistance.
 2. A family without any eligible members and receiving assistance on June 19, 1995 may be eligible for temporary deferral of termination of assistance.
3. Social Security Number Documentation 24 CFR 5.216
To be eligible, all family members must provide a Social Security Number or certify that they do not have one.

In accordance with 24 CFR 5.216, applicants and participants (including each member of the household) are required to disclose his/her assigned SSN, with the exception of the following individuals:

- a. Those individuals who do not contend to have eligible immigration status (Individuals who may be unlawfully present in the United States). These Individuals in most instances would not be eligible for a SSN.

1. A family that consists of a single household member (including a pregnant Individual) who does not have eligible immigration status is **not eligible** for housing assistance and cannot be housed.

2. A family that consists of two or more household members **and at least one** household member that has eligible immigration status, is classified as a mixed family, and **is eligible** for prorated assistance in accordance with 24 CFR 5.520. The PHA may **not** deny assistance to mixed families due to nondisclosure of an SSN by an individual who does not contend to have eligible immigration status.

- b. Existing program participants as of January 31, 2010, who have previously disclosed their SSN and HUD has determined the SSN to be valid. PHAs may

confirm HUD's validation of the participant's SSN by viewing the household's *Summary Report* or the *Identity Verification Report* in the EIV system.

c. Existing program participants as of January 31, 2010, who are 62 years of age or older, and had not previously disclosed a valid SSN. This exemption continues even if the individual moves to a new assisted unit.

Penalties for failure to disclose and/or provide documentation of SSN of applicant and/or household members will be denied, however if family is otherwise eligible to participate on program the family may maintain his/her position on the waiting list for a period of ninety (90) days from the date of admissions. 24 CFR 5.218

- D. Signing Consent Forms
1. In order to be eligible, each member of the family who is at least 18 years of age, and each family head and spouse regardless of age, shall sign one or more consent forms.
 2. The consent form must contain, at a minimum, the following:
 - A. A provision authorizing HUD or the Housing Authority of the City of Waco to verify with previous or current employers income information pertinent to the family's eligibility for, or level of assistance;
 - B. A provision authorizing HUD to request income verification from the IRS and the SSA for the sole purpose of verifying income information pertinent to the family's eligibility or level of benefits; and
 - C. A statement that the authorization to release the information requested in the consent form expires 15 months after the date the consent form is signed.

8.3 GROUNDS FOR DENIAL

The Housing Authority of the City of Waco is not required or obligated to assist applicants who:

- A. Do not meet any one or more of the eligibility criteria;
- B. Do not supply information or documentation required by the application process;
- C. Have failed to respond to two (2) written requests for information within 30 days, or a request to declare their continued interest in the program within a specified deadline.
- D. Have a history of not meeting rent obligations.
- E. Do not have the ability to maintain their housing in a decent and safe condition where such habits could adversely affect the health, safety, or welfare of other tenants.
- F. Have a history/pattern (up to 5 years) of criminal activity by any household member involving crimes of physical violence against persons or property, and any other criminal activity including drug-related criminal activity that would adversely affect the health, safety, or well being of other tenants or staff, or cause damage to the property;
- G. Have a history of disturbing neighbors or destruction of property;
- H. Currently owes rent or other charges to any Public Housing authority, any other assisted housing program, or private property owners;
- I. Have committed fraud, bribery or any other corruption in connection with any housing assistance program, including the intentional misrepresentation of information related to their housing application or benefits derived there from;
- J. Were evicted from any assisted housing within three (3) years of the projected date of admission because of drug-related criminal activity involving personal use, or possession for personal use;
- K. Were evicted from any assisted housing within five (5) years of the projected date of admission because of drug-related criminal activity involving the illegal manufacture, sale, distribution, or possession with the intent to manufacture, sell, or distribute a controlled substance as defined in Section 102 of the Controlled Substances Act, 21 U.S.C. 802; Prior to Waco Housing Authority termination of application due to criminal record applicants will be provided with an opportunity to dispute the accuracy and relevance of the record before termination of application.
- L. Have a prior record of illegally using a controlled substance or are abusing alcohol in a way that may interfere with the health, safety, or right to peaceful enjoyment of the premises by other tenants. The

Housing Authority of the City of Waco may waive this requirement if:

1. The applicant demonstrates to the Housing Authority of the City of Waco's satisfaction that the person is no longer engaging in drug-related criminal activity or abuse of alcohol or any criminal activity;
 2. The applicant has successfully completed a supervised drug or alcohol rehabilitation program;
 3. The applicant has otherwise been rehabilitated successfully, or
 4. The applicant is participating in a supervised drug or alcohol rehabilitation program.
- M. Have engaged in or threatened abusive or violent behavior toward any Housing Authority of the City of Waco tenant(s), personnel, contractor, or approved worker;
- N. Have a household member who has ever been evicted from Public Housing;
- O. Have a household member who has been terminated under the Certificate of Voucher Program due to violation of family obligations;
- P. **Denied for Life:** If any family member has been convicted of manufacturing or producing methamphetamine in a Public Housing development or in any other federally assisted property;
- Q. **Denied for Life:** Has a lifetime registration under a State sex offender registration program.
- R. Applicants evicted from Public Housing for failing to do mandatory community service hours per QWHRA guidelines, will have a 12 month period of ineligibility for Public Housing services beginning from the date of eviction, move-out or termination. .

The Housing Authority may use the following verifications for criminal history background, local police department, TX.DOT (Texas Department of Public Safety, Tenant Tracker or any other available access to criminal background history. Criminal reports for eligibility and informal hearings will be discarded after review.

8.4 INFORMAL REVIEW/HEARING

- A. If the Housing Authority of the City of Waco determines that an applicant does not meet the criteria for receiving Public Housing assistance, the Housing Authority of the City of Waco will promptly provide the applicant with written notice of the determination. The notice must contain a brief statement of the reason(s) for the decision and that the applicant may request, in writing, an informal review of the decision within ten (10) calendar days of the date of the denial correspondence. If the reason for denial is money owed to the WHA or another housing agency applicant will be notified of denial and given fourteen (14) days to repay the debt or be removed from the waiting list. Prior to Waco Housing Authority denying admission due to criminal record applicants will be provided with an opportunity to dispute the accuracy and relevance of the record before denial of admission.

The informal review may be conducted by the Director of Housing ~~Management Operations~~ or ~~Assistant Director~~ other representative of Public Housing that did not process denial. The applicant must be given the opportunity to present written or oral objections to the Housing Authority of the City of Waco's decision. The Housing Authority of the City of Waco must notify the applicant of the final decision within ten (10) calendar days after the informal review, including a brief statement of the reason(s) for the final decision.

- B. A participating family may request, in writing, that the Housing Authority of the City of Waco provide for an informal hearing after the family has received notification of an INS decision regarding their citizenship status on appeal, or in lieu of request of appeal to the INS. This request must be made by the participant family within thirty (30) days of receipt of the Notice of Denial or Termination of Assistance, or within thirty (30) days of receipt of the INS appeal decision.

9.0 MANAGING THE WAITING LIST

9.1 OPENING AND CLOSING THE WAITING LIST

Opening of the waiting list will be announced with a public notice stating that applications for Public Housing will again be accepted. The public notice will state where, when, and how to apply for Public Housing. The notice will be published in a local newspaper of general circulation, and also by any available minority media. The public

notice will state any limitations to who may apply.

The notice will state that applicants already on a waiting list for other housing programs must apply separately for this program, and that such applicants will not lose their place on other waiting lists when they apply for Public Housing. The public notice will include the Fair Housing logo and slogan, and will be in compliance with Fair Housing requirements.

Closing the waiting list will also be announced with a public notice. The public notice will be published in a local newspaper of general circulation, and also by any available minority media.

9.2 ORGANIZATION OF THE WAITING LIST

The waiting list will be maintained in accordance with the following guidelines:

- A. The application will be kept on file for a period of up to three years or until offer of occupancy or rejection;
- B. All applications will be maintained in order of bedroom size, preference, and then in order of date and time of application; and preference have no weighted points.
- C. Any contact between the Housing Authority of the City of Waco and the applicant will be documented in the applicant's file.
- D. All preference claimed on full application will be verified at the time of orientation, applicants will be notified if eligible for preference.

9.3 PURGING THE WAITING LIST

The Housing Authority of the City of Waco will update and purge its waiting list every ninety (90) days from date of application to ensure that the pool of applicants reasonably represents the interested families for whom the Housing Authority of the City of Waco has current information, i.e., applicant's address, family composition, income category, and preferences.

9.4 REMOVAL OF APPLICANTS FROM THE WAITING LIST

The Housing Authority of the City of Waco will not remove an applicant's name from the waiting list unless:

- A. The applicant requests, in writing, that the name be removed;
- B. The applicant fails to respond to a written request for information or a request to declare their continued interest in the program within ten (10) calendar days;
- C. The applicant does not meet either the eligibility or suitability criteria for the program;
- D. The applicant has committed fraud on the application: or
- E. The applicant refuses two offers of assistance even with good cause.
- F. Reasonable efforts to contact the applicant to determine continued interest have been unsuccessful.

9.5 NOTIFICATION OF NEGATIVE ACTIONS

Any applicant whose name is being removed from the waiting list will be notified by the Housing Authority of the City of Waco, in writing, that they will have ten (10) calendar days from the date of the written correspondence to request an informal review and present mitigating circumstances. The letter will also indicate that their name has been removed from the waiting list.

The Housing Authority of the City of Waco's system of removing applicant names from the waiting list will not violate the rights of persons with disabilities. If an applicant claims that their failure to respond to a request for information or updates was caused by a disability, the Housing Authority of the City of Waco will verify that there is in fact a disability, that the disability caused the failure of the applicant to respond, and the Housing Authority of the City of Waco will provide reasonable accommodation. An example of a reasonable accommodation would be to reinstate the applicant on the waiting list based on the date and time of the original application.

10.0 TENANT SELECTION AND ASSIGNMENT PLAN

10.1 PREFERENCES

The Housing Authority of the City of Waco will select families based on the following preferences within each bedroom size category: . Local preference(s) must be verified by written documentation at the time of orientation and/or eligibility appointment. The applicant must be able to provide written documentation for all preferences claimed on the local preference claim form. If a Preference has been selected, it may be changed at the time of eligibility (if the applicant's circumstances have changed) because the selection criteria are not based upon the type of preference. However, it must match one or more of the local preferences established by Waco Housing Authority & Affiliates. Families include but are not limited to the following regardless of actual perceived sexual orientation, gender or marital status Consistent with Waco Housing Authority & Affiliates Agency Plan, Waco Housing Authority & Affiliates will select families based on the following preferences. Preferences carry one weight. Homeless (must meet definitions) or victims of domestic violence preferences carry two weights both of which must have required documentation.

- A. Veteran
- B. Employment
- C. Elderly
- D. Disabled and Handicapped (Head of Household)
- E. Job Training/School
- F. Domestic Violence
- G. Federal Preference (person (s) displaced by a federally declared disaster.)
- H. Homeless as defined by HUD or McKinney - Vento definition of Homeless
- I . Residency Preferences

The date and time of application will be noted to determine the sequence within the above local preferences. Federal preference precedes all other preferences.

Notwithstanding the above, families who are elderly or disabled will be offered housing before other single persons.

Buildings Designed for the Elderly and Disabled: Preference will be given to elderly and disabled families. If there are no elderly or disabled families on the waiting list, preference will then be given to near-elderly families. All such families will be selected from the waiting list using the preferences as outlined above.

Accessible Units: Accessible units will be offered first to families who may benefit from the accessible features. Applicants for these units will be selected utilizing the same preference system as outlined above. If there are no applicants who would benefit from the accessible features, the units will be offered to other applicants in the order that their names come to the top of the waiting list. Such applicants however, must sign a waiver stating that they will transfer to a suitable unit at their own expense, if in the future a family requiring an accessible unit needs their unit. Any family required to transfer under this condition will be given a 30-day notice.

10.2 OCCUPANCY STANDARD

The following guidelines will determine each family's unit size without overcrowding or over-housing:

Number of Bedrooms	Number of Persons
--------------------	-------------------

	Minimum	Maximum
0	1	1
1	1	2
2	2	4
3	3	6
4	4	8

These standards are based on the assumption that each bedroom will accommodate no more than two (2) persons. Zero (0) bedroom units will be assigned to one-person families only.

In determining bedroom size, an unborn child will not be counted as a person in determining size the PHA will count children who are in the process of being adopted, children whose custody is being obtained, or children who are temporarily in foster-care.

In addition, the following considerations may be taken in determining bedroom size:

- A. Children of the same sex may share a bedroom.
- B. Children of the opposite sex under the age of two (2) may share a bedroom.
- C. An adult and a child, two (2) years old or younger, may be required to share a bedroom.
- D. Foster adults and/or foster children will not be required to share a bedroom with a family member.
- E. Live-in aides will get a separate bedroom.
- F. Person of different generation, persons of the opposite sex other than spouse, and unrelated adults may have separate rooms.

Exceptions to normal bedroom size standards include the following:

- A. Units smaller than assigned through the above guidelines - A family may request a smaller size unit than the guidelines allow. The Housing Authority of the City of Waco will allow the smaller size unit so long as no more than two (2) people per bedroom are assigned. In such situations the family will sign a certification stating that they understand they will be ineligible for a larger size unit for one (1) year or until the family size changes, whichever occurs first.
- B. Units larger than assigned through the above guidelines - A family may request a larger size unit than the guidelines allow. The Housing Authority of the City of Waco will allow the larger size unit if the family provides a verified medical need that the family be housed in a larger unit.
- C. If there are no families on the waiting list for a larger size unit, families may be housed if they sign a waiver stating that they will transfer to an appropriately size unit at their own expense when an eligible family qualifies for the larger unit. Any family required to transfer under this condition will be given a 30-day notice.
- D. Larger units may be assigned in order to improve the marketing of a development suffering a high vacancy rate.

10.3 SELECTION FROM THE WAITING LIST

The Housing Authority of the City of Waco shall follow the statutory requirement that at least 40% of newly admitted families in any fiscal year be families whose annual income is at or below 30% of the area median income. To ensure this requirement is met the Housing Authority of the City of Waco will quarterly monitor the incomes of newly admitted families and the incomes of the families on the waiting list. If it appears that the requirement to house extremely low-income families will not be met, the Housing Authority of the City of Waco will skip higher income families on the waiting list in order to reach extremely low-income families.

If there are not enough extremely low-income families on the waiting list, the Housing Authority of the City of Waco will conduct outreach on a non-discriminatory basis to attract extremely low-income families in order to reach the statutory requirement.

The preferences are not ranked and each preference carries the same weight. The Housing Authority may admit an applicant for participation in the program either as a special admission funds designated for HUD approved persons or as a waiting list admission.

If HUD awards' funding that is targeted for families with specific characteristics or families living in specific units, Waco Housing Authority & Affiliates will use the assistance for those families.

10.4 OFFER OF A UNIT

When the Housing Authority of the City of Waco determines that a unit will become available, it will contact the first family on the waiting list who has the highest priority for the type of unit.

Families include but are not limited to the following regardless of actual perceived sexual orientation, gender or marital status

An assisted family, or members of the family, may not receive Public Housing assistance while receiving another housing subsidy, for the same unit or for a different unit, under any duplicative (as determined by HUD or in accordance with HUD requirements) Federal, State or local housing assistance program.

The Housing Authority of the City of Waco will contact the family first by telephone to make the unit offer. If the family cannot be reached by telephone, the family will be notified of a unit offer via first class mail. The family will be given five (5) business days from the date the letter was mailed to contact the Housing Authority of the City of Waco regarding the offer.

The family will be offered the opportunity to view the unit after a move-in letter is issued. After the opportunity to view the unit, the family may either accept or reject the unit. This verbal or written offer and the family's decision must be documented in the applicant file. If the family rejects the offer of the unit, the Housing Authority of the City of Waco will send the family a letter documenting the offer and the rejection.

10.5 REJECTION OF UNIT

1. The eligible applicant must accept the vacancy offered or be moved to the bottom of the waiting list.
2. The applicant shall be offered a unit at the location where the unit has remained vacant the longest, if s/he rejects the unit without good cause, the applicant will forfeit their applications date and time. The applicant will keep their preferences, but the date and time of application will be changed to the date and time the unit was rejected.
3. If an applicant rejects, with good cause, a unit offered, the applicant will not lose his/her place on the waiting list. Good cause includes, but is not limited to, reasons related to health, proximity to work, school and childcare. The applicant family will be offered the right to an informal review of any decision to alter their application status.
4. Rejection of a unit twice with/without good cause will result in being removed from applicant waiting list.

10.6 ACCEPTANCE OF A UNIT

The family will be required to sign a lease that will become effective immediately the day it is signed.

Following initial acceptance for occupancy and at the signing of the lease, all adult family members will be required to attend a Lease and Occupancy Orientation with management staff. Applicants who provide prior notice of an inability to attend the orientation will be rescheduled. Failure of an applicant to attend the orientation, without good cause, may result in the cancellation of the occupancy process.

At the Lease and Occupancy Orientation, the applicant family will be provided a copy of the Lease, the Grievance Procedure, utility allowances, utility charges, a current schedule of routine maintenance charges, Request for Reasonable Accommodation form and Smoke Detector form. These documents will be explained in detail. The applicant family will sign a lease that it has received the documents and that it has reviewed them with Housing Authority of the City of Waco personnel. The lease will be filed in the applicant/tenant file.

The family will pay rent due and Security Deposit at the time of lease signing. The Security Deposit will be \$200.00 or \$150.00. In exceptional situations, the Housing Authority of the City of Waco reserves the right to allow a new tenant to pay the Security Deposit in two (2) payments. One-half shall be paid at the time of rental,

and one-half with the second rent payment. This practice shall be at the discretion of the Housing Authority of the City of Waco.

In the case of a move within Public Housing, the Security Deposit for the first unit will be transferred to the second unit.

In the event there are costs attributable to the family for bringing the first unit into condition for re-renting, the family shall be billed for the charges.

Members of the household may engage in legal profit making activities in the unit, but only if such activities are incidental to primary use of the unit for residence by members of the family. Any business uses of the unit must comply with zoning requirements. The affected household member must obtain all appropriate licenses, management approval, and must promptly notify WHA within 10 days of change of income.

11.0 INCOME, EXCLUSIONS FROM INCOME, AND DEDUCTIONS FROM INCOME

To determine annual income, the Housing Authority of the City of Waco includes the income of all family members, excluding the types and sources of income that are specifically excluded. Once the annual income is determined, the Housing Authority of the City of Waco deducts all allowable deductions to determine the Total Tenant Payment.

11.1 INCOME

Annual income means all amounts, monetary or not, that:

- A. Go to, or on behalf of, the family head or spouse (even if temporarily absent) or any other family member; or
- B. Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- C. Are not specifically excluded from annual income.

Annual income includes, but is not limited to:

- A. The gross amount, i.e., before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
- B. The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness are not used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in IRS regulations. Any withdrawal of cash assets from the operation of a business or profession is included in income, except to the extent the withdrawal is a reimbursement of cash or assets invested in the operation by the family.
- C. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness are not used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in IRS regulations. Any withdrawal of cash or assets from an investment is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income includes the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD. WHA has specified a minimum threshold of \$1,000.00 for counting assets disposed of for less than fair market value. The Housing Authority of the City of Waco will use the current balance in checking and savings as its cash value.
- D. The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount. However, deferred periodic amounts from SSI and SS benefits that are received in a lump sum amount or in prospective monthly amounts are excluded.
- E. Payments in lieu of earnings, such as unemployment and disability compensation, Workers'

- Compensation, and severance pay. However, lump sum additions such as insurance payments from Workers' Compensation are excluded.
- F. Periodic and determinable allowances, such as alimony, child support payments, and regular contributions, or gifts received from organizations or from persons not residing in the dwelling.
 - G. All regular pay, special pay, and allowances of a member of the Armed Forces. Special pay to a member exposed to hostile fire is excluded.
 - H. Equity in Real Property
 - Real Property includes land or real estate owned by the applicant or participant household. Equity is the portion of the market value of the asset which is owned by the applicant/participant (the amount which would be available to the household if the property were to be sold.) It is equal to the market value less any mortgage or loans secured against the property (which must be paid off upon sale of the property).

11.2 EXCLUSIONS FROM ANNUAL INCOME

Annual Income does not include the following:

- A. Income from employment of children, including foster children, under the age of 18 years.
- B. Payments received for the care of foster children or foster adults, usually persons with disabilities, unrelated to the tenant family, who are unable to live alone.
- C. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and Workers' Compensation), capital gains, and settlement for personal or property losses.
- D. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
- E. Income of a live-in aide.
- F. The full amount of student financial assistance paid directly to the student or to the educational institution.
- G. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
- H. The amounts received from the following programs:
 1. Amounts received under training programs funded by HUD;
 2. Amounts received by a person with a disability that are disregarded for a limited time for purposes of SSI eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
 3. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement for out-of-pocket expenses incurred (special equipment, clothing, child care, transportation, etc.) and that are made solely to allow participation in a specific program;
 4. Amounts received under a tenant service stipend. A tenant service stipend is a modest amount (not to exceed \$200 per month) received by a tenant for performing a service for the Housing Authority of the City of Waco, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and tenant initiative coordination. No tenant may receive more than one such stipend during the same period of time;
 5. Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as tenant management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the employment training program;
 6. Temporary, nonrecurring or sporadic income, including gifts and;
 7. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
 8. Earnings in excess of \$480 for each full-time student, 18 years old or older (excluding the head of household and spouse);
 9. Adoption assistance payments in excess of \$480 per adopted child;
 10. For family members who enrolled in certain training programs prior to 10/01/99, the earnings and benefits resulting from the participation if the program provides employment training and supportive services in accordance with the Family Support Act of 1988, Section 22 of the 1937

Act (42 U.S.C. 1437t), or any comparable Federal, State or local law during the exclusion period. For purposes of this exclusion the following definitions apply:

- a. Comparable Federal, State or local law means a program providing employment training and supportive services that:
 - i. Is authorized by a Federal, State or local law;
 - ii. Is funded by the Federal, State or local government;
 - iii. Is operated or administered by a public agency; and
 - iv. Has as its objective to assist participants in acquiring employment skills.
 - b. Exclusion period means the period during which the family member participates in a program described in this section, plus 18 months from the date the family member begins the first job acquired by the family member after completion of such program that is not funded by Public Housing assistance under the 1937 Act. If the family member is terminated from employment for good cause, the exclusion period shall end.
 - c. Earnings and benefits mean the incremental earnings and benefits resulting from a qualifying employment training program or subsequent job;
11. The incremental earnings due to employment during the 12-month period following date of hire shall be excluded. This exclusion will not apply for any family who concurrently is eligible for exclusion #10, immediately above. Additionally, this exclusion is only available to the following families:
- a. Families whose income increases as a result of employment of a family member who was previously unemployed for one or more years.
 - b. Families whose income was less than 10 hours at minimum wage time 50 weeks during previous 12 months
 - c. Families whose income increases during the participation of a family member in any family self-sufficiency program.
 - d. Families who are or were, within 6 months, assisted under a State TANF program.
 - e. Families whose TANF assistance, benefits, or service worth at least \$500 over the past six months.
 - f. Maximum 2-year allowance for Earned Income Disallowance
Increased income of an individual family member is limited to a lifetime 24 month period. WHA will exclude 100% for the first 12-month period. WHA will exclude 50% of the increase in income for the second 12-month period starting from the initial exclusion date. This rule applies to eligible individual family members effective April 1, 2016. The rule does not apply to current participating families. (While HUD regulations allow for a housing authority to offer an escrow account in lieu of having a portion of their income excluded under this paragraph, it is the policy of the Housing Authority of the City of Waco to provide the exclusion in all cases.);
12. Deferred periodic amounts from SSI and SS benefits that are received in a lump sum amount or in prospective monthly amounts;
13. Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;
14. Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
15. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits. These exclusions include:
- a. The value of the allotment of food stamps
 - b. Payments to volunteers under the Domestic Volunteer Services Act of 1973
 - c. Payments received under the Alaska Native Claims Settlement Act
 - d. Income from sub-marginal land of the U.S. that is held in trusts for certain Indian tribes
 - e. Payments made under the HHS's Low-Income Energy Assistance Program
 - f. Payments received under the Job Training Partnership Act
 - g. Income from the disposition of funds of the Grand River Band of Ottawa Indians
 - h. The first \$2,000 per capita received from judgment funds awarded for certain Indian claims
 - i. Amount of scholarships awarded under Title IV including Work-Study
 - j. Payments received under the Older Americans Act of 1965
 - k. Payments from Agent Orange Settlement
 - l. Payments received under the Maine Indian Claims Act

- m. The value of child care under the Child Care and Development Block Grant Act of 1990
- n. Earned income tax credit refund payments
- o. Payments for living expenses under the AmeriCorps Program
- p. Additional income exclusions provided by and funded by the Housing Authority of the City of Waco

11.3 DEDUCTIONS FROM ANNUAL INCOME

The following deductions will be made from annual income:

- A. \$480 for each dependent;
- B. \$400 for any elderly family or disabled family;
- C. For any family that is not elderly or disabled, but has a member (other than the head or spouse) who is a person with a disability, disability assistance expenses in excess of 3% of annual income. This allowance may not exceed the employment income received by family members who are 18 years of age or older as a result of the assistance to the person with disabilities.
- D. For any elderly or disabled family:
 - 1. That has no disability assistance expenses, an allowance for medical expenses equal to the amount by which the medical expenses exceed 3% of annual income;
 - 2. That has disability expenses greater than or equal to 3% of annual income, an allowance for disability assistance expenses computed in accordance with Paragraph C, plus an allowance for medical expenses that equal the family's medical expenses; or
 - 3. That has disability assistance expenses that are less than 3% of annual income, an allowance for combined disability assistance expenses and medical expenses that are equal to the total of these expenses less 3% of annual income.
- E. Reasonable child care expenses necessary to enable a member to be employed or to further his/her education, including the care of foster-children, age 12 and younger. In the case of childcare necessary to permit employment or education, the amount may not exceed half of annual income. In the event childcare is provided by unlicensed agency, the Housing Authority of the City of Waco will require verification of payment (i.e., Income tax return or other notarized documentation. Childcare that exceeds more than 1/3 one-third of annual income will be required to provide current year income tax return.

12.0 VERIFICATION

The Housing Authority of the City of Waco will verify information related to waiting list preferences, eligibility, admission, and level of benefits prior to admission. Periodically during occupancy, items related to eligibility and rent determination shall also be reviewed and verified. Income, assets, and expenses will be verified, as well as disability status, need for a live-in aide and other reasonable accommodations; full time student status of family members 18 years of age and older; Social Security numbers; and citizenship/eligible non-citizen status. Age and relationship will only be verified in those instances where needed to make a determination of level of assistance.

12.1 ACCEPTABLE METHODS OF VERIFICATION

In accordance to HUD mandated ruling income will be verified by using EIV (Enterprise Income Verification).

Age, relationship, U.S. citizenship, and Social Security numbers will generally be verified with documentation provided by the family. For citizenship, the family's certification will be accepted, or in some cases, citizenship documentation such as is listed below will be required. Verification of these items will include photocopies of Social Security cards and other documents presented by the family and INS SAVE approval code and forms signed by the family.

Minor members may be added to the household using the following forms of verifications:

Court awarded, Child Protective Services (CPS), Legal Aid

. Adoptions – Must have complete legal documents that are other than power of attorney which specifically states that the minor(s) have full residency with the family and persons adopting minors have full custody. Other

information will be verified by third party verification. This type of verification includes written documentation (with forms sent directly to and received directly from a source, not passed through the hands of the family). This verification may also be direct contact with the source, in person or by telephone. It may also be a report generated by a request from Waco Housing Authority & Affiliates or automatically by another government agency, i.e., the Social Security Administration. Verification forms and reports received will be contained in the applicant/tenant file. Oral third party documentation will include the same information as if the documentation had been written, i.e., name date of contact, amount received, etc.

Other information will be verified by third party verification. This type of verification includes written documentation, with forms sent directly to and received directly from a source, not passed through the hands of the family. This verification may also be direct contact with a source, in person or by telephone. It may also be a report generated by a request from the Housing Authority of the City of Waco or automatically by another government agency, i.e., the SSA. Verification forms and reports received will be contained in the applicant/tenant file. Oral third party documentation will include the same information as if the documentation had been written, i.e., name, date of contact, amount received, etc.

When third party verification cannot be obtained, the Housing Authority of the City of Waco will accept documentation received from the applicant/tenant. Hand-carried documentation will be accepted if the Housing Authority of the City of Waco has been unable to obtain third party verification in a 2-week period of time. Photocopies of documents provided by the family will be maintained in the applicant/tenant file.

When neither third party nor hand-carried verification can be obtained, the Housing Authority of the City of Waco will accept a notarized statement signed by the head, spouse, or co-head of the household. Such documents will be maintained in the applicant/tenant file.

12.2 TYPES OF VERIFICATION

The chart below outlines the factors that may be verified and gives common examples of the verification that will be sought. To obtain written third party verification, the Housing Authority of the City of Waco will send a request form to the source, as well as a release form signed by the applicant/tenant, via first class mail. Verification Requirements for Individual Items		
Item To Be Verified	3rd Party Verification	Hand –Carried Verification
General Eligibility items		
Social Security Number	Letter from Social Security, electronic reports	Social Security Card
Citizenship	N/A	Signed certificate, voter’s registration card, birth certificate, etc
Eligible Immigration Status	INS save confirmation #	INS card
Disability	Letter from medical professional, SSI, etc	Proof of SSI, or Social Security disability benefits
Full -Time Student Status(if > 18)	Letter from school	For high school students, any document showing enrollment
Need for Live- in Aide	Letter from Dr. or other professional knowledgeable	N/A
Child Care Costs	Letter from care provider	Bills and receipts
Disability Assistance Expenses	Letters from suppliers, care givers, etc	Bills and records of payment

Medical Expenses	Letter from providers, prescription record from pharmacy, medical professional letter stating assistance or a companion animal is needed	Bills, receipts, records of payments, dates of trips, mileage, log receipt for fares and tolls
Value of Income from Assets		
Savings, checking accounts	Letter from institution	Passbook, most current statements
CDs, bonds, Etc	Letter from institution	Tax return, information from institution, the CD, the bond
Stocks	Letter from broker or holding company	Stock or most current statement, price in newspaper or via internet
Real Property	Letter from tax office, assessment, etc	Property tax statement(current value) assessment, records or income and expenses, tax return
Personal Property	Assessment, bluebook, etc	Receipt for purchase, other documents showing the value of property
Cash Value of Life Insurance Policies	Letter from insurance company	Current statement
Assets disposed of for less than fair market value	N/A	Original receipt and receipt at disposition, other documents showing the value of asset
Verification Requirements for Individual Items		
Item to Be Verified	3rd Party Verification	Hand-Carried Verification
Income		
Earned income	EIV (Enterprise Income Verification) Letter from employer	Multiple pay stubs Minimum of 6 pay stubs
Self- Employed	N/A	Tax return from prior year, books of accounts
Regular gifts and contributions	Notarized letter from source, letter from organization	Bank deposits, other similar documents
Alimony/Child Support	Court order, letter from notarized source, letter from Human Services	Record of deposits, divorce decree
Periodic payments(i.e., social security, welfare, pensions, workers compensation, unemployment)	EIV (Enterprise Income Verification) Letter or electronic reports from the source	Award letter, letter announcing change in amount of future payments
Training Program Participation	Letter from program provider indicating: Whether enrolled or completed Whether training is HUD funded Whether Federal, State, local govt., or local program Whether it is employment training Whether it has clearly defined goals and objectives Whether program has supportive services Whether payments are for out- of- pocket	N/A

	expenses incurred in order to participate in a program Date of first job after program completion	Evidence of job start
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EIV Policy

The EIV system

A. HUD developed the EIV (Enterprise Income Verification) system as a tool to meet the objective of assuring that the “right benefits go to the right persons”. The EIV system is a deferral database that provides quick, easy access to tenant income information. The intent of the EIV system is to streamline and simplify the income verification process at the time of recertification, by providing an independent source that systematically and uniformly maintains income information.

B. Deadline to implement EIV

C. On January 27, 2009 HUD published the Refinement of Income and Rent Determination Requirements in Public and Assisted Housing Programs Final Rule. This Final Rule requires Owners/Agents to implement and use HUD’s EIV system as a third-party source to verify tenant employment and income information during any recertification/reexamination of family composition and/or income. On October 15, 2009 HUD announced proposed amendments to the Final Rule scheduled to become effective on January 31, 2010, including the mandatory use of the EIV system.

D. Data contained in the EIV system

E. Tenant income information obtained from the Social Security Administration (SSA) and Department of Health and Human Services (HHS) is available in the EIV system. The SSA information includes Social Security benefits, Supplemental Security Income (SSI) benefits, Dual Entitlement benefits, and Medicare Insurance Premiums. The HHS information included data from the National Directory of New Hires (NDNH), and provides you with information on new hires, employment wages per quarter, and unemployment compensation benefits.

F. Through the use of the EIV system WHA is able to:

G. Identify cases of unreported or under-reported tenant income

H. Identify potential cases of current tenants who are receiving HUD subsidy under multiple rental housing assistance programs

I. Check whether an applicant is already receiving rental housing assistance from another subsidized source.

J. Accessing EIV

K. To obtain access to HUD’s EIV system, visit <http://www.hud.gov/offices/hsg/mfh/rhiip/eiv/applyforeivaccess.pdf> and follow the required steps for sign-up. Questions regarding accessing EIV can be submitted to HUD’s Multifamily Help Desk at 1-800-767-7588 or mf_eiv@hud.gov.

L. Maintaining EIV Access Documentation

M. Upon obtaining EIV access, the following documents must be retained and made available to HUD/SHCC upon request:

N. * Written authorization from the owner to access EIV data for the property

O. * List of EIV Coordinator(s) and EIV user(s) who currently have access to the EIV system.

P. * HUD approved EIV coordinator Access Authorization Form(s) (CAAFS) for each EIV Coordinator assigned to the property

Q. * Security Awareness Training Questionnaire completed for each HUD approved EIV Coordinator

R. * EIV Coordinator approved EIV User Access Authorization Form(s) (UAAF) for each employee assigned access to EIV data for the property

S. * Security Awareness Training Questionnaire completed for each EIV User assigned access to the property

T. Privacy Protection Policy

1. EIV tenant data will be used only to verify a tenant’s eligibility for participation in the Public Housing Program and Section 8 New Construction Program and to determine the level of assistance for which tenant is eligible.
2. A current, signed and dated HUD – 9887-9887A must be on file for the head, spouse, co-head and each family member who is at least 18 years of age, or has turned 18 since the last recertification, prior to EIV data is accessed for a tenant.
3. Data provide via EIV system will be protected to ensure that information is used only for official purposes and not disclosed in any way that would violate the privacy of the individuals represented in the system data.

4. EIV reports will be used to verify employment and income of tenants during the recertification process..
5. WHA will review and follow-up on the Failed EIV Pre-Screening Report and Failed Verification Report (Failed the SSA Identity Test) on a monthly basis.
6. The No Income Report, New Hires Report, Multiple Subsidy Report and Deceased Tenant Report will be reviewed and follow-up done monthly.
7. WHA will review, resolve and document the tenant file for income discrepancies identified on EIV's Income Discrepancy Report.
8. In compliance with HUD requirements, WHA will
 - a. Maintain and enforce security procedures
 - b. Keep records and monitor security issues
 - c. Communicate security information and requirements to appropriate staff, and coordinate and conduct security awareness training for staff.
 - d. Conduct quarterly review of User IDs
 - e. Report any evidence of unauthorized access or know security breaches.
7. Security Safeguards
 1. Only authorized staff will have access to the EIV system via ID and Password
 2. All users of the EIV System will have a current signed USER AGREEMENT on file
 3. WHA will keep a record of all authorized users, including date access was granted and date access was revoked, if applicable.
 4. All employees issued keys will complete a form acknowledging receipt and a log will be kept with names, date of issue and date of turn-in.
 5. Work area of persons authorized to research and download EIV and other privacy-sensitive information will be shielded from the public.
 6. Unauthorized staff persons will not have access to work station and computer of authorized persons.
 7. WHA staff will not leave tenant folders exposed on desk tops or computer screens open with sensitive data unattended. Folders will be locked in files and computer screens cleared before staff person leaves his/her office for any reason.
 8. Any EIV printout will be removed from printer immediately so that nothing will be inadvertently left in printer and vulnerable to unauthorized access.
 9. EIV printout data will be kept in family file.
 10. At the close of business, tenant files will be locked and file cabinet areas locked.
 11. Security procedures will be reviewed with staff periodically to safeguard against laxity and breaches.
7. Disclosure of EIV System to Tenant:
8. On January 11, 2010 HUD issued Notice H 2010-02 which includes the EIV & You Brochure and the requirements for distribution. Effective January 31, 2010, the Waco Housing Authority will provide each tenant household with the "EIV & You brochure at the time of annual recertification along with a copy of the HUD Fact Sheet "How Your Rent is Determined". The "EIV & You" brochure must also be proved to new tenants at move in. Lease signing and recertification packets will contain – TX16, "Tenant Rights and Responsibilities", HUD Fact Sheet "How Your Rent is Determined", and "EIV & You" – TX273, "What You Should Know about EIV".
9. EIV Reports:

10. Monthly
11. The Identity Verification Reports (both the Failed Pre-screening Report and Failed Verification report) and the Deceased Tenant Report will be reviewed and resolved on a monthly basis.
12. Quarterly
13. The New Hires Report and Multiple Subsidy Report will be reviewed quarterly.
14. The EIV system was established to reduce errors in income reporting. Currently HUD has determined that when the EIV income data differs from the tenant proved income by at least \$200.00 per month, this constitutes a “substantial difference”.
15. In cases where the EIV income data is NOT substantially different than tenant reported income the Waco Housing Authority shall:
16. * Use tenant documents to calculate anticipated annual income if the EIV is less than the current tenant-provide documentation.
17. * Use EIV income data unless the tenant provides documentation of a change in circumstance when the EIV data is more than the current tenant-provide documentation. If, however, an acceptable tenant document is provided to justify a change in circumstances, the tenant documents will be used to calculate income.
18. In cases where EIV income is substantially different than the tenant-reported income the Waco Housing Authority shall:
19. * Request written third party verification from the income source in accordance with 24 CFR 5.236(3)(i).
20. * Review historical income data for patterns of employment, paid benefits, and/or receipt of other income when income cannot be readily anticipated such as in the cases of seasonal employment, unstable working hours and suspected fraud.
21. * Analyze all data and attempt to resolve the income discrepancy.
22. * Use the most current verified income data (and historical income data if appropriate) to calculate anticipated annual income.
23. * Where fraud is suspected, the WHA will report this to the HUD OIG Office of Investigation. If it is determined that the tenant is in non-compliance with his/her lease because he/she knowingly provided incomplete or inaccurate information, the WHA will begin the termination process and a civil action will be filed to recover improper subsidy payments.
24. If it is discovered that the income reported for wages or unemployment compensation does not belong to the tenant, the tenant will be made aware of the information. It is the tenant’s responsibility to contact the employer or state agency to get the information corrected.
25. The Waco Housing Authority will:
 - A.* Attempt to obtain written third party verification from the employer to verify EIV information
 - B.* Have the tenant certify that the employer and employment information displayed in the EIV is invalid and has been wrongly attributed to his or her personal identifiers
 - C.* Advice the tenant to contact the third party income source to request the information be removed from his or her record
 - D.* Keep documentation on the above in the tenant file
26. If identity theft is suspected, the WHA will refer the tenant to the Social Security Administration’s website at www.ssa.gov for information on reporting identity theft.
27. Handling of Discrepancies in EIV Reports
28. The Waco Housing Authority will handle EIV Discrepancy Reports in the following manner:
29. *If tenant disagrees with the Discrepancy Report issued by the EIV system, a meeting will be scheduled by the Manager with the tenant to resolve the dispute. All details of the Discrepancy Report will be documented and tenant will have 15 business days to obtain third-party verification to the Manager. All tenant-provided and submitted documentation should be currently dated (not more than 60 days previous to the initial resolution meeting). Once the information is received from the tenant (within the 15 day period), the Manager and Director will review and render a final decision within 10 business days.
30. * If a situation arises where facts indicate that a tenant has unreported or under-reported income, a repayment agreement will be executed between the tenant and Waco Housing

Authority, and a revision to the current and future rental payments will be made. If a tenant refuses to enter into a repayment agreement and/or refuses to pay the newly calculated rent, termination of assistance shall occur using the established policies of the Waco Housing Authority.

31. The Waco Housing Authority will perform the Existing Tenant Search during the application process for all household members listed on the application and handle discrepancies in the Existing Tenant Report in the following manner.
32. * If the applicant or a member of the applicant's household is shown to be receiving assistance at another location, the applicant will be given the opportunity to explain any circumstances relative to the dual assistance. The Housing Operations Manager will contact the respective PHA to confirm the applicant's program participation status before admission. The Housing Operations Manager will coordinate move-out and move-in dates with the respective PHA.
33. The Waco Housing Authority will handle discrepancies in the New Hires Report in the following manner:
34. * The tenant listed on the new hire report will be scheduled for an interview and a recertification of the household will be initiated. If the tenant disagrees with the report, third party verification will be obtained from the employer.
35. The Waco Housing Authority will handle discrepancies in the Deceased Tenant Report in the following manner:
36. * The Housing Operations Manager will confirm with the head of the household, next of kin, or emergency contact person whether or not the person is deceased. WHA will then update the family composition on the HUD 50058. In the case of a deceased single member of the household, WHA will terminate tenancy.
37. * Encourage the tenant to contact the SSA to correct any inaccurate data in their databases if the person shown as being deceased in the SSA database is not deceased.

The Housing Authority of the City of Waco will not provide exclusions from income in addition to those already provided for by HUD.

12.3 VERIFICATION OF CITIZENSHIP OR ELIGIBLE NON-CITIZEN STATUS

The citizenship or eligible non-citizen status of each family member regardless of age must be determined.

Prior to being admitted or at the first reexamination, all citizens and nationals will be required to sign a declaration, under penalty of perjury. They will be required to show proof of their status by such means as a Social Security card, birth certificate, military ID, or military DD 214 form.

Prior to being admitted or at the first reexamination, all eligible non-citizens who are 62 years of age or older, will be required to sign a declaration, under penalty of perjury. They will also be required to show proof of age.

Prior to being admitted or at the first reexamination, all eligible non-citizens must sign a declaration of their status and a verification consent form and provide their original INS documentation. The Housing Authority of the City of Waco will make a copy of the individual's INS documentation and place the copy in the applicant/tenant file. The Housing Authority of the City of Waco will also verify their status through the INS SAVE system. If the INS SAVE system cannot confirm eligibility, the Housing Authority of the City of Waco will mail information to the INS in order that a manual check of INS records can be made.

Family members who do not claim to be citizens, nationals, or eligible non-citizens must be listed on a statement of non-eligible members and the list must be signed by the head of household.

Non-citizen students on student visas, though in the country legally, are not eligible to be admitted to Public Housing.

Any family member who does not choose to declare their status must be listed on a statement of non-eligible members.

If no family member is determined to be eligible under this section, the family's eligibility will be denied.

The family's assistance will not be denied, delayed, reduced, or terminated because of a delay in the process of determining eligible status under this section, except to the extent that the delay is caused by the family.

If the Housing Authority of the City of Waco determines that a family member has knowingly permitted an ineligible non-citizen, other than any ineligible non-citizens listed on the lease, to permanently reside in their Public Housing unit, the family will be evicted. Such family will not be eligible to be readmitted to Public Housing for a period of 24 months from the date of eviction or termination.

12.4 VERIFICATION OF SOCIAL SECURITY NUMBERS 24 CFR 5.216

Prior to admission, family members who have a Social Security number must provide verification of their Social Security number. New family members must provide this verification prior to being added to the lease.

The best verification of a Social Security number is the original Social Security card. If the card is not available, the Housing Authority of the City of Waco will accept a letter from the Social Security agency that establishes and documents the number. Documentation from another government agency that establishes and documents the number will also be accepted. A driver's license, military ID, passport, or other official document that establishes and documents the number will also be acceptable.

If an individual states that s/he does not have a Social Security number, s/he will be required to sign a statement to this effect. The Housing Authority of the City of Waco will require any individual who does not have a Social Security number to obtain a Social Security number.

If a member of an applicant family indicates that s/he has a Social Security number but cannot readily verify it, the family cannot be housed until verification is provided.

If a member of a tenant family indicates they have a Social Security number, but cannot readily verify it, s/he will be asked to certify to this fact and shall have up to ninety (90) days to provide the verification. If the individual fails to provide the verification within the time allowed, the family will be evicted.

12.5 TIMING OF VERIFICATION

Verification information must be dated within one hundred twenty (120) days of certification or reexamination. If the verification is older than this, the source will be contacted and asked to provide information regarding any changes.

When an interim reexamination is conducted, the Housing Authority of the City of Waco will verify and update all information related to family circumstances and level of assistance, or the Housing Authority of the City of Waco will verify and update those changes only that are reported to have changed.

12.6 FREQUENCY OF OBTAINING VERIFICATION

For each family member, citizenship/eligible non-citizen status will be verified only once. This verification will be obtained prior to admission. If the status of any family member was not determined prior to admission, verification of his/her status will be obtained at the next regular reexamination. Prior to a new member joining the family, his/her citizen/eligible non-citizen status will be verified.

For all family members, verification of a Social Security number will be obtained only once. This verification will be accomplished prior to admission.

13.0 DETERMINATION OF TOTAL TENANT PAYMENT AND TENANT RENT

13.1 FAMILY CHOICE

At admission and each year, in preparation for their annual reexamination, each family is given the choice of having their rent determined under the **formula method** or having their rent set at the **flat rent** amount.

- A. Families who opt for the flat rent will be required to go through the income reexamination process every three (3) years, rather than the annual review they would otherwise undergo.
- B. Families who opt for the flat rent may request to have a reexamination, and return to the formula based method at any time, for any of the following reasons:
 - 1. The family's income has decreased;
 - 2. The family's circumstances have changed increasing their expenses for childcare, medical care, etc.;
or
 - 3. Other circumstances creating a hardship on the family such that the formula method would be more financially feasible for the family.

13.2 THE FORMULA METHOD

The total tenant payment is equal to the highest of:

- A. 10% of monthly gross income;
- B. 30% of monthly adjusted income; (after allowable deductions); or gross
- C. \$50 minimum rent

In the case of a family who has qualified for the income exclusion at Section 11.2(H) (11), . Increased income of an individual family member is limited to a lifetime 24 month period. WHA will exclude 100% for the first 12-month period. WHA will exclude 50% of the increase in income for the second 12-month period starting from the initial exclusion date. This rule applies to eligible individual family members effective April 1, 2016. The rule does not apply to current participating families.

13.3 MINIMUM RENT

The Housing Authority of the City of Waco has established a minimum rent of \$50.00. However, if a family requests a hardship exemption, the Housing Authority of the City of Waco will immediately suspend the minimum rent for the family until it can be determined whether the hardship exists, and whether the hardship is of a temporary or long-term nature. If a hardship exist all household members must be compliant with Community Service hours.

- A. A hardship exists under the following circumstances:
 - 1. When the family has lost eligibility for, or is awaiting an eligibility determination for a Federal, State, or local assistance program;
 - 2. When the family would be evicted as a result of the imposition of the minimum rent requirement;
 - 3. When the income of the family has decreased because of changed circumstances, including loss of employment;
 - 4. When the family has an increase in expenses because of changed circumstances, including medical costs, childcare, transportation, education, or similar items, or
 - 5. When a death has occurred in the immediate the family, (father, mother, daughter, son, spouse, grandparents)
- B. No hardship. If the Housing Authority of the City of Waco determines that there is no qualifying hardship, the minimum rent will be reinstated, including a requirement that the back payment(s) of minimum rent for the time of suspension be paid.
- C. Temporary Hardship. If the Housing Authority of the City of Waco reasonably determines that there is a qualifying hardship, but that it is of a temporary nature, the minimum rent will not be imposed for a period of ninety (90) days from the date of the family's request. At the end of the ninety (90) day period, the minimum rent will be imposed retroactively to the time of suspension. The Housing Authority of the City of Waco will offer a re-payment agreement in accordance with Section 13.8 of this policy, for any rent not paid during the period of suspension. During the suspension period the Housing Authority of the City of Waco will not evict the family for non-payment of the amount of tenant rent owed. During the process of verification of hardship, the family must report to the Housing Authority of the City of Waco every thirty (30) days for follow-up at the development management office.

- D. Long-term hardship. If the Housing Authority of the City of Waco determines there is a long-term hardship, the family will be exempt from the minimum rent requirement until the hardship no longer exists. During the time of hardship, the family must report to the Housing Authority of the City of Waco every thirty (30) days for follow-up at the development management office.
- E. Appeals. The family may use the Grievance Procedure to appeal the determination of the Housing Authority of the City of Waco, regarding a hardship. No escrow deposit will be required in order to access the Grievance Procedure.

13.4 THE FLAT RENT

The Housing Authority of the City of Waco has set a flat rent for each Public Housing unit. In doing so, in accordance with the Department of Housing and Urban Development Act of 2014 (2014 Appropriations Act) Section 210 requires PHAs to comply with the new requirements effective June 1. The 2014 Appropriations Act requires PHAs to establish flat rents at no less than 80 percent of the fair market rent (FMR).

The amount of the flat rent will be re-evaluated annually and adjustments applied. Affected families will be given a 30-day notice of any rent change. Adjustments are applied on the anniversary date for each affected family.

The Housing Authority of the City of Waco will post the flat rents at each of its developments, and at the central office.

13.5 RENT FOR FAMILIES UNDER THE NON-CITIZEN RULE

A mixed family will receive full continuation of assistance if all of the following conditions are met:

- A. The family was receiving assistance on June 19, 1995;
- B. The family was granted continuation of assistance before November 29, 1996;
- C. The family's head or spouse has eligible immigration status; and
- D. The family does not include any person who does not have eligible status other than the head of household, the spouse of the head of household, any parent of the head or spouse, or any child of the head of household or spouse, under the age of 18 years.

If a mixed family qualifies for prorated assistance but decides not to accept it, or if the family has no eligible members, the family may be eligible for temporary deferral of termination of assistance in order to permit the family additional time or the orderly transition of some or all of its members to locate other suitable, affordable housing. Under this provision, the family receives full assistance. If assistance is granted prior to November 29, 1996 under this provision, it may last no longer than three (3) years. If granted after that date, the maximum period of time for assistance under the provision, is eighteen (18) months. The Housing Authority of the City of Waco will grant each family a period of six (6) months to find suitable, affordable housing.

Suitable housing means housing that is not substandard and is of appropriate size for the family.

Affordable housing means that it can be rented for an amount not exceeding the amount the family pays for rent, plus utilities, plus 25%. The Waco Housing Authority will prorate the families assistance as follows

MIXED FAMILY TTP:

- A. Determine the 95th percentile of gross rents (tenant rent plus utility allowance) for the Housing Authority of the City of Waco. The 95th percentile is called the maximum rent.
- B. Subtract the family's total tenant payment from the maximum rent. The resulting number is called the maximum subsidy.
- C. Divide the maximum subsidy by the number of family members and multiply the result times the number of eligible family members. This yields the prorated subsidy.
- D. Subtract the prorated subsidy from the maximum rent to find the prorated total tenant payment. From this amount subtract the full utility allowance to obtain the prorated tenant rent.
- E. When the mixed family's TTP is greater than the Public Housing flat rent, WHA will use the total tenant payment (TTP) as the mixed families TTP. WHA will subtract any established utility allowance and the sum becomes the mixed family rent.

13.6 UTILITY ALLOWANCE

The Housing Authority of the City of Waco shall establish a utility allowance for all check-metered utilities and for all tenant-paid utilities. The allowance will be based on a reasonable consumption of utilities by an energy-conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful environment. In setting the allowance, the Housing Authority of the City of Waco will review the actual consumption of tenant families, as well as changes made or anticipated due to modernization (weatherization efforts, installation of energy efficient appliances, etc.) Allowances will be evaluated every year, as well as any time the utility rate changes by 10% or more since the last revision to the allowances.

For utilities paid by the Housing Authority of the City of Waco the utility consumption of each household will be monitored. Any consumption in excess of the allowance established by the Housing Authority of the City of Waco will be billed to the tenant monthly.

13.7 PAYING RENT

Rent and other charges are due and payable on the first day of the month. All rent and other charges should be paid at the development management office or mailed to the central office of the Housing Authority of the City of Waco. Reasonable accommodation for this requirement will be made for persons with disabilities. As a safety measure, no cash will be accepted in payment for rent and other charges.

If rent and all other charges are not paid by the fifth of the month, a Notice to Quit will be issued to the tenant. Partial payments of rent and all other charges will not be applied until full payment is received. All partial payments will incur late fees. In addition, a \$35.00 late charge will be assessed to the tenant. If rent is paid with a personal check and tenant your bank returns a check to us as unpaid a "Notice of Returned Check" will be delivered to you. You will be given 24 hours from that time to pay your rent and all other fees in full. A returned check fee will be applied in the amount of \$25.00 in excess of all late fees. Payment must be in the form of a cashiers check or money order. We will not redeposit your check. In the event the error is the banks the bank must provide a letter stating that it was their error and we will be remove the NFS fees and late charges. If we receive (2) two NSF checks on your account we will not accept rental or any other payments from you in the form of a personal check for one (1) year from the date of the last NSF check. You will be required to pay rent and all other charges with money order or cashiers check only .

RENT COLLECTION PROCEDURE

1. All rent and other charges are due and payable on the first of the month, and no later than the 5th day of the month.
2. On the 6th day of the month, a "Notice to Quit" is mailed to all tenants with an outstanding balance of \$5.00 or more, and a \$35 late charge is assessed. A copy of the notice is retained in the tenant file in order to establish a record of payment history.
3. On the 10th day of the month, any tenant who has an outstanding balance will be sent a "Letter of Concern," and a billing statement.
4. On the 15th day of the month, any tenant who has not paid rent and other charges by 5:00 P.M. will be filed on in the appropriate Justice of the Peace court.
5. No money will be applied to any tenant account once court papers have been filed, unless the amount is paid in full. Tenants who are delinquent in rent or other charges in the prior month, the only way to avoid eviction is to pay entire amount owed.
6. The Housing Authority of the City of Waco reserves the right of whether to accept payment, or to enter into a repayment agreement after the court's decision.
7. Failure to pay rent on time is a serious lease violation and grounds for lease termination. Three late payments within a 12 month period shall be considered repeated lease violations.

13.8 REPAYMENT AGREEMENT

When a tenant owes the Housing Authority of the City of Waco rent and other charges, and is unable to pay the balance by the due date, the tenant may request that the Housing Authority of the City of Waco allow him/her to enter into a repayment agreement. The Housing Authority of the City of Waco will exercise discretion whether to

accept such an agreement. All repayment agreements must assure that the full payment is made within a reasonable period of time, never to exceed four (4) months. All repayment agreements must be in writing, and signed by both parties. Failure to comply with the repayment agreement terms will subject the tenant to eviction procedures. Repayment agreements will not exceed any amount over \$1000.00. Unless approved by President tenant/CEO or Senior Vice President/COO. (Refer to 5.1 Fraud)

Only one (1) repayment agreement will be allowed per calendar year. The Director of Housing Management must review and approve any repayment agreement.

14.0 CONTINUED OCCUPANCY AND COMMUNITY SERVICE

14.1 GENERAL

In order to be eligible for continued occupancy, each adult family member, and 18 years of age and older, of a household must either: Failure to comply may result in termination of lease

1. Contribute eight (8) hours per month of community service within the community in which the Public Housing development is located. (This service does not include political activity); or
2. Participate in an economic self-sufficiency program unless exempt from this requirement.

14.2 EXEMPTIONS

The following adult family members of tenant families are exempt from this requirement:

- A. Family members who are 62 or older;
- B. Family members who are blind or disabled;
- C. Family members who are the primary care-giver for someone who is blind or disabled;
- D. Family members engaged in work activity; must work twenty (20) hours or more)
- E. Family members who are exempt from work activity under Part A, Title IV of the Social Security Act, or under any other State welfare program, including the Welfare-To-Work Program; or
- F. Family members receiving assistance under a State program funded under Part A, Title IV of the Social Security Act, or under any other State welfare program, including the Welfare-To-Work Program so long as they are in compliance with the program requirements.

14.3 NOTIFICATION OF THE REQUIREMENT

The Housing Authority of the City of Waco shall identify all adult family members who are apparently not exempt from the community service requirement.

The Housing Authority of the City of Waco shall notify all such family members of the community service requirement and of the categories of individuals who are exempt from the requirement. The notification will provide the opportunity for family members to claim and explain an exempt status. The Housing Authority of the City of Waco shall verify such claims.

The notification will advise families that their community service obligation will begin upon the effective date of their first annual reexamination on or after 10/01/2003. For families paying a flat rent, the obligation begins on the date their annual reexamination would have been effective had an annual reexamination taken place. It will also advise them that failure to comply with the community service requirement will result in ineligibility for continued occupancy at the time of any subsequent annual reexamination.

14.4 VOLUNTEER OPPORTUNITIES

Community service includes performing work or duties in the public benefit that serve to improve the quality of life and/or enhance tenant self-sufficiency, and/or increase the self-responsibility of the tenant within the community.

An economic self-sufficiency program is one that is designed to encourage, assist, train, or facilitate the economic independence of participants and their families or to provide work for participants. These programs may include programs for job training, work placement, basic skills training, education, English proficiency, work fare, financial or household management, apprenticeship, or any program necessary to ready a participant to work.

The Housing Authority of the City of Waco will coordinate with social service agencies, local schools, and the human resources office in identifying a list of volunteer community service positions,

Together with the tenant advisory councils, the Housing Authority of the City of Waco may create volunteer positions such as hall monitoring, litter patrols, and supervising and record keeping for volunteers.

14.5 THE PROCESS

At the first annual reexamination on or after October 1, 2003, and each annual reexamination thereafter, the Housing Authority of the City of Waco will do the following:

- A. Provide a list of volunteer opportunities to family members;
- B. Provide information to family members about obtaining a suitable volunteer position;
- C. Provide a volunteer time sheet to family members. Instructions for the time sheet require the individual to complete the form and have a superior date and sign for each period of work;
- D. Assign family members to a volunteer coordinator who will assist the family members in identifying appropriate volunteer positions and in meeting their responsibilities. The volunteer coordinator will track the family members progress monthly, and will meet with family members as needed to best encourage compliance; and
- E. Ninety (90) days before the family's next lease anniversary date, the volunteer coordinator will advise the Housing Authority of the City of Waco whether each applicable adult family member is in compliance with the community service requirement.

14.6 NOTIFICATION OF NON-COMPLIANCE WITH COMMUNITY SERVICE REQUIREMENT

The Housing Authority of the City of Waco will notify any family found to be in non-compliance of the following:

- A. That a family member or members have been determined to be in non-compliance with the community service requirement;
- B. That the determination is subject to the Grievance Procedure; and
- C. That unless the family member or members, enter into an agreement to comply, the lease will not be renewed or will be terminated.

14.7 OPPORTUNITY FOR CURE

The Housing Authority of the City of Waco will offer the family member or members, the opportunity to enter into an agreement prior to the lease anniversary date. The agreement shall state that the family member or members, agree to enter into an economic self-sufficiency program, or agree to perform community service for as many hours as needed to comply with the requirement during the past 12-month period.

The cure shall occur over the 12-month period beginning with the date of the agreement, and the tenant shall be required to keep current with the next year's community service requirement. The first hours the tenant earns will be applied toward the past 12-month period, and be applied cumulatively thereafter.

The volunteer coordinator will assist the family member or members, in identifying volunteer opportunities, and will track compliance on a monthly basis.

If any applicable family member or members do not accept the terms of the agreement, do not fulfill their obligation to participate in an economic self-sufficiency program, or falls behind in their obligation under the agreement to perform community service by more than three (3) hours, after three (3) months, the Housing Authority of the City of Waco shall take action to terminate the lease.

15.0 RECERTIFICATION/REEXAMINATION

At least annually, the Housing Authority of the City of Waco will conduct a reexamination of family income and circumstances. The results of the reexamination determine:

1. The rent the family will pay;
2. Whether the family is housed in the correct unit size; and
3. Continued Eligibility of assistance.

15.1 GENERAL

The Housing Authority of the City of Waco will send a notification letter to the tenant family, ninety (90) days prior to their annual reexamination, giving the tenant family the option of selecting either the flat rent or the formula method, and scheduling an appointment if they are currently paying a formula rent. If the tenant family thinks that they may want to switch from a flat rent to a formula rent, they must request an appointment. At the appointment, the tenant family can make their final decision regarding which rent method they will choose. The letter includes instructions permitting the tenant family to reschedule the interview, if necessary. The letter tells families who may need to make alternate arrangements due to a disability, that they may contact the Housing Authority of the City of Waco in order to request an accommodation for their need.

During the reexamination appointment, the family will provide all information regarding income, assets, expenses, and other information necessary to determine the family's share of rent. The family will sign the HUD consent form and other consent forms that later will be mailed to the sources that will verify the family circumstances. In order to ensure that the family income and composition data provided by applicant or participant families is complete and accurate, WHA will review all relevant information provided and available to it, including but not limited to confirmation of information provided by and applicant or participant family by contacting relevant agencies, organizations, employers, or others as necessary and reviewing any relevant court orders, contracts, agreements, statements, social media, and other means as may be permitted by law. The Housing Authority of the City of Waco will determine whether the family composition may require a transfer to a different size unit. If so, the tenant family's name will be placed on the transfer list. Upon receipt of verification, the Waco Housing Authority will determine the family's annual income and will calculate their rent.

15.2 MISSED APPOINTMENTS

If a tenant family fails to respond to the letter, and fails to attend the scheduled appointment for reexamination purposes, a letter of termination will be mailed to the tenant family. The letter will advise the family with the rights to an informal hearing. That failure by the tenant family to contact management may result in the Housing Authority of the City of Waco taking legal action to terminate the family's occupancy.

15.3 FLAT RENTS

The annual letter to flat rent payers regarding the reexamination process will state the following:

- A. Each year at the time of the annual reexamination, the family has the option of selecting a flat rent amount in lieu of completing the reexamination process and having their rent based on the formula amount.
- B. The amount of the flat rent
- C. A fact sheet about formula rents that explains the types of income counted, the most common types of income excluded, and the categories allowances that can be deducted from income.
- D. Families who opt for the flat rent will be required to go through the income reexamination process every year.
- E. Families who opt for the flat rent may request to have a reexamination and return to the formula-based method at any time for any of the following reasons:
 1. The family's income has decreased.
 2. The family's circumstances have changed increasing their expenses for childcare, medical care, etc.
 3. Other circumstances creating a hardship on the family such that the formula method would be more financially feasible for the family.

- F. The dates upon which the Housing Authority of the City of Waco expects review the amount of the flat rent, the approximate rent increase the family could expect, and the approximate date upon which a future rent increase could become effective.
- G. The name and telephone number of an individual to call in order to get additional information or counseling concerning flat rents.
- H. A certification for the family to sign accepting or declining the flat rent.

Each year prior to their anniversary date, the Housing Authority of the City of Waco will send a reexamination letter to the family offering the choice between a flat or a formula rent. The opportunity to select the flat rent is available only at this time. At the appointment, the Housing Authority of the City of Waco may assist the family in identifying the rent method that would be the most advantageous for the family. If the family wishes to select the flat rent method without meeting with the Housing Authority of the City of Waco representative, the family may make the selection on the form and return the form to the Housing Authority of the City of Waco. In such case, the Housing Authority of the City of Waco will cancel the appointment.

15.4 THE FORMULA METHOD

During the interview, the family will provide all information regarding income, assets, expenses, and other information necessary to determine the family's share of rent. The family will sign the HUD consent form and other consent forms, that later will be mailed to the sources that will verify the family circumstances.

Upon receipt of verification, the Housing Authority of the City of Waco will determine the family's annual income and will calculate the rent as follows:

- A. 10% of monthly gross income;
- B. 30% of adjusted monthly income; (after allowable deduction) or gross
- C. Minimum rent of \$50.00 whichever is highest.

15.5 EFFECTIVE DATE OF RENT CHANGES FOR ANNUAL REEXAMINATION

The new rent will generally be effective on the anniversary date, with thirty (30) days notice of any rent increase to the family.

If the rent determination is delayed due to a reason beyond the control of the family, then any rent increase will be effective the first of the month after the month in which the family receives a 30-day notice of the increase. If the new rent is a reduction, and the delay is beyond the control of the family, the reduction will be effective as scheduled on the anniversary date.

If the family caused the delay, then any increase will be effective on the anniversary date. Any reduction will be effective the first of the month after the rent amount is determined.

15.6 INTERIM REEXAMINATIONS

During an interim reexamination, only the information affected by the change(s) being reported will be reviewed and verified.

Families will not be required to report any increase in income or decreases in allowable expenses between annual reexaminations.

Families are required to report the following changes to the Waco Housing Authority between regular reexaminations. These changes will trigger an interim reexamination. The family must notify Waco Housing Authority within 10 days for the following:

- A. A member has been added to the family through birth or adoption or court-awarded custody.
- B. A household member is leaving or has left the family unit.
- C. Increase in earned income from the employment of a current family member

In order to add a household member other than through birth or adoption, including a live-in aide, the family must request that the new member be added to the lease. Before adding a new member to the lease, tenant must complete request for additional household member, they must provide his/her income, assets, social security number if s/he has one, verify citizenship/eligible immigrant status and all other information required of an applicant.

If the Waco Housing Authority has given approval, a foster child/foster adult or a live-in aide may reside in the unit. The Waco Housing Authority has the discretion to adopt reasonable policies concerning residence by a foster child/foster adult or a live-in aide and defining when the Waco Housing Authority consent may be given or denied. Such approval will be granted only if the new family member meets PHA's applicant screening criteria and the addition of the new family member does not overcrowd the unit. Approval to add a Live-in Aide is required and shall not be unreasonably refused. Generally, a Live-in Aide may not move into a unit if it would create overcrowding. However, based on a request for a reasonable accommodation, a Live-in Aide may be permitted to move into the unit until the household is transferred to another unit of appropriate size. Live-in Aides have no rights as remaining family members.

Housing will not be delayed due to delays in verifying eligible immigrant status other than delays caused by the family. The proposed family member will go through the screening process similar to the process for applicants. The Housing Authority of the City of Waco will determine the eligibility of the individual before adding him/her to the lease. If the individual is found to be ineligible or does not pass the screening criteria, s/he will be advised in writing and given the opportunity for an informal review.

If s/he passes the screening criteria, and is found to be eligible, his/her name will be added to the lease. At the same time, if the family's rent is being determined under the formula method, the family's annual income will be recalculated taking into account the circumstances of the new family member. The effective date of the new rent will be in accordance with paragraph Families are not required to, but may at any time request an interim reexamination based on a decrease in income, an increase in allowable expenses, or other changes in family circumstances. Upon such a request, the Housing Authority of the City of Waco will take timely action to process the interim reexamination and recalculate the tenant's rent.

15.7 SPECIAL REEXAMINATIONS

If a family's income is too unstable to project for twelve (12) months, including families that temporarily have no income, or have a temporary decrease in income, the Housing Authority of the City of Waco may schedule special reexaminations every ninety (90) days until the income stabilizes and an annual income can be determined.

15.8 EFFECTIVE DATE OF RENT CHANGES DUE TO INTERIM OR SPECIAL REEXAMINATIONS

Unless there is a delay in reexamination processing caused by the family, any rent increase will be effective the first of the second month after the month in which the family receives notice of the new rent amount. If the family causes a delay, then the rent increase will be effective on the date it would have been effective had the process not been delayed.

If the new rent is a reduction and any delay is beyond the control of the family, the reduction will be effective the first of the month after the interim reexamination should have been completed.

If the new rent is a reduction, and the family caused the delay or did not report the change within ten (10) calendar days, the change will be effective the first of the month after the rent amount is determined.

16.0 UNIT TRANSFERS

16.1 TRANSFER REQUESTS

A tenant may request a transfer at any time by completing a transfer request form at the development management office. In considering the request, the development manager may request a meeting with the tenant to better understand the need for the transfer and to explore possible alternatives. If a meeting with the tenant is necessary,

it is to be held with the development manager within five (5) business days after the tenant's transfer request is submitted at the development management office. The development manager will review the request and make a written recommendation to the Housing Operations Manager for final determination, within seven (7) business days after the tenant's original transfer request is submitted to the development management office.

The Housing Authority of the City of Waco will grant or deny the transfer request in writing within ten (10) business days of receiving the request or holding the meeting, whichever is later.

If the transfer is approved, the family's name will be added to the transfer waiting list. If the transfer is denied, the denial letter will advise the family of its right to utilize the grievance procedure.

Transfers will be processed after every (7) seven move-ins.

16.2 OBJECTIVES OF THE TRANSFER POLICY

The objectives of the Transfer Policy include the following:

- A. To address emergency situations
- B. To fully utilize available housing resources while avoiding overcrowding by insuring that each family occupies the appropriate size unit.
- C. To facilitate relocation when required for modernization or other management purposes.
- D. To facilitate relocation of families with inadequate housing accommodations.

16.3 CATEGORIES OF TRANSFERS

Category 1: Emergency transfers. These transfers are necessary when conditions pose an immediate threat to the life, health, or safety of a family or one of its members. Such situations may involve defects of the unit or the building in which it is located, the health condition of a family member, a hate crime, the safety of a witness to a crime, or a law enforcement matter particular to the neighborhood.

Category 2: Administrative transfers are mandatory transfers initiated by PHA. These include:

Priority 1: Mandatory administrative transfers to permit PHA to renovate, modernize, revitalize, demolish or dispose of a public housing property;

Priority 2: Voluntary administrative transfers to move tenants with disabilities to accessible units or units with features that accommodate their disabilities better than those in their current units, or mandatory transfers of Tenants without disabilities out of a unit with accessible features to permit a Tenant with disabilities to occupy the unit. **24 CFR § 8.27(1)**

Priority 3: Mandatory transfers to move families out of units that are too large or too small for the families. Families in units that are too large shall be transferred before families in units that are too small. This category will be housed along with applicants for admission at a ratio of one transfer for every seven admissions.

VAWA Emergency transfers will be transferred ahead of category 1,2& 3.

16.4 DOCUMENTATION

When the transfer is at the request of the family, the family will be required to provide third party verification of the need for the transfer.

16.5 PROCESSING TRANSFERS

Transfers on the waiting list will be sorted by the above categories and within each category by date and time.

a. Under the Emergency and Administrative Transfers Priority 1 and Priority 3, Tenants are required to transfer to another unit.

b. Costs for Administrative transfers to move a Tenant with a disability to a more suitable unit, or a Tenant without a disability out of an accessible unit, or to permit modernization, rehabilitation,

demolition, disposition or revitalization shall be paid by the PHA. The PHA shall also pay for the costs of emergency transfers when the emergency is due to unit conditions beyond the control of the Tenant as well as the cost of all transfers needed as a reasonable accommodation for tenants with disabilities.

c. Tenant must bear the cost of transfers for over-housed or over-crowded families and tenant-initiated transfers.

d. Involuntary transfers are subject to the Grievance Procedure and no transfers may be made until the time to request a grievance has expired or the procedure has been completed.

e. Victims of verified domestic violence, dating violence, sexual assault or stalking are eligible for emergency transfer according to the PHA's Violence Against Women Act Policy emergency transfer plan.

f. Failure by the Tenant to comply with a mandatory transfer is grounds for termination of this Lease

Following an offer and acceptance of a transfer, the family will execute all lease documents within two (2) days of being informed the unit is ready to rent. The family will be allowed three (3) days to complete the transfer. The family will be responsible for paying rent at the old unit, as well as the new unit for any period of time that they have possessions in both units beyond the three (3) day allowance to complete the transfer. The prorated rent and any other charges associated with the transfer must be paid on the first of the month following the transfer. Tenant appliances will be transferred to the new unit when the tenant transfers.

Following is the policy for the rejection of an offer to transfer:

- A. If the family rejects with good cause the unit offered, the family will not be removed from the transfer waiting list. Good cause to be determined by the Housing Authority of the City of Waco. Family's that reject offer with good cause approved by the Housing Authority of the City of Waco will be placed back on transfer list with date of refusal. If family rejects second offer with or without good cause the Housing Authority of the City of Waco will take action to terminate family's residency.
- B. If the transfer is being made at the request of the Housing Authority of the City of Waco and the family rejects one (1) offer without good cause, the Housing Authority of the City of Waco will take action to terminate the family's residency.

16.6 COST OF THE FAMILY'S MOVE

The cost of the transfer will be borne by the family under the following circumstances:

- A. When the transfer is made at the request of the family, or by others on behalf of the family;
- B. When the transfer is needed to move the family to an appropriately sized unit, either larger or smaller;
- C. When the transfer is necessitated because a family with disabilities needs the accessible unit into which the transferring family moved. Upon executing a waiver the transferring family agreed to move if an applicant family in need of an accessible unit reached the top of the waiting list; or
- D. When the transfer is necessary due to the action or inaction of the family causing the unit to be unsafe or uninhabitable.

The cost of the transfer will be borne by the Housing Authority of the City of Waco under the following circumstances:

- A. When the transfer is necessary in order to carry out rehabilitation/modernization activities; or
- B. When the transfer is necessary due to the action or inaction of the Housing Authority of the City of Waco causing the unit to be unsafe or uninhabitable.

The responsibility for moving costs under other circumstances will be determined on a case-by-case basis.

16.7 TENANTS IN GOOD STANDING

When the transfer is at the request of the family, it will not be approved unless the family is in good standing with

the Housing Authority of the City of Waco. This means that the family must be in compliance with its lease, current in all payments to the Housing Authority of the City of Waco, and must pass a housekeeping inspection.

16.8 RIGHT OF THE HOUSING AUTHORITY OF THE CITY OF WACO REGARDING TRANSFER POLICY

The provisions listed above are to be used as a guide to insure a fair and impartial means of assigning units for transfers. It is not intended that this policy create a property right, or any other type of right, for a tenant to transfer or refuse to transfer.

17.0 INSPECTIONS

17.1 NOTICE OF INSPECTION

For inspections defined as Annual/Housekeeping inspections, Uniform Property Condition Standards (UPCS)/Preventive Maintenance Inspections, and Special Inspections the Housing Authority of the City of Waco will give the tenant at least two (2) days written notice. Should you fail a house keeping inspection you will be sent a written 2 day notice each time until housekeeping issue has been meet or lease as been terminated.

17.2 MOVE-IN INSPECTION

An authorized representative of the Housing Authority of the City of Waco and an adult family member will inspect the unit before signing the lease, and prior to commencement of occupancy. A written statement of the condition of the premises will be made, all equipment will have been provided, and the statement will be signed by both parties. One copy of the inspection will be given to the adult family member, and a copy of the inspection will be retained in the tenant file.

17.3 ANNUAL/HOUSEKEEPING INSPECTION

An authorized representative of the Housing Authority of the City of Waco will inspect the unit annually or at other times as necessary, to ensure that the family is maintaining the unit in a safe and sanitary condition, and in accordance with the housekeeping standard of the Housing Authority of the City of Waco. Management may take pictures in order to deal with housekeeping, contractual services.

17.4 UNIFORM PROPERTY CONDITION STANDARDS (UPCS)/PREVENTIVE MAINTENANCE INSPECTION

An authorized representative of the Housing Authority of the City of Waco will inspect the unit annually to ensure that the unit and its equipment are kept in good repair. The inspector will check such things as weatherization factors, smoke detectors, water heaters, furnaces, automatic thermostats, water temperatures, general plumbing and electrical, etc. Work-order follow-up to this inspection is intended to provide servicing that extends the life of the unit and its equipment. Management may take pictures in order to deal with UPCS or Maintenance issues.

17.5 SPECIAL INSPECTION

A special inspection may be scheduled to enable HUD, modernization personnel, contractors, or other professionals to inspect a sampling of housing stock maintained by the Housing Authority of the City of Waco. Management may take pictures

17.6 EMERGENCY INSPECTION

If any employee and/or agent of the Housing Authority of the City of Waco have reason to believe that an emergency condition exists within a housing unit, the unit can be entered without notice. The person or persons that enter the unit will leave written notice to the tenant that indicates the date and time a unit was entered, and the reason why it was necessary to enter the unit. Management may take pictures

17.7 PRE MOVE-OUT INSPECTION

When a tenant gives notice that s/he intends to move, the Housing Authority of the City of Waco will offer to schedule a pre move-out inspection with the family. The inspection allows the Housing Authority of the City of Waco to help the family identify any problems which if left uncorrected, could lead to move-out charges. This inspection is a courtesy to the family and has been found to be helpful in reducing move-out costs to the family, as well as enabling the Housing Authority of the City of Waco to ready units more quickly for future occupants. Management may take pictures

17.8 MOVE-OUT INSPECTION

An authorized representative of the Housing Authority of the City of Waco will inspect a unit when a tenant is moving out, and in fact has removed all possessions from the unit. The Housing Authority of the City of Waco encourages the former tenant to be present at the move-out inspection since this becomes the basis for any claims that may be assessed against the security deposit. A written statement of the condition of the premises is made and retained in the tenant file. Management may take pictures.

17.9 INFESTATION POLICY

The Housing Authority of the City of Waco is responsible for making reasonable provisions for the extermination of roaches, ants, wood destroying organisms and bed bugs. This policy describes the Authority's procedure for handling serious infestations of such pests in the rental premises or in the adjoining rental units which may require vacating tenants from their unit. Upon report of infestation within 24 hours of report Housing Authority will contact a qualified licensed pest control contractor trained in bed bug detection to inspect the unit to determine if bed bugs are present. If infestation is identified, the unit and surroundings units will be treated for bed bugs. The inspection should occur within three calendar days of the tenants report when possible. If bed bugs infestation is found in the unit treatment will begin within five days of inspection if possible. Tenant will be advised of necessary timeframe it will take for treatment of the unit.

SECTION 1 - TENANT INVOLVEMENT:

In order for Housing Authority of the City of Waco to eradicate an infestation in a tenant's unit and/or adjoining rental unit, tenant will be required to cooperate with any such extermination process by complying with the requests of the Housing Authority's Licensed Professional Pest Control Representatives. Tenant must immediately report the suspicion of possible bed bugs in housing unit or other areas of the property immediately to the maintenance department and management staff.

Tenants agree not to bring onto the property any furniture or personal property that was found on the street, that was purchased at any used furniture store or charitable organization without prior treatment or inspection or which tenants have reason to believe could be infested with any pests.

If the technician is unable to perform the bed bug treatment due to lack of preparation by tenant, such as clutter, debris, people unable to leave the home, etc, a \$75.00 dollar trip charge will be added to your account and we will reschedule appointment. Should we have to return more than 3 times it could be cause to terminate your lease.

SECTION 2 - TERMINATIONS

The Housing Authority of the City of Waco retains the right to terminate tenant's tenancy and require tenants to vacate the rental unit in the event that the:

- A. Tenant's action or inactions contribute to or results in a pest infestation;
- B. Tenant action or inaction prevents treatment of an infestation.
- C. Tenant fails to comply with the requirements of this policy.
- D. Tenant failure to report infestation immediately upon suspicion.

If the Housing Authority of the City of Waco terminates the tenancy according to this policy and tenant vacates within seven (7) days of such notice of termination, the tenant shall be responsible for any future financial obligations pursuant to the Lease, unless the infestation is caused or worsened as a result of the tenant's actions or

inactions, or as a result of tenant preventing or hindering treatment.

18.0 TERMINATION

18.1 TERMINATION BY TENANT

A tenant may terminate the lease at any time by submitting a 15-day written notice to vacate the unit. If a tenant vacates the unit prior to the end of the 15-day period, s/he is responsible for rent to the end of the notice period, or until the unit is re-rented, whichever occurs first.

18.2 TERMINATION BY THE HOUSING AUTHORITY OF THE CITY OF WACO

The Housing Authority of the City of Waco after 10/01/2003 will not renew the lease of any family that is not in compliance with the community service requirement, or an approved agreement to cure. If the family does not voluntarily leave the property, eviction proceedings will be initiated.

The Housing Authority of the City of Waco will terminate the lease for serious or repeated violations of material lease terms. Such violations include, but are not limited to, the following:

- A. Nonpayment of rent or other charges;
- B. A history of late rental payments, i.e., “Notice of termination to Quit”;
- C. Failure to provide timely and accurate information regarding family composition, income circumstances, or other information related to eligibility or rent;
- D. Failure to allow inspection of the unit;
- E. Failure to maintain the unit in a safe and sanitary manner;
- F. Assignment or subletting the premises;
- G. Use of the premises for purposes other than as a dwelling unit (other than for a Housing Authority of the City of Waco approved tenant business);
- H. Destruction of property;
- I. Acts of destruction, defacement, or removal of any part of the premises, or failure to cause guests to refrain from such acts;
- J. Any criminal activity or drug-related criminal activity, on or off the premises. This includes, but is not limited to, the manufacture of methamphetamine on the premises of the Housing Authority of the City of Waco; Prior to Waco Housing Authority termination of lease due to criminal record applicants will be provided with an opportunity to dispute the accuracy and relevance of the record before termination of lease. The PHA may evict the tenant by judicial action for criminal activity in accordance with this section if the PHA determines that the covered person has engaged in the criminal activity, regardless of whether the covered person had been arrested or convicted for such activity and without satisfying the standard of proof used for a criminal conviction.
- K. Non-compliance with Non-citizen Rule requirements;
- L. Permitting persons not on the lease to reside in the unit, more than ten (10) days each year, without the prior written approval of the Housing Authority of the City of Waco;
- M. Failure to recertify annual information after first notice; and all school age children must be enrolled in school
- N. Failure to allow maintenance repairs or modernization improvements to a unit
- O. Failure to conduct themselves in a cooperative, courteous or non-threatening manner with tenants and staff. Disruptive or uncooperative behavior can result in termination of lease: or
- P. Other good cause.

The Housing Authority of the City of Waco will take immediate action to evict any household that includes an individual who is subject to a lifetime registration requirement under a State sex offender registration program.

18.3 ABSENCE FROM THE UNIT

The family must supply any information or certification requested by the Waco Housing Authority to verify that the family is living in the unit, or relating to family absence from the unit, including any Waco Housing Authority

requested information or certification on the purposes of family absences. The family must cooperate with the Waco Housing Authority for this purpose. The family must promptly notify the Waco Housing Authority of its absence from the unit within 10 ten days.

Absence means that no member of the family is residing in the unit. The family may be absent from the unit for up to 30 days. Any family absent for more than 30 days without notifying Waco Housing Authority and non-payment of rent will be terminated from the program.

Authorized absences may include, but are not limited to, and require rent and all other charges to be paid monthly.

1. Prolonged hospitalization
2. Absences beyond the control of the family (i.e., death in the family, other family member illness)
3. Other absences that are deemed necessary by the Waco Housing Authority

Upon the death of the sole tenant the Lease is automatically terminated. The emergency contact listed by tenant will be notified in writing to have all of tenant's personal property removed from the leased unit within 10 calendar days of the postmark date on the notice or through the end of month in which the rent has been paid, whichever is greater. Notice will be delivered to the emergency contact address provided by tenant. It is tenant's responsibility to ensure the Authority recives any updated emergency contact information, including name, address and phone number, in writing.

If tenant does not provide an emergency contact or if tenant's emergency contact does not timely remove all of tenant's personal property as provided in the notice, th Authority is authorized to remove and dispose of tenant's personal property from the lease premises. The Authority is under no obligation to store tenant's property. Any refund, including security deposit(lesslawful deductions), will be paid to the estate of the sole tenant. The tenant's estate will be liable for payment of rent and all other charges as provided under the terms of this lease until the unit is vacated. The tenant further agrees to abide by such necessary and reasonable regulation as may be promulgated by the Authority for the benefit and well-being of the housing development and the tenants which shall be posted in the Authority's office and incorporated by reference in this lease.

Surrender or abandonment ends the tenant right of possession and gives the Housing Authority of the City of Waco the right to remove any property, and clean the unit for lease-up.

18.4 RETURN OF SECURITY DEPOSIT

When a family moves out, the Housing Authority of the City of Waco will return the security deposit within 30-days, and give the family a written statement of why all, part, or none of the security deposit is being kept. The unit must be restored to the same condition as when the family moved in, except for normal wear and tear. The security deposit will not be used to cover normal wear and tear, or damage that existed when the family moved in.

The Housing Authority of the City of Waco will be considered in compliance with the above, if the required payment and statement are deposited in the U.S. mail with first class postage paid within 30-days of a family's move-out.

18.5 GRIEVANCE PROCEDURE

Per CFR 966.51 (a) (2) "Except in cases involving eviction where state law provides due process in accordance with 24 CFR 966.54, any tenant with an individual dispute relative to a Housing Authority act or failure to act in accordance with the dwelling lease or adopted regulations, shall be given an informal hearing 24 CFR 966.54 and, if requested, a formal hearing before a selective hearing (24.CFT 966.55) officer or hearing panel. The following exceptions are:

1. Any criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises or other tenants or employees of the Authority, or
2. Any violent or drug related criminal activity on or near such premises."

19.0 VIOLENCE AGAINST WOMEN'S ACT COMPLIANCE

I. Admissions and Screening

- A. Non – Denial of Assistance. WHA will not deny admission to Public Housing rental assistance program to any person because that person is or has been a victim of domestic violence, dating violence, sexual assault or stalking, provided that such person is otherwise qualified for such admission.
- B. Admissions Preference – Applicants for housing assistance from WHA will receive a preference in admissions by virtue of their status as victims of domestic violence (dating violence, sexual assault or stalking).
- C. Mitigation of Disqualifying Information. When so requested in writing by an applicant for assistance whose history includes incidents in which the applicant was a victim of domestic violence, WHA may, but shall not be obligated to, take such information into account in mitigation of potentially disqualifying information, such as poor credit history or previous damage to a dwelling. If requested by an applicant to take such mitigating information into account, WHA shall be entitled to conduct such inquiries as are reasonably necessary to verify the claimed history of domestic violence and its probable relevance to the potentially disqualifying information. WHA will not disregard or mitigate potentially disqualifying information if the applicant household includes a perpetrator of a previous incident or incidents of domestic violence.

II. Termination of Tenancy or Assistance

- A. VAWA Protections. Under VAWA, Public Housing tenants have the following specific protections, which will be observed by WHA:
 - 1. An incident or incidents of actual or threatened domestic violence, dating violence, sexual assault or stalking will not be considered to be a “serious or repeated” violation of the lease by the victim or threatened victim of that violence and will not be good cause for terminating the tenancy or occupancy rights of or assistance to the victim of that violence.
 - 2. In addition to the foregoing, tenancy or assistance will not be terminated by WHA as a result of criminal activity, if that criminal activity is directly related to domestic violence, dating violence, sexual assault or stalking engaged in by a member of the assisted household, a guest or another person under the tenant’s control, and the tenant or an immediate family member is the victim or threatened victim of this criminal activity. However, the protection against termination of tenancy or assistance described in this paragraph is subject to the following limitations:
 - (a) Nothing contained in this paragraph shall limit any otherwise available authority of WHA or a Section 8 owner or manager to terminate tenancy, evict, or to terminate assistance, as the case may be, for any violation of a lease or program requirement not premised on the act or acts of domestic violence, dating violence, sexual assault or stalking in question against the tenant or a member of the tenant’s household. However, in taking any such action, neither WHA nor a Section 8 manager or owner may apply a more demanding standard to the victim of domestic violence, dating violence, sexual assault or stalking than that applied to the other tenants.
 - (b) Nothing contained in this paragraph shall be construed to limit the authority of WHA or a Section 8 owner or manager to evict or terminate from assistance any tenant or lawful applicant if the owner, manager or WHA, as the case may be, can demonstrate an actual and imminent threat to other tenants or to those employed at or providing service to the property, if the tenant is not evicted or terminated from assistance.
- B. Removal of Perpetrator. Further, notwithstanding anything in paragraph VI.A.2. or Federal, State or local law to the contrary, WHA or a Section 8 owner or manager, as the case may be, may bifurcate a lease, or remove a household member from a lease, without regard to whether a household member is a signatory to a lease, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a tenant or lawful occupant and who engages in acts of physical violence against family members or others. Such action against the perpetrator of such physical violence may be taken without evicting, removing, terminating assistance to, or otherwise penalizing the victim of such violence who is also the tenant or a lawful occupant. Such eviction, removal, termination of occupancy rights, or termination of assistance shall be effected in accordance with the procedures prescribed by law applicable to terminations of tenancy and evictions by WHA. Leases used for all Public Housing operated by WHA and, at the option of Section 8 owners or managers, leases for dwelling units occupied by families assisted with Section 8 rental assistance administered by WHA, shall contain provisions setting forth the substance of this paragraph.

III. Verification of Domestic Violence, Dating Violence Sexual Assault or Stalking

Requirement for Verification. The law allows, but does not require, WHA or a Section 8 owner or manager to verify that an incident or incidents of actual or threatened domestic violence, dating violence, sexual assault or stalking claimed by a tenant or other lawful occupant is bona fide and meets the requirements of the applicable definitions set forth in this policy. Subject only to waiver as provided in paragraph IV.C, WHA shall require verification in all cases where an individual claims protection against an action involving such individual proposed to be taken by WHA.

Verification of a claimed incident or incidents of actual or threatened domestic violence, dating violence, sexual assault or stalking may be accomplished in one of the following three ways:

- HUD-approved form – by providing to WHA or to the requesting Section 8 owner or manager a written certification, on a form approved by the U.S. Department of Housing and Urban Development (HUD), that the individual is a victim of domestic violence, dating violence, sexual assault or stalking that the incident or incidents in question are bona fide incidents of actual or threatened abuse meeting the requirements of the applicable definition(s) set forth in this policy. The incident or incidents in question must be described in reasonable detail as required in the HUD-approved form, and the completed certification must include the name of the perpetrator.
- Other documentation – by providing to WHA or to the requesting Section 8 owner or manager documentation signed by an employee, agent, or volunteer of a victim service provider, an attorney, or a medical professional, from whom the victim has sought assistance in addressing the domestic violence, dating violence, sexual assault or stalking, or the effects of the abuse, described in such documentation. The professional providing the documentation must sign and attest under penalty of perjury (28 U.S.C. 1746) to the professional's belief that the incident or incidents in question are bona fide incidents of abuse meeting the requirements of the applicable definition(s) set forth in this policy. The victim of the incident or incidents of domestic violence, dating violence, sexual assault or stalking described in the documentation must also sign and attest to the documentation under penalty of perjury.
- Police or court record – by providing to WHA or to the requesting Section 8 owner of manager a Federal, State, tribal, territorial, or local police or court record describing the incident or incidents in question.

Time allowed to provide verification/failure to provide. An individual who claims protection against adverse action based on an incident or incidents of actual or threatened domestic violence, dating violence, sexual assault or stalking, and who is requested by WHA, or a Section 8 owner or manager to provide verification, must provide such verification within 14 business days (i.e., 14 calendar days, excluding Saturdays, Sundays, and federally-recognized holidays) after receipt of the request for verification. Failure to provide verification, in proper form within such time will result I loss of protection under VAWA and this policy against a proposed adverse action.

Waiver of verification requirement. The Ptenant/CEO of WHA, or a Section 8 owner or manager, may, with respect to any specific case, waive the above-stated requirements for verification and provide the benefits of this policy based on the victim's statement or other corroborating evidence. Such waiver may be granted in the sole discretion of the Ptenant/CEO, owner or manager. Any such waiver must be in writing. Waiver in a particular instance or instances shall not operate as precedent for, or create any right to, waiver I any other case or cases, regardless of similarity in circumstances.

IV. Confidentiality

- A. Right of confidentiality. All information (including the fact that an individual is a victim of domestic violence, dating violence, sexual assault or stalking) provided to WHA or to a Section 8 owner or manager in connection with a verification required under Section IV of this policy or provided in lieu of such verification where a waiver of verification is granted, shall be retained by the receiving party in confidence and shall neither be entered in any shared database nor provided to any related entity, except where disclosure is:
 - requested or consented to by the individual in writing, or
 - required for use in a Public Housing eviction proceeding or in connection with termination of Section 8 assistance, as permitted in VAWA, or

otherwise required by applicable law.

- B. Notification of rights. All tenants of Public Housing and tenants participating in the Section 8 rental assistance program administered by WHA shall be notified in writing concerning their right to confidentiality and the limits on such rights to confidentiality.

I. Transfer to a New Residence

- A. Application for transfer. In situations that involve significant risk of violent harm to an individual as a result of previous incidents or threats of domestic violence, dating violence, or stalking, WHA will, if an approved unit size is available at a location that may reduce the risk of harm, approve transfer by a Public Housing or Section 8 tenant to a different unit on order to reduce the level of risk to the individual. A tenant who requests transfer must attest in such application that the requested transfer is necessary to protect the health or safety of the tenant or another member of the household who is or was the victim of domestic violence dating violence, sexual assault or stalking and who reasonably believes that the tenant or other household member will be imminently threatened by harm from further violence if the individual remains in the present dwelling unit.
- B. Action on application. WHA will act upon such an application promptly within 14 days.
- C. No right to transfer. WHA will make every effort to accommodate requests for transfer when suitable alternative vacant units are available and the circumstances warrant such action. However, except with respect to portability of Section 8 assistance as provided in paragraph VII, E. below, the decision to grant or refuse to grant a transfer shall lie within the sole discretion of WHA, and this policy does not create any right on the part of any applicant to be granted a transfer.
- D. Family rent obligations. If a family occupying WHA Public Housing moves before the expiration of the lease term in order to protect the health or safety of a household member, the family will remain liable for the rent during the remainder of the lease term unless released by WHA. In cases where WHA determines that the family's decision to move was reasonable under the circumstances, WHA may wholly or partially waive rent payments and any rent owed shall be reduced by the amounts of rent collected for the remaining lease term from a tenant subsequently occupying the unit.
- E. it.

II. Court Orders/Family Break-up

- A. Court orders. It is WHA's policy to honor orders entered by courts of competent jurisdiction affecting individuals assisted by WHA and their property. This includes cooperating with law enforcement authorities to enforce civil protection orders issued for the protection of victims and addressing the distribution of personal property among household members in cases where a family breaks up.
- B. Family break-up. Other WHA policies regarding family break-up are contained in WHA's Public Housing Admissions and Continuing Occupancy Plan (ACOP) and its Section 8 Administrative Plan.

III. Relationships with Service Providers

It is the policy of WHA to cooperate with organizations and entities, both private and governmental that provides shelter and/or services to victims of domestic violence. If WHA staff becomes aware that an individual assisted by WHA is a victim of domestic violence, dating violence, sexual assault or stalking, WHA will refer the victim to such providers of shelter or services as appropriate. Notwithstanding the foregoing, this Policy does not create any legal obligation requiring WHA either to maintain a relationship with any particular provider of shelter or services to victims or domestic violence or to make a referral in any particular case. WHA's annual Public Housing agency plan shall describe providers of shelter or services to victims of domestic violence with which WHA has referral or other cooperative relationships.

IV. Notification

WHA shall provide written notification to applicants, tenants, and Section 8 owners and managers, concerning the rights and obligations created under VAWA relating to confidentiality, denial of assistance and termination of tenancy or assistance. In accordance with the VAWA Reauthorization Act of 2013 (FR 11/16/16) Notification of Occupancy Rights under the VAWA (Form HUD- 5380) and Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation (Form HUD- 5382) will be provided to all applicants and/or tenants as required.

In accordance with the VAWA Reauthorization Act of 2013 (FR 11/16/16), WHA has implemented the

following internal and external Emergency Transfer Plan:

- A. The Emergency Transfer Plan will be available upon request and, when feasible, publically available.
- B. The Waco Housing Authority will retain record of all emergency transfer request and the outcome and retain this information for a period of three years
- C. WHA will provide request and outcomes to HUD annually.

Emergency Transfer Plan for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking

Emergency Transfers

WACO HOUSING AUTHORITY is concerned about the safety of its tenants, and such concern extends to tenants who are victims of domestic violence, dating violence, sexual assault, or stalking. In accordance with the Violence Against Women Act (VAWA),¹ Waco Housing Authority allows tenants who are victims of domestic violence, dating violence, sexual assault, or stalking to request an emergency transfer from the tenant's current unit to another unit. The ability to request a transfer is available regardless of sex, gender identity, or sexual orientation.²

The ability of WHA to honor such request for tenants currently receiving assistance, however, may depend upon a preliminary determination that the tenant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, and on whether WHA as another dwelling unit that is available and is safe to offer the tenant for temporary or more permanent occupancy.

This plan identifies tenants who are eligible for an emergency transfer, the documentation needed to request an emergency transfer, confidentiality protections, how an emergency transfer may occur, and guidance to tenants on safety and security. This plan is based on a model emergency transfer plan published by the U.S. Department of Housing and Urban Development (HUD), the Federal agency that oversees that **Public Housing** is in compliance with VAWA.

Eligibility for Emergency Transfers

A tenant who is a victim of domestic violence, dating violence, sexual assault, or stalking, as provided in HUD's regulations at 24 CFR part 5, subpart L is eligible for an emergency transfer, if: the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant remains within the same unit. If the tenant is a victim of sexual assault, the tenant may also be eligible to transfer if the sexual assault occurred on the premises within the 90-calendar-day period preceding a request for an emergency transfer.

A tenant requesting an emergency transfer must expressly request the transfer in accordance with the procedures described in this plan. Tenants who are not in good standing may still request an emergency transfer if they meet the eligibility requirements in this section.

Emergency Transfer Request Documentation

To request an emergency transfer, the tenant shall notify WHA development management office and submit a written request for a transfer within current Public Housing Development or to another WHA Public Housing property. WHA will provide reasonable accommodations to this policy for individuals with disabilities. The tenant's written request for an emergency transfer should include either:

1. A statement expressing that the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant were to remain in the same dwelling unit assisted under WHA program; OR
2. A statement that the tenant was a sexual assault victim and that the sexual assault occurred on the premises during the 90-calendar-day period preceding the tenant's request for an emergency transfer.

¹ Despite the name of this law, VAWA protection is available to all victims of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, or sexual orientation.

² Housing providers cannot discriminate on the basis of any protected characteristic, including race, color, national origin, religion, sex, familial status, disability, or age. HUD-assisted and HUD-insured housing must be made available to all otherwise eligible individuals regardless of actual or perceived sexual orientation, gender identity, or marital status.

Confidentiality

WHA will keep confidential any information that the tenant submits in requesting an emergency transfer, and information about the emergency transfer, unless the tenant gives WHA written permission to release the information on a time limited basis, or disclosure of the information is required by law or required for use in an eviction proceeding or hearing regarding termination of assistance from the covered program.

This includes keeping confidential the new location of the dwelling unit of the tenant, if one is provided, from the person(s) that committed an act(s) of domestic violence, dating violence, sexual assault, or stalking against the tenant. See the Notice of Occupancy Rights under the Violence Against Women Act For All Tenants for more information about WHA's responsibility to maintain the confidentiality of information related to incidents of domestic violence, dating violence, sexual assault, or stalking.

Emergency Transfer Timing and Availability

WHA cannot guarantee that a transfer request will be approved or how long it will take to process a transfer request. WHA will, however, act as quickly as possible to move a tenant who is a victim of domestic violence, dating violence, sexual assault, or stalking to another unit, subject to availability and safety of a unit. If a tenant reasonably believes a proposed transfer would not be safe, the tenant may request a transfer to a different unit. If a unit is available, the transferred tenant must agree to abide by the terms and conditions that govern occupancy in the unit to which the tenant has been transferred. WHA may be unable to transfer a tenant to a particular unit if the tenant has not or cannot establish eligibility for that unit.

If WHA has no safe and available units for which a tenant who needs an emergency is eligible, WHA will assist the tenant in identifying other housing providers or housing assistance program who may have safe and available units to which the tenant could move. At the tenant's request, WHA will also assist tenants in contacting the local organizations offering assistance to victims of domestic violence, dating violence, sexual assault, or stalking that are attached to this plan.

Safety and Security of Tenants

Pending processing of the transfer and the actual transfer, if it is approved and occurs, the tenant is urged to take all reasonable precautions to be safe.

Tenants who are or have been victims of domestic violence are encouraged to contact the:

National Domestic Violence Hotline at 1-800-799-7233, or a local domestic violence shelter, for assistance in creating a safety plan.

For persons with hearing impairments, that hotline can be accessed by calling 1-800-787-3224 (TTY).

Tenants who have been victims of sexual assault may call the Rape, Abuse & Incest National Network's National Sexual Assault Hotline at 800-656-HOPE, or visit the online hotline at <https://ohl.rainn.org/online/>.

Tenants who are or have been victims of stalking seeking help may visit the National Center for Victims of Crime's Stalking Resource Center at <https://www.victimsofcrime.org/our-programs/stalking-resource-center>.

WHA will provide a local resource guide, this guide will provide contact info for and information on organizations offering assistance to victims of domestic violence, dating violence, sexual assault, or stalking.

V. Relationship with Other Applicable Laws

Neither VAWA nor this Policy implementation shall preempt or supersede any provision of Federal, State or local law that provides greater protection than that provided under VAWA for victims of domestic violence, dating violence or stalking.

VI. Amendment

This policy may be amended from time to time by WHA as approved by the WHA Board of Commissioners.

GLOSSARY

50058 Form: The HUD form that housing authorities are required to complete for each assisted household in Public Housing to record information used in the certification and re-certification process and, at the option of the housing authority, for interim reexaminations.

1937 Housing Act: The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) (24 CFR 5.100)

Adjusted Annual Income: The amount of household income, after deductions for specified allowances, on which tenant rent is based. (24 CFR 5.611)

Adult: A household member who is 18 years or older or who is the head of the household, or spouse, or co-head.

Allowances: Amounts deducted from the household's annual income in determining adjusted annual income (the income amount used in the rent calculation). Allowances are given for elderly families, dependents, medical expenses for elderly families, disability expenses, and child care expenses for children under 13 years of age. Other allowance can be given at the discretion of the housing authority.

Annual Contributions Contract (ACC): The written contract between HUD and a housing authority under which HUD agrees to provide funding for a program under the 1937 Act, and the housing authority agrees to comply with HUD requirements for the program. (24CFR 5.403)

Annual Income: All amounts, monetary or not, that:

- A. Go to (or on behalf of) the family head or spouse (even if temporarily absent) or to any other family member, or
- B. Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- C. Are not specifically excluded from annual income.

Annual Income also includes amounts derived (during the 12-month period) from assets to which any member of the family has access. (1937 Housing Act: 24CFR 5.609)

Applicant (applicant family): A person or family that has applied for admission to a program but is not yet a participant in the program. (24CFR 5.403)

As-Paid States: States where the welfare agency adjusts the shelter and utility component of the welfare grant in accordance with actual housing costs. Currently, the four as-paid States are New Hampshire, New York, Oregon and Vermont.

Assets: The value of equity in savings, checking, IRA and Keogh accounts, real property, stocks, bonds, and other forms of capital investment. The value of necessary items of personal property such as furniture and automobiles are not counted as assets. (Also see "net family assets.")

Asset Income: Income received from assets held by family members. If assets total more than \$5,000.00 income from the assets is "imputed: and the greater of actual asset income and imputed asset income is counted in annual income. (See "imputed asset income" below)

Ceiling Rent: Maximum rent allowed for some units in Public Housing projects.

Certification: The examination of a household's income, expenses, and family composition to determine the family's eligibility for program participation and to calculate the family's share of rent.

Child: For purposes of citizenship regulations, a member of the family other than the family head or spouse who is under 18 years of age. (24CFR 5.504(b))

Child Care Expenses: Amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which annual income is computed, but only where such care is necessary to enable a family member to

actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for childcare. In the case of childcare necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income. (24CFR 5.603(d))

Citizen: A citizen or national of the United States. (24CFR 5.504(b))

Consent Form: Any consent form approved by HUD to be signed by assistance applicants and participants for the purpose of obtaining income information from employers and SWICAs, return information from the Social Security Administration, and return information for unearned income from the Internal Revenue Service. The consent forms may authorize the collection of other information from assistance applicants for participant to determine eligibility or level of benefits. (24CFR 5.214)

Dating Violence: Violence committed by a person

- (a) who is or has been in a social relationship of a romantic or intimate nature with the victim; and
- (b) where the existence of such a relationship shall be determined based on a consideration of the following factors; (I) the length of the relationship; (II) the type of relationship, and (III) the frequency of the interaction between the persons involved in the relationship.

Decent, Safe, and Sanitary: Housing is decent, safe, and sanitary if it satisfies the applicable housing quality standards.

Department: The Department of Housing and Urban Development. (24CFR 5.100)

Dependent: A member of the family (except foster children and foster adults), other than the family head or spouse, who is under 18 years of age or is a person with a disability or is a full-time student (24CFR 5.603 (d))

Dependent Allowance: An amount, equal to \$480 multiplied by the number of dependents, that is deducted from the household's annual income in determining adjusted annual income

Disability Assistance Expenses: Reasonable expenses that are anticipated, during the period for which annual income is computed, for attendant care and auxiliary apparatus for a disabled family member and that are necessary to enable a family member (including the disabled member) to be employed, provided that the expenses are neither paid to a member of the family nor reimbursed by an outside source. (24CFR 5.63(d))

Disability Assistance Expense Allowance: In determining adjusted annual income, the amount of disability assistance expenses deducted from annual income for families with a disabled household member.

Disabled Family: A family whose head, spouse, or sole member is a person with disabilities, two or more persons with disabilities living together; or one or more persons with disabilities living with one or more live-in aides (24CFR 5.403(b)) (Also see "person with disabilities.")

Disabled Person: See "person with disabilities."

Displaced Family: A family in which each member, or whose sole member, is a person displaced by governmental action (such as urban renewal), or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws. (24CFR 5.403(b))

Displaced Person: A person displaced by a governmental action or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws. [1937 Act]

Domestic Violence: Includes felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, by a person with whom the victim share a child in common, by a person who is cohabitated with or has cohabited with the victim as a spouse, by a person against and adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.

Drug-Related Criminal Activity: Drug trafficking or the illegal use, or possession for personal use, of a controlled substance as defined in Section 102 of the Controlled Substances Act (21 U.S.C. 802)

Elderly Family: A family whose head, spouse, or sole member is a person who is at least 62 years of age; two or more persons who are at least 62 years of age living together; or one or more persons who are at least 62 years of age living with one or more live-in aides. (24CFR 5.403)

Elderly Family Allowance: For elderly families, an allowance of \$400 is deducted from the household's annual income in determining adjusted annual income.

Elderly Person: A person who is at least 62 year of age. (1937 Housing Act)

Extremely low-income families: A very low-income family whose annual income does not exceed the higher of: The poverty guideline established by the Department of Health & Human Services applicable to the size involved or thirty (30) percent of the median income for the areas as determined by HUD with adjustments for smaller and larger families, except that HUD may establish income ceiling higher or lower than thirty (30) percent of the area median income for the area of HUD finds that such variations are necessary because of unusually high or low family incomes(Effective March 28,2016).

Fair Housing Act: Title VIII of the Civil Rights Act. Of 1968, as amended by the Fair Housing Amendments Act of 1988 (42 U.S.C. 3601 et seq.). (24CFR 5.100)

Family includes but is not limited to:

- A. A family with or without children;
- B. An elderly family;
- C. A near-elderly family;
- D. A disabled family;
- E. A displaced family;
- F. The remaining member of a tenant family; and
- G. A single person who is not an elderly or displaced person, a person with disabilities, or the remaining member of a tenant family. (24CFR 5.403)
- H. Gender identity and sexual orientation

Family Members: All members of the household other than live-in aides, foster children, and foster adults. All family members permanently reside in the unit, though they may be temporarily absent. All family members are listed on the lease.

Family Self-Sufficiency Program (FSS Program): The program established by a housing authority to promote self-sufficiency among participating families, including the coordination of supportive services. (24CFR 984.103(b))

Flat Rent: A rent amount the family may choose to pay in lieu of having their rent determined under the formula method. The flat rent is established by the housing authority set at the lesser of the market value for the unit or the cost to operate the unit. Families selecting the flat rent option have their income evaluated once every three years, rather than annually.

Formula Method: A means of calculating a family's rent based on 10% of their monthly income, 30% of their adjusted monthly income, the welfare rent, or the minimum rent. Under the formula method, rents may be capped by a ceiling rent. Under this method, the family's income is evaluated at least annually.

Full-Time Student: A person who is carrying a subject load that is considered full-time for day students under the standards and practices of the educational institution attended. An educational institution includes a vocational school with a diploma or certificate program, as well as an institution offering a college degree. (24CFR 5.603(d))

Gender Identity:Means actual or perceived gender-related characteristics

Head of Household: The adult member of the family who is the head of the household for purposed of determining

income eligibility and rent. (24CFR 5.504(b))

Household Members: All member of the household including members of the family, live-in aides, foster children, and foster adults. All household members are listed on the lease, and no one other than household members is listed on the lease.

Housing Assistance Plan: A housing plan that is submitted by a unit of general local government and approved by HUD as being acceptable under the standards of 24CFR 570.

Imputed Income: For households with net family assets of more than \$5,000.00, imputed income is the amount calculated by multiplying net family assets by a HUD-specified percentage. If imputed income is more than actual income from assets, the imputed amount is used as income from assets in determining annual income.

In-Kind Payments: Contributions other than cash made to the family or to a family member in exchange for services provided or for the general support of the family (e.g., groceries provided on a weekly basis, bay sitting provided on a regular basis).

Interim (examination): A reexamination of a family income, expenses, and household composition conducted between the regular annual re-certifications when a change in a household's circumstances warrants such a reexamination.

Live-In Aide: A person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities and who:

- A. Is determined to be essential to the care and well-being of the persons;
- B. Is not obligated for the support of the persons; and
- C. Would not be living in the unit except to provide the necessary supportive services. (24CFR 5.403(b))

Low-Income Families: Those families whose incomes do not exceed 80% of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80% of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low family incomes. (1937Act)

Medical Expenses: Medical expenses (of all family members of an elderly or disabled family), including medical insurance premiums, that are anticipated during the period for which annual income is computed and that are not covered by insurance. (24 CFR 5.603 (d)) These expenses include, but are not limited to, prescription and non-prescription drugs, costs for doctor, dentists, therapists, medical facilities, care for a service animal, and transportation for medical purposes.

Mixed Family: A family whose members include those with citizenship or eligible immigration status and those without citizenship or eligible immigration status (24CFR 5.504(b))

Monthly Adjusted Income: One-twelfth ad adjusted income. (24CFR5.603 (d))

Monthly Income: One-twelfth of annual income. (24CFR5.603 (d))

National: A person who owes permanent allegiance to the United States, for example, as a result of birth in a United States territory or possession (24 CFR 5.504 (b))

Near-Elderly Family: A family whose head, spouse, or sole member is a person who is at least 50 years of age but below the age of 62; two or more persons who are at least 50 years of age but below the age of 62 living together, or one or more persons who are at least 50 years of age but below the age of 62 living with one or more live-in aides. (24CFR 5.503 (b))

Net Family Assets:

- A. Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and excluding equity accounts in HUD homeownership programs. The value for necessary items of personal

property such as furniture and automobiles shall be excluded.

- B.** In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining annual income.
- C.** In determining family assets, housing authorities or owners, as applicable, shall include the value of any businesses or family asset disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or re-examination, as applicable, in excess of the consideration received therefore. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms. (24 CFR 5>603 (d))

Non-Citizen: A person who is neither a citizen nor national of the United States. (24 CFR 5.504(b))

Occupancy Standards: The standards that a housing authority establishes for determining the appropriate number of bedrooms needed to house families of families of different sizes or composition.

Person with Disabilities: A person who:

- A.** Has a disability as defined in Section 223 of the Social security Act, which states:
“Inability to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months, or in the case of an individual who attained the age of 55 and is blind and unable by reason of such blindness to engage in substantial, gainful activity requiring skills or ability comparable to those of any gainful activity in which he has previously engaged with some regularity and over a substantial period of time.
- B.** Is determined, Pursuant to regulations issued by the Secretary, to have a physical, mental, or emotional impairment that:
 - 1. Is expected to be a long-continued and indefinite duration;
 - 2. Substantially impedes his or ability to live independently; and
 - 3. Is of such a nature that such ability could be improved by more suitable housing conditions, or
- C.** Has a developmental disability as defined in Section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act, which states:
“Severe chronic disability that:
 - 1. Is attributable to a mental or physical impairment or combination of mental and physical impairments;
 - 2. Is manifested before the person attains age 22;
 - 3. Is likely to continue indefinitely;
 - 4. Results in substantial functional limitation in three or more of the following areas of major life activity: (1) self care, (2) receptive and responsive language, (3) learning, (4) mobility, (5) self-direction, (6) capacity for independent living, and (7) economic self-sufficiency; and
 - 5. Reflects the person’s need for combination and sequence of special, interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated.

This definition does not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from etiologic agent for acquired immunodeficiency syndrome. (1937 Act)

No individual shall be considered to be a person with disabilities for purposes of eligibility solely based on any

drug or alcohol dependence.

Proration of Assistance: The reduction in a family's housing assistance payment to reflect the proportion of family members in a mixed family who are eligible for assistance. (24 CFR 5.520)

Public Housing Agency (PHA): Any State, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development or operation of low-income housing under the 1937 Housing Act. (24 CFR 5,100)

Recertification: The annual reexamination of a family's income, expenses, and composition to determine the family's rent.

Remaining Member of a Tenant Family: A member of the family listed on the lease who continues to live in the Public Housing dwelling after all other family members have left. (Handbook 7565.1 REV-2, 3-5b.)

Self-Declaration: A type of verification statement by the tenant as to the amount and source of income, expenses, or family composition. Self-declaration is acceptable verification only when third-party verification or documentation cannot be obtained.

Sexual Orientation: Means homosexuality, heterosexuality or bisexuality

Sexual Assault: Any nonconsensual sexual act.

Shelter Allowance: That portion of a welfare benefit (e.g., TANF) the welfare agency designates to be used for rent and utilities.

Single Person: Someone living alone or intending to live alone who does not qualify as an elderly family, a person with disabilities, a displaced person, or the remaining member of a tenant family. (Public Housing Handbook 7465.1 REV-2, 3-5)

Stalking: to follow, pursue, or repeatedly commit acts with the intent to kill, injure, harass, or intimidate another person, and in the course of, or as a result of, such following, pursuit, surveillance, or repeatedly committed acts, to place a person in reasonable fear of the death of, or serious bodily injury to, or to cause substantial emotion harm to (I) that person; (II) a member of the immediate family of the person; or (III) the spouse or intimate partner of that person.

State Wage Information Collection Agency (SWICA): The State agency receiving quarterly wage reports from employers in the State or an alternative system that has been determined by the Secretary of Labor to be as effective and timely in providing employment-related income and eligibility information. (24CFR 5.214)

Temporary Assistance to Needy Families (TANF): The program that replaced the Assistance to Families with Dependent Children (AFDC) that provides financial assistance to needy families who meet program eligibility criteria. Benefits are limited to a specified time period.

Tenant: The person or family renting or occupying an assisted dwelling unit. (24 CFR 5.504(b))

Tenant Rent: The amount payable monthly by the family as rent to the housing authority. Where all utilities (except telephone) and other essential housing services are supplied by the housing authority or owner, tenant rent equals total tenant payment. Where some or all utilities (except telephone) and other essential housing services are supplied by the housing authority and the cost thereof is not included in the amount paid as rent, tenant rent equals total tenant payment less the utility allowance. (24CFR 5.603(d))

Third-Party (verification): Written or oral confirmation of a family's income, expenses, or household composition provided by a source outside the household.

Total Tenant Payment (TTP):

- A. Total tenant payment for families whose initial lease is effective on or after August 1, 1982:
 - 1. Total tenant payment is the amount calculated under Section 3(a)(1) of the 1937 Act

which is the higher of:

- a. 30% of the family's monthly adjusted income;
- b. 10% of the family's monthly income; or
- c. If the family is receiving payments for welfare assistance from a public agency and a part of such payments, adjusted in accordance with the family's actual housing costs, is specifically designated by such agency to meet the family's housing costs, the portion of such payments which is so designated.

If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under section 3(a) (1) shall be the amount resulting from one application of the percentage.

2. Total tenant payment for families residing in Public Housing does not include charges for excess utility consumption or other miscellaneous charges.

- B.** Total tenant payment for families residing in Public Housing whose initial lease was effective before August 1, 1982: Paragraphs (b) and (c) of 24 CFR 913.107, as it existed immediately before November 18, 1996), will continue to govern the total tenant payment of families, under a Public Housing program, whose initial lease was effective before August 1, 1982.

Utility Reimbursement: The amount, if any by which the utility allowance for the unit, if applicable, exceeds the total tenant payment for the family occupying the unit. (24 CFR 5.603)

Very Low-Income Families: Low-income families whose income do not exceed 50% of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50% of the median for the areas on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes. Such ceilings shall be established in consultation with the Secretary of Agriculture for any rural area, as defined in Section 520 of the Housing Act of 1949, taking into account the subsidy characteristics and types of programs to which such ceilings apply. (1937 ACT)

Violence Against Womens Act (VAWA) : Federal law that went into effect in 2006 to protect individuals who are victims of domestic violence, dating violence, sexual assault and stalking.

Welfare Assistance: Welfare or other payments to families or individuals, based on need, that are made under programs funded by Federal, State or local governments. (24 CFR 5.603(d))

Welfare Rent: In "as-paid" welfare programs, the amount of the welfare benefit designated for shelter and utilities.

ACRONYMS

ACC	Annual contributions Contract
CFR	Code of Federal Regulations
FSS	Family Self Sufficiency (program)
HCDA	Housing and Community Development Act
HQS	Housing Quality Standards
HUD	Department of Housing and Urban Development
INS	(U.S) Immigration and Naturalization Service
NAHA	(Cranston-Gonzales) National Affordable Housing Act
NOFA	Notice of Funding Availability
OMB	(U.S.) Office of Management and Budget
PHA	Public Housing Agency
QHWR	Quality Housing and Work Responsibility Act of 1998
SSA	Social Security Administration
TTP	Total Tenant Payment

HOUSING AUTHORITY OF THE CITY OF WACO

DWELLING LEASE

Account No: 01-066

No of bedrooms: 3

Site: Estella Maxey

1.DESCRPTION OF PARTIES & PREMISES: The Housing Authority of the City of Waco (hereinafter called the Authority) does hereby lease to Jane Doe (hereinafter called the tenant) the premises located at:

1110 Cleveland

Waco, TX 76706

The Lease shall begin on 05/01/2018. The term shall be one year and shall renew automatically, under the terms and conditions stated herein. The premises leased are for the exclusive use and occupancy of the Tenant and his/her household consisting of the following named individuals who will reside in the dwelling unit:

NAME	BIRTHDATE	RELATIONSHIP	Social Security #
		Head of Household	

A. Persons not on the lease (visitor/guest) may not stay in the unit for more than ten (10) days a year without written permission from the management. Visitors or guest may be permitted in a dwelling unit as long as they have no previous or current history behavioral problems on any WHA premises that would be a lease violation. Visitors that pose a threat to the health and safety of other tenants will not be allowed on property. The lease will also be terminated if tenant allows an individual to reside in the unit who has not satisfied the screening requirements established by Waco Housing Authority.

Tenant agrees to wait for Authority's approval before allowing additional persons to move into the premises. Failure on the part of the Tenant to comply with this provision is a serious violation of the material terms of the lease, for which AUTHORITY may terminate the lease. Tenant shall report deletions (for any reason) from the household members named on the lease to the management office in writing, within (10) days of the occurrence.

Family members or household members over the age of 17 or emancipated minors age 17 or younger who are removed from the lease may not move back to the apartment and must apply as a new applicant.

2. AMOUNT AND DUE DATE OF RENTAL PAYMENTS: This lease shall be automatically renewed (except as specified in Section 12) for successive terms of one month at a rental of \$50.00 payable in advance at the development office of the Authority on the first calendar day of each month beginning 05/01/2018. This rent will remain in effect unless adjusted in accordance with Section 6 hereof. On the 6th day of the month a "Notice of Termination To Vacate" will be mailed and a \$35.00 late charge will be assessed for late payment. Rent is payable at management offices. Failure to pay rent on time is a serious lease violation and grounds for lease termination. Three late payments within a 12 month period shall be considered repeated lease violations and grounds for termination of lease.

- Rent is based on the Authority-determined flat rent for this unit.
- Rent is based on the income and other information reported by the tenant

Revised April 2019

Tenant Initial _____

Management Initial _____

(Check one)

If a family is paying minimum rent and its circumstances change creating an inability to pay the rent, the family may request a suspension of the minimum rent because of a recognized hardship.

RENT IS DUE AND PAYABLE IN ADVANCE ON THE FIRST DAY OF EACH MONTH AND SHALL BE CONSIDERED DELINQUENT AFTER THE FIFTH CALENDAR DAY OF THE MONTH. Rent may include utilities as described in Section 4 below, and includes all maintenance charged services. A service charge of \$25.00 will be charged for personal checks returned unpaid by the bank. You will be given 24 hours from that time to pay rent and all other fees in full. No further personal checks will be accepted from tenant who have had two (2) such checks returned unpaid.

3. SECURITY DEPOSIT: Tenant agrees to pay **\$200.00** as a Security Deposit to be used by the Authority at the termination of this lease toward reimbursement of unpaid rent, the cost of cleaning and repairing any damage (including replacement of keys not returned and changes to locks) beyond normal wear and tear to the dwelling unit caused by Tenant, his family, dependents, or guest and any rent or other charges owed by Tenant. Any refund of Security Deposit due the Tenant will be refunded within thirty (30) days after Tenant yield possession. Payment of the Security Deposit is to be made upon occupancy or by payment of **\$0.00** upon occupancy and **\$0.00** the following month until the balance is paid.

The Security Deposit may not be used to pay rent or other charges while the Tenant occupies the dwelling unit. No refund of the Security deposit will be made until after the Tenant has vacated, and the Manager or his/her designee on behalf of the Authority has inspected the dwelling unit.

The Authority agrees to return the Security Deposit, if any, less any deductions for any cost indicated above, mailed to the Tenant's address. If any deductions are made, the Authority will furnish the Tenant with an itemized statement.

If Tenant wishes to have a pet, Tenant agrees to pay a pet deposit and non-refundable pet fee upon receiving permission to have a pet in the unit. The amounts and purposes of the fee are described in the Pet Policy

4. UTILITIES: The Authority agrees to furnish utilities as provided in the current "Utility Allowance Schedule" posted in the Authority's office. Utilities used in excess of that authorized will be charged to the Tenant at the actual cost to the Authority, as posted in the "Utility Allowance Schedule" and will be payable on the first day of the second month in which the charges are accrued. The Authority will not be responsible for failure to furnish utilities by reasons of any cause beyond its control. Tenant agrees to maintain sufficient heat to prevent freezing of piped water. If for any reason, Tenant is unable to maintain sufficient heat, he shall immediately notify the Authority. Any damage to Tenant premises resulting from failure to provide immediate notice shall be deemed to have been caused by the Tenant for the purposes of applying Section 10 of this lease.

FAILURE TO PAY THE EXCESS UTILITIES CHARGES SHALL CONSTITUTE GROUNDS FOR THE TERMINATION OF THIS LEASE.

TENANT -PAID UTILITIES: If the Tenant resides in a development where the Authority does not supply electricity, gas or water an allowance for utilities has been established, appropriate for the size and type of dwelling unit for utilities Tenant pays directly to the utility supplier. The Total Tenant Payment less the allowance for utilities equals the Tenant Rent.

The Authority may change the allowance at any time during the term of the lease, and shall give the Tenant written notice of the revised allowance along with notice of any resultant changes in Tenant Rent.

If the Tenant's actual utility bill exceeds the allowance for utilities, Tenant shall be responsible for paying actual bill to the supplier.

5. EQUIPMENT: The Authority agrees to furnish a range and a refrigerator in working order.

6. RE-DETERMINATION OF RENT, DWELLING SIZE AND ELIGIBILITY: Once every year, Tenant agrees to furnish such information and certification regarding family composition and income as requested by the Authority for the purpose of determining Tenant's rent, eligibility, and appropriateness of dwelling size. This determination will be made in accordance with HUD prescribed criteria for computation of rent and the Authority's "Utility Allowance Schedule", and "Statement of Policies Governing Admissions and Continued Occupancy of Low Rent Public Housing" which are posted in the

Tenant Initial _____

Management Initial _____

Authority's office. Any rent charged as a result of re-determination outlined above, will become effective on the established anniversary date. Failure by the Tenant to provide truthful information on income or family composition shall constitute a violation of this Lease.

The Authority shall give the Tenant reasonable notice of Authority actions Tenant must take, and of the date by which any such action must be taken for compliance under this section. If the family fails to respond to the letter and fails to attend the interview, a second letter will be mailed. This letter will advise that failure by the family to respond to Section 6 of the lease will result in the Waco Housing Authority taking action to terminate the family's assistance.

All information must be verified. The Tenant agrees to comply with Authority requests for verification by signing releases HUD 9886 for third-party sources, presenting documents for review, or providing other suitable forms of verification. In order to ensure that the family income and composition data provided by applicant or participant families is complete and accurate, WHA will review all relevant information provided and available to it, including but not limited to confirmation of information provided by and applicant or participant family by contacting relevant agencies, organizations, employers, or others as necessary and reviewing any relevant court orders, contracts, agreements, statements, social media, and other means as may be permitted by law.

A. Rent as fixed in Section 2 hereof or as adjusted pursuant to the above will remain in effect for the period between regular rent re-determination unless during such period:

- (1) Family circumstances change as follow:
 - (a) A member has been added to the family through birth or adoption or court awarded custody;
 - (b) Decline in income, which would justify a reduction in rent;
 - (c) Change in family composition (a person with income joins the household or household member is leaving or has left the family,
 - (d) Such other circumstances as would create a hardship situation.
 - (e) Increase in earned income from the employment of a current family member
 - (f) Such other circumstances as would create a hardship situation.
 - (g) Increase in earned income from the employment of a current family member
- (2) It is found that Tenant has misrepresented to the Authority facts upon which his rent is based, so that the rent he is paying is less than he should have been charged. If this is found then the increase in rent will be retroactive.
- (3) A change in rent charged is necessary to comply with requirements of HUD or other requirements of law.
- (4) All changes in family composition and income must be reported to the development office in which the tenant resides within 10 days of occurrence. Failure may result in retroactive rent change.

In the event of any rent adjustment pursuant to the above, the Authority will mail or deliver a "Notice of Rent Adjustment" to Tenant in accordance with Section 13 hereof. In case of rent decreases, the adjustment will become effective the first day of the month following reported change if the tenant reported in a timely manner. If the tenant fails to report in a timely manner, the decrease will not be retroactive.

In case of rent increase the Authority will provide a thirty (30) day notice and the increase will become effective the first day of the second month following the month in which the change was reported, unless the rent increase results from the finding of intentional misrepresentation under 6A(2).

B. If the Authority determines that size of the dwelling unit is no longer appropriate, Tenant will be notified in

accordance with Section 13 hereof, to transfer to appropriate size dwelling unit when unit is available.

C. The Authority shall not commence eviction proceeding, or refuse to renew a lease, based upon the income of the tenant family unless (1)it has identified, for possible rental by the family, a unit of decent, safe and sanitary housing of suitable size available at rent not exceeding the family's gross rent, or (2)it is required to do so by law. Pending their removal from the development, such families are to be charged rents calculated on an extension of the formula established in the Authority's Utility Allowance Schedule.

If the Tenant is placed on "Minimum" or "Provisional" rent, the tenant must report to the Development Manager every thirty (30) days with current information on income, family composition and other required information. Authority will require on the second thirty (30) day review that family provides three (3) months of current utility bills: phone, cell phone, cable, internet and we will use amount overage of utility allowance for electric and gas.

7.ADJUSTED RENTS: The monthly rental on leased premises as adjusted by reason of changes provided is as follows:

Adjusted Family Income	Number of Dependents	Monthly Rent	Date Effective	Approved Tenant	Approved PHA Rep.

8.OCCUPANCY OF THE DWELLING UNIT AND RESIDENT OBLIGATIONS:

Tenant agrees not to sublet or transfer possession of the premises; nor to give accommodation to boarders or lodgers. Tenant further agrees to use the dwelling unit only as a private residence, solely for the tenant and family members listed on this Lease. The Authority may, by prior written approval; consent to tenant's use of the unit for legal profit-making activities subject to the Authority's policy on such activities. Any business uses of the unit must comply with zoning requirements. This provision does not exclude reasonable accommodation of tenant's guests or visitors and, with written consent of the Authority, may include care of foster children and Live-in Aides for the care of a member of the Tenant's family. Such approval will be granted only if the new family member meets PHA's applicant screening criteria and the addition of the new family member does not overcrowd the unit, consideration of reasonable accommodations will be taken into consideration.

Any addition to the household members named on the lease requires the advance written approval of the Authority (except for natural births or adoption). Such approval will be granted only if the new family member meets the Authority's admission policy. The Authority will consider unauthorized occupants to be trespassers. The family in tenancy that allows an unauthorized occupant to reside in their unit is not in compliance with the lease and is subject to termination of tenancy.

Tenant further agrees:

- (a) To comply with all obligations imposed upon Tenants by applicable provision of building and housing codes materially affecting health and safety;
- (b) To keep the premises and such other areas as may be assigned to him for his exclusive use in a clean and safe condition. To keep lawns and grounds free of litter, furniture (except when in use) or other items
- (c) Tenant must immediately report the suspicion of possible bed bugs in housing unit or other areas of the property immediately to the maintenance department and management staff.

The Housing Authority of the City of Waco retains the right to terminate tenant's tenancy and require tenants to vacate the rental unit in the event that the:

- A. Tenant's action or inactions contribute to or results in a pest infestation;
- B. Tenant action or inaction prevents treatment of an infestation.

Tenant Initial_____

Management Initial_____

- C. Tenant fails to comply with the requirements of this policy.
- D. Tenant failure to report infestation immediately upon suspicion.
 If the technician is unable to perform the bed bug treatment due to lack of preparation. Such as clutter, debris, people unable to leave the home, etc, a \$75.00 dollar trip charge will be added to your account and we will reschedule appointment. Should we have to return more than 3 times it could be cause to terminate your lease

- (d) To dispose or remove all garbage, rubbish, furniture and other waste from the premises and adjacent grounds in a sanitary and safe manner;
- (e) To use only in a reasonable manner all electrical, plumbing, sanitary, heating, ventilating, air-conditioning and other facilities.
- (f) To refrain from, and to cause his household and guests to refrain from destroying, defacing, damaging, or removing any part of the premises or development;
- (g) To pay reasonable charges (other than for normal wear and tear) for the repair of damages to the premises, development building, facilities or common area caused by the tenant, his household or guests;
- (h) To conduct himself and cause other persons who are on the premises with his consent to conduct themselves in a manner which will not disturb his neighbor's peaceful enjoyment of their accommodations and will be conducive to maintaining the development in a decent, safe and sanitary condition. Also, agrees to no loud or obnoxious conduct on or near the premises and NO FIGHTING ON OR NEAR HOUSING AUTHORITY PREMISES.
- (i) To conduct themselves in a cooperative, courteous or non-threatening manner with tenant and staff. Disruptive or uncooperative behavior can result in termination of lease.
- (j) To assure that tenant, any member of the household, a guest, or another person under Resident's control, shall not engage in:
 1. Any criminal activity that threatens the health, safety, or right of peaceful enjoyment of the Authority's public housing premises by other tenants or employees of the Authority, or;
 2. Any drug-related criminal activity carried on anywhere not just on or off the premises. Any criminal activity in violation of the preceding sentence shall be cause for termination of tenancy and for eviction from the unit. or;
 3. Any criminal activity, on or off the Housing Authority premises or anywhere while tenant is a tenant.

Such criminal activity shall be cause for termination of tenancy and for eviction from the apartment.

Evidence: The PHA may evict the tenant by judicial action for criminal activity in accordance with this section if the PHA determines that the covered person has engaged in the criminal activity, regardless of whether the covered person had been arrested or convicted for such activity and without satisfying the standard of proof used for a criminal conviction.

For purposes of this Lease, the term "drug-related criminal activity" means the illegal manufacture, sale, distribution, use or possession with intent to manufacture, sell, distribute, or use, of a controlled substance [as defined in Section 102 of the Controlled Substance Act (21 U.S.C. 802)].

(4) Any violence against the Tenant or a household member. In this instance, "violence" means an incident or incidents of actual or threatened domestic violence, dating violence or stalking. In no event is a Tenant or tenant to have his or her tenancy, occupancy rights or program assistance terminated or be otherwise disadvantaged under this lease because the Tenant or tenant or an immediate member of the tenant's family is a victim of that violence. Terms in this paragraph shall further have the meanings given them in Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) as amended. To report to management any acts of domestic violence, dating violence or stalking victim status.

Revised April 2019

Tenant Initial _____

Management Initial _____

(k) To refrain from illegal or criminal activity which impairs the physical or social environment of the development.

(l) To not consume alcoholic beverages outside on development grounds.

(m) If Tenant, household members, guests or other persons under Tenant's control have a lifetime registration requirement under State Sex Offender registration laws, the lease shall be terminated immediately.

(n) To make no alterations or repairs or redecoration to the interior or exterior of the premises or to the equipment. To make no changes to locks or install new locks on exterior doors without the Authority's written approval. This includes removing batteries from the smoke detectors, disconnecting the smoke detector or fire extinguisher in the unit and tampering or causing damage to fire extinguisher. Call the maintenance office if smoke detector or fire extinguisher malfunctions, tenant is responsible for the replacement of smoke detector battery. In case of fire or other damage caused by the detector or fire extinguisher being disconnected or removal of the batteries, you will be liable for damages;

(o) To use reasonable care to keep his dwelling unit in such condition as to ensure proper health and sanitation standards for tenant, household members and neighbors. TENANT SHALL NOTIFY THE MAINTENANCE PROMPTLY OF KNOWN NEED FOR REPAIRS TO HIS/HER DWELLING UNIT, and of known unsafe or unsanitary conditions in the dwelling unit or in common areas of ground of development. Tenant's failure to report the need for repairs in a timely manner shall be considered to contribute to any damages that occur.

(p) To leave the dwelling unit in a clean and good condition upon vacating, reasonable wear and tear expected, and to return the keys to the Authority, tenant will be charged if they do not return key upon vacating.

(q) Not to display, use or possess or allow members of the Tenant's household or guest to display, use or possesses any illegal firearms, (operable or inoperable) or other illegal weapons as defined by the laws and courts of the State of Texas anywhere on the property of the Authority. This includes not to use or display pistol, BB guns, shotguns, or any firearms on Authority property. A deadly weapon shall include but not be limited to a club, explosive weapon, firearm, knife or knuckles.

(r) Tenant agrees to transfer to an appropriate dwelling unit, based on family composition, upon appropriate notice by the Authority that such a dwelling unit is available. Transfers will be processed after every (7) seven move-ins

(s) To refrain from parking any vehicles on the lawns.

(t) Not to keep or maintain any vehicle on the premises that is without a valid license plate, valid inspection sticker has a flat tire or other conditions rendering it inoperable it must be repaired or removed from the premises.

Under the new towing statute the Housing Authority has the right to tow vehicles in violation of the law within forty-eight (48) hours of "Notice of Vehicle Violation".

(u) Not to repair automotive vehicles on the premises.

(v) Not to allow water to overflow or waste. This includes but is not limited to, using water for recreation. (No swimming pools)

(w) To take reasonable precautions to prevent fires and to refrain from storing or keeping flammable materials on the premises. Causing any fire on PHA premises, either intentionally or through negligence or careless disregard

(x) To comply with state law and ensure all school age youth residing in the units owned and operated by the Housing Authorities of the City of Waco are attending school daily.

(y) Tenant will not allow ex-tenant of the WHA who have been evicted to occupy the unit for any period of time.

(z) For each adult in the Tenant household to perform at least 8 hours per month of qualifying community service (as specified by the Authority) unless the requirement is waived due to age, disability, or the fact that an adult is excused from

this requirement because he/she is working twenty (20) hours or more, attending an educational institution, or participating in some other qualified training program. Failure to comply may result in termination of lease.

(a-1) To keep dogs, cats, or other common household animals on the premises, only in accordance with PHA's Pet Policy. The Pet Policy requires PHA's prior written consent and approval of a pet application, which will become part of this Lease. No consent shall be given to animals classified as dangerous, or snakes or other exotic animals that are not household pets. All other state and local laws regarding curbing rules, anti-cruelty laws, animal control and animal health shall be applicable to pet ownership by any Tenant. Generally, persons with disabilities who have assistive animals are exempt from all provisions of the Pet Policy except those related to pet health and hygiene. Violations of the Pet Policy may result in lease termination action. Assistive animals verified to be needed by persons with disabilities are not considered pets.

When tenant is in violation of lease tenant will be given a documented warning. All warnings will be placed in tenant's folder. Warnings may be grounds for lease termination. Tenant will be given documented warnings in accordance to severity of lease violation.

Types of Warnings:

- (1) Documented Oral Warning - Conference with manager.
- (2) Written warnings – lease violation (s)
- (3) Final written warnings
- (4) Termination of tenancy

(a-2) Smoking is prohibited in all public housing units, common areas and outdoor areas within 25 feet from buildings. Tenants shall inform household members, guest and visitors of the smoke free housing policy and will be responsible of the policy by the tenant, members, guest or visitors. Failure to comply with this policy may be cause for lease enforcement action as follows:

- 1st violation—oral warning
- 2nd violation---written warning and referral to cessation
- 3rd violation---Final written probation and referral to cessation
- 4th violation---30 day notice of lease termination

WACO HOUSING AUTHORITY OBLIGATION

By State law, all school age children up to the age of 17 yr. are required to attend school daily unless the child is sick or family emergency such as death, injury, etc. has occurred.

- * The Waco Housing staff are obligated to question any school age youth who is in the common areas on the grounds during regular school hours when school is in session (not during holidays, Teacher conferences, school vacations, etc.)
- * The Waco Housing staff will report any youth found on the grounds during school hours to the management office. Management office has an obligation to contact the parent and to notify the Community Services Department who will report to Waco Independent School District.
- * The Authority believes the route to self-sufficiency is through education and our children are our most valuable assets.

To comply with requirements of applicable building codes, housing codes, and HUD regulations, Federal Privacy Act materially affecting health and safety of tenant.

9.AUTHORITY'S OBLIGATION ON MAINTENANCE AND REPAIR:

A. The Authority agrees to keep the building facilities, common area and grounds, not otherwise assigned to the Tenant for maintenance and upkeep, in a clean and safe condition and to make necessary repairs to the premises. The Authority further agrees to:

Revised April 2019

Tenant Initial_____

Management Initial_____

To explain these rules to all-household members and guest and to be responsible for preventing their violation of any of these rules.

- (1) To comply with requirements of applicable building codes, housing codes, and HUD regulations
Materially affecting health and safety;
- (2) To maintain in good and safe working order and condition electrical, plumbing, sanitary, heating, ventilation,
And other facilities and appliances supplied or required to be supplied by the Authority;
- (3) To provide and maintain appropriate receptacles and facilities for garbage, rubbish and other waste removed
from the premises by the Tenant in accordance with paragraph B of this section;
- (4) To supply running water and reasonable amounts of hot water and reasonable amounts of heat at appropriate
times of the year (according to local custom and usage) except where the building that includes the dwelling unit is
not required by law to be equipped for that purpose, or where heat or hot water is generated by an installation
within the exclusive control of the Tenant and supplied by the direct utility connection; and
- (5) To maintain the premises and the development in decent, safe and sanitary condition.

B. The Authority may authorize a Tenant, by "Written Rider" hereto specifying the task, in accordance with Section 15 hereof, to perform seasonal maintenance or other maintenance tasks, as permitted by the nature of the design and construction of the dwelling and according to local custom, provided that such agreement is made in good faith and not for the purpose of evading the obligations of the Authority.

C. Maintenance and repair work (beyond normal wear and tear) caused by the Tenant, his household or guests, will be charged to the Tenant. Such charges shall be billed at a rate as specified in the "Schedule of Charges for Maintenance and Repair" as posted in the Authority's office. Payments for such charges are due and payable the first calendar day of the month after the Authority gives written notice of the charges.

D. To notify Tenant of the specific grounds for any proposed adverse action by the Authority and the right for a Hearing under the Administrative Grievance Procedure for a grievance concerning a proposed adverse action a Written notice shall be sent:

1. The notice of Adverse Action shall inform Tenant of the right to request such hearing. In the case of Lease termination, a notice of lease termination that complies with 24 CFR 966.4(1) (3) shall constitute adequate notice of proposed adverse action.
2. In the case of a proposed adverse action other than a proposed lease termination, the authority shall not take the proposed action until time to request such a hearing has expired (if hearing was timely requested) or the grievance process has been completed.

E. To provide reasonable accommodation for handicapped and disabled tenants; Provided the accommodation does not change the nature of the program or cause the Authority undue financial and administrative burdens.

10. DEFECTS HAZARDOUS TO LIFE, HEALTH & SAFETY: When conditions are created which are hazardous to life, health, or safety of the occupants, the Tenant shall immediately notify the Authority. The Authority shall be responsible for the repair of the unit within a reasonable time, provided, that if the damages were caused by the Tenant, Tenant's household or guests, the reasonable cost of the repairs shall be charged to the Tenant, payable two weeks after the Authority gives written notice.

If repairs of the defects or damages cannot be made within a reasonable time, the Authority shall offer standard alternative accommodations, if available. In the event the Authority fails to fulfill its responsibility the Resident's rent shall abate in proportion to the seriousness of the damages and loss in value as a dwelling, except the cost of utilities furnished by the Authority shall not abate. Rent shall not abate if the Resident rejects the alternative accommodations or if the damages were caused by the Resident, Resident's household or guests.

11. INSPECTION: Before occupancy by the Tenant, the Authority and the Tenant or his representative shall inspect the dwelling unit and the Tenant will receive a written statement of the condition of the unit and the equipment furnished therein. The Tenant agrees that the authorized agent, employee or representative of the Authority will be permitted to enter Tenant's dwelling unit for the purpose of performing routine inspections, maintenance and for making improvement and repairs, or to show the premises for re-leasing. Management may take pictures to deal with UPCS, contractual or maintenance issues. All accidents involving injury or loss of property to the Tenant authorized members, tenant's pet(s) or guests must be reported, verbally or in writing, to the PHA Management Office, within 5 business days. Failure to comply with this reporting procedure does not waive or foreclose any legal or equitable remedies that the person may have against the PHA with respect to said damages or injury.

Such entry may be made only during reasonable hours after a two day advance notice in writing to the tenant of the time, date and purpose, provided however, the Authority shall have the right to enter Tenant's dwelling unit without prior notice to Tenant if the Authority reasonable believes that an emergency exists which requires such entry; or when tenant call in maintenance work order repair. Should you fail a house keeping inspection you will be sent a written 2 day notice each time until housekeeping issue has been meet or lease has been terminated.

If an occupant is under the age of 18, maintenance will not work in the apartment and management will not enter unless the occupant steps out of the apartment of his own free will or there is more than one person or contractor at a time.

If we find that there are unauthorized occupants living in the apartment a tenant can receive a 3 to 30 day eviction notice and will be charged \$50.00 and \$10.00 every day until the unauthorized person moves.

The Authority shall leave on the premises a written statement specifying the date, time and purpose of entry prior to leaving the premises whenever entry is made when the Tenant and all adult members of the household are absent.

When the Tenant vacates, the Authority will inspect the dwelling unit and give the Tenant a written statement of the charges, if any, for which the Tenant is responsible. Tenant and/ or representative may join in such inspections.

12. TERMINATION OF LEASE: This lease may be terminated by the Authority at any time by giving a written notice as set forth in Section 13, except that such written notice may only be given for serious or repeated violations of material terms of the lease such as failure to make payments due under the lease or to fulfill the Tenant's obligations set forth in Section 8 or for other good cause. If the Authority should elect to terminate this lease, the written notice of termination must be given:

- (a) Nine (9) days in advance in the case of failure to pay rent;
- (b) A reasonable time depending on the seriousness of the situation (but not to exceed 30 days) in the case of creation or maintenance of a threat or safety of other Tenants or Authority employees; and
- (c) Thirty (30) days in any other case.

The notice of termination to the tenant shall state the reasons for termination and shall inform the tenant of his right to:

- (a) Make such reply as he may wish; and
- (b) Request a hearing in accordance with the Authority's Grievance Procedure.
- (c) State that the tenant in not entitled to a grievance hearing on the termination. (only if evicted for criminal activity)
- (d) The right to examine PHA documents that are directly related to the eviction.
- (e) The right to copy any relevant documents. (At tenant's expense)

13 (a) Management may not terminate this lease due to violence as to any Tenant or Tenant or Tenant with a household member who has been the victim of violence except as to Tenants or Tenants who engaged in such violence. In cases where an eviction is a result of domestic violence, only the tenant causing the violence may be evicted if the victim follows the procedure below.

Under the Violence Against Women Act the Authority may request that the affected victim complete, sign and submit, within 14 business days of the request the HUD-5380 & 5382 certification form. If the individual does not produce the form or the information that may be provided in lieu of the certification by the 14th business day or any extension of that date provided by the Authority, none of the protections afforded to victims of domestic violence, dating violence or stalking will apply. The Authority would therefore be free to evict in the circumstances authorized by otherwise applicable law and lease provisions.

(b) This lease may be bifurcated by Management as to, on the one hand, a Tenant, Tenant or lawful occupant who engages in violence as that term is defined in this lease and, on the other hand, Tenants, Tenants, or lawful occupants who are victims of such violence or do not encourage or allow such violence ("non-offenders"). Upon bifurcation, the violent Resident, Tenant or occupant may be evicted, removed or have his or her assistance and/or leasehold rights terminated separately and apart from non-offenders. Non-offender Tenants, tenants, and lawful occupants may continue under the lease and request rent adjustment.

When the Authority evicts an individual or family from a dwelling unit for engaging in criminal activity, including drug-related criminal activity, the Authority will notify the local post office serving that dwelling unit that such person(s) no longer resides in the unit. (So that such person(s) will not return to the property to pick up mail)

THE TENANT MAY TERMINATE THIS LEASE AT ANY TIME BY GIVING FIFTEEN (15) DAYS WRITTEN NOTICE IN THE MANNER SPECIFIED IN SECTION 13 OR BY NOTIFYING THE AUTHORITY IN PERSON AT THE OFFICE OF THE AUTHORITY. IF THE TENANT DOES NOT GIVE THE AUTHORITY FIFTEEN (15) DAYS NOTICE, THE AUTHORITY MAY CHARGE THE TENANT FIFTEEN (15) DAYS RENT FROM THE DATE OF ACTUAL MOVE-OUT.

Notice by either party to this lease may be given on any day of the month.

14. LEGAL NOTICES: Any notice required here under will be sufficient if delivered in writing to Tenant personally or to an adult member of his family residing in the dwelling unit, or if sent by mail, properly addressed to Tenant. Notice to the Authority must be in writing, and either delivered to the office of the Housing Authority, or sent to the Authority by prepaid first class mail.

15. GRIEVANCE PROCEDURE: All grievances or appeals arising under this lease shall be processed and resolved pursuant to the Grievance Procedure of the Authority, which procedure is posted in the Authority's Office and incorporated herein by reference.

The Authority's Grievance Procedure shall not apply to evictions or termination of tenancy that involves:

- (A) Any criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises of other tenants or employees of the Authority, or
- (B) Any drug-related criminal activity carried on anywhere by the tenant, any member of the household on the lease, or another person under tenant's control, not just on or near the premises.
- (C) Also excluded are terminations cases involving any activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other tenants or by Authority employees, UNLESS it involves domestic violence, dating violence, sexual assault, or stalking.

16. Selecting the Hearing Officer or Hearing Panel 24CFR 966.55 (b)

A grievance hearing shall be conducted by an impartial person or persons appointed by the Authority after consultation with resident organizations, as described below:

- A. The Authority nominates a slate of impartial persons to sit as hearing officers or hearing panel members. Such persons may include Authority's Board members, Authority staff members, tenants, professional arbitrators, or others. The initial slate of nominees should be at least nine (9) persons.

The Authority will check with each nominee to determine whether there is an interest in serving as a potential hearing officer or panel member, whether the nominee feels fully capable if impartially, whether the nominee's time would affect such services.

Nominees will be informed that they will be expected to disqualify themselves from hearing grievances that involve personal friends, other tenants of developments in which they work or reside, or grievances in which they have some personal interest.

Nominees who are not interested in serving as hearing officers or whose time is too limited to make service practical will be withdrawn.

- B. A slate of potential hearing officers or hearing panel members nominated by the Authority shall be submitted to the Authority's tenant organizations. Written comments from the organizations shall be considered by the Authority before the nominees are appointed as hearing officers or panel members.
- C. When the comments from tenant organization have been received and considered. The nominees will be informed that they are the Authority's official grievance hearing committee. The Authority will subsequently contact committee members in random order to request their participation as hearing panel members or hearing officers.

17. Death of Sole Tenant:

Upon the death of the sole tenant the lease is automatically terminated, ~~†~~ The emergency contact listed by tenant will be notified in writing -to have all of tenant's personal property remaining items removed from the leased unit within 10 calendar days of the postmark date on the notice or through the end of month in which the rent has been paid, whichever is greater. Notice will be delivered to the emergency contact's address provided by tenant. It is tenant's responsibility to ensure the Authority receives any updated emergency contact information, including name, address and phone number, in writing.

If the tenant does not provide an emergency contact or if tenant's emergency contact does not timely remove all of tenant's personal property as provided on the notice, the Authority is authorized to remove and dispose of tenant's personal property from the lease premises. The Authority is under no obligation to store tenant's personal property. Any refund, including tenant's security deposit (less lawful deductions), will be paid to the emergency contact or to the estate of the sole tenant. ~~†~~ The tenant's estate will be liable for payment of rent and all other charges as provided under the terms of this lease until the unit is vacated. The tenant further agrees to abide by such necessary and reasonable regulations as may be promulgated by the Authority for the benefit and well-being of the housing development and the tenants which shall be posted in the Authority's office and incorporated by reference in this lease.

a. Remaining family members. If the head of household dies or leaves the unit for any reason, continued occupancy by remaining household members is permissible only if there is one or more household members on the lease and living in the household who passes screening criteria and this person must be 18 years of age or older or an emancipated minor. Eviction proceedings can be commenced if:

1. the remaining household members fail to inform PHA within 10 days of the death or departure of the former head of household.
2. there is no family member qualified to sign a new lease, or
3. after the remaining family member's approval to assume the lease obligations, he/she fails to sign a new lease within 30 days and/or
4. the only adults or emancipated minors remaining in the unit have committed rent default or criminal activity violations.
5. the family fails to notify the PHA of any additions to the household by birth, adoption or court awarded custody and to refrain from permitting other persons to join the household without first undergoing screening by the PHA.

b. PHA may permit an adult not on the lease to join the household as a new head of household in giving approval for such an arrangement, PHA will consider whether there is any remaining member capable of executing a lease and the ability of the family to stay together if the new household member is allowed. The new head of household must meet PHA's applicant screening criteria. A new head of household added to the lease

under the above paragraph(s) will be charged for any arrearages incurred by the former head of household. PHA reserves the right to establish a payment plan with the new head of household, especially when an eviction for arrearages would result in the separation of the family.

c. If this lease is an extension of occupancy by the Tenant's household under a prior lease or leases with PHA, any amounts due under the prior lease or leases may be charged and collected as if the same had occurred under this lease.

HOUSEKEEPING STANDARDS: The standards will be applied fairly and uniformly to all tenants. The Tenant is required to abide by the HOUSEKEEPING STANDARDS. Failure to abide by the Authority's Housekeeping standards that result in the creation or maintenance of a threat to health or safety is a violation of the lease terms and can result in eviction.

Inside the Apartment General--

- (1) Walls: should be clean, free of dirt, grease, holes, cobwebs, and fingerprints. .
- (2) Floors: should be clean, clear, dry and free of hazards.
- (3) Ceilings: should be clean and free of cobwebs.
- (4) Windows: should be clean, not blocked by from accessibility and not nailed shut. Shades or blinds should be intact.
- (5) Woodwork: should be clean, free of dust, gouges, or scratches.
- (6) Doors: should be clean, free of grease and fingerprints. Doorstops should be present. Locks should work.
- (7) Heating units: should be dusted and access uncluttered.
- (8) Trash: shall be disposed of properly and not left in the unit.
- (9) Entire unit should be free of rodent or insect infestation.

Kitchen--

- (1) Stove: should be clean and free of food and grease.
- (2) Refrigerator: should be clean. Freezer door should close properly and freezers have no more than one inch of ice. Vents in Freezer should not be blocked with over crowding of food.
- (3) Cabinets: should be clean and neat. Cabinet surfaces and countertop should be free of grease and spilled food. Cabinets should not be overloaded. Storage under the sink should be limited to small or lightweight items to permit access for repairs. Heavy pots and pans should not be stored under the sink.
- (4) Sink: should be clean, free of grease and garbage. Dirty dishes should be washed and put away in a timely manner.
- (5) Food storage areas: should be neat and clean without spilled food.
- (6) Trash/garbage: should be stored in a covered container until removed to the disposal area.
- (7) Breaker box is not to be blocked from access.

Bathroom--

- (1) Toilet and tank: should be clean and odors free.
- (2) Tub and shower: should be clean and free of excessive mildew and mold. Where applicable, shower curtains should be in place, and of adequate length.
- (3) Lavatory: should be clean
- (4) Exhaust fans: should be free of dust.
- (5) Floor should be mopped clean and dry.

Storage Areas--

- (1) Linen closet: should be neat and clean.
- (2) Other closets: should be neat and clean. No highly volatile or flammable materials should be stored in the unit.
- (3) Other storage areas: should be clean, neat and free of hazards.

Outside the Apartment

The following standards apply to family and scattered site development only; some standards apply only when the area noted is for the exclusive use of Tenant:

- (1) Yards: should be free of debris, trash, and abandoned cars. Exterior walls should be free of graffiti.
- (2) Porches (front and rear): should be clean and free of hazards. Any items stored on the porch shall not impede access to the unit.
- (3) Steps (front and rear): should be clean, and free of hazards.

- (4) Sidewalks: should be clean and free of hazards.
- (5) Parking lot: should be free of abandoned cars. There should be no car repairs in the lots.
- (6) Hallways: should be clean and free of hazards.
- (7) Stairwells: should be clean and uncluttered.
- (8) Utility room: should be free of debris, motor vehicle parts, and flammable materials. This includes all HVAC and water heater closets.

18. CURFEW: All tenant 18yr. and under must not be on common areas such as the playground, parking lots or walking the grounds between 10:00 p.m. and 6:00 a.m. the following morning. Only on the porch where the tenant resides.

Non-tenant 18 yr. and under must leave at 10:00 p.m. unless staying overnight with a tenant family. Those non-tenants who chose not to obey the rules will be issued a criminal trespass warning the first time and will be arrested the second time. Failure to comply with the curfew rules will result in the tenant being reported to management for curfew violations. All tenants are subject to being stopped and identification may be requested by Housing Authority Security Officers and Local Police Officers.

All tenants are expected to cooperate with Housing Authority Security Officers and Local Police Officers.

Three written lease violations may constitute grounds for termination of tenancy.

19. ENTRY/WHEN WE MAY ENTER: If you or any guest or occupant is present when repairs are needed, our work crews, maintenance people, or our representatives may peacefully enter the apartment at reasonable times for the purposes listed below. If nobody is in the apartment, our work crews, maintenance people, or our representatives may enter peacefully and at reasonable times by using a duplicate or master key (or by breaking a window or other means if locks have been changed in violation of this lease contract) if:

* Written notice of the entry is left in a conspicuous place in the apartment immediately after the entry; and

* Entry is for: Responding to your request; repairs; estimation repair or refurbishing cost; pest control; preventive maintenance; filter changes; testing or replacing smoke-detector batteries; retrieving left tools; leaving notices; delivering, installing, reconnecting, or replacing appliances and equipment; removing or re-keying unauthorized locks; inspections or when immediate danger to person or property is reasonably suspected; entry by a law enforcement officer with search or arrest warrant or exigent circumstances; (a) protection of life (first aid, extracting children who appear in danger, protecting an undercover officer or informer;; or making a protective sweep (b) protection of property (such as extinguishing a fire or stopping a burglary) (c) preventing destruction of evidence and (d) pursuing a fleeing felon (hot pursuit); or showing apartment to government inspectors, fire marshals or insurance agents.

20. CHANGES: This lease, including any future adjustments of rent or dwelling unit, is the entire agreement between the Authority and Tenant. No change herein shall be made except by a Written Rider, signed and dated by both parties, other than with respect to the "Notice of Rent Adjustment" as provided in Section 6 hereof.

TENANT AGREES THAT ALL THE PROVISIONS OF THIS LEASE HAVE BEEN READ AND ARE UNDERSTOOD AND FURTHER AGREE TO BE BOUND BY ITS PROVISION AND CONDITIONS AS WRITTEN

IN WITNESS HEREOF, the parties have executed this Lease Agreement this **1st day** of **May 2018**.

at WACO, TEXAS.
(City) (State)

Head of Household (signature)

Date

Tenant Initial _____

Management Initial _____

Spouse or other Adult

Date

Other Adult

Date

Other Adult

Date

Housing Authority Representative

ATTACHMENTS

If indicated by (X) below, Authority has provided the tenant with the following attachments and information

- Pet Policy
- Standard Maintenance Charges
- Grievance Procedure
- Smoke Detector Inspection
- Utility Allowance
- Reasonable Accommodation Form
- Infestation Policy
- GAS Leak Information
- Violence against Women Act (VAWA) Form 5380 & 5382
- Other:

WACO HOUSING AUTHORITY & AFFILIATES

SECTION 8

ADMINISTRATIVE PLAN

Revised 2020+9

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Section 8 Administrative Plan Table of Contents

1.0	Equal Opportunity	7
1.1	Fair Housing	7
1.2	Reasonable Accommodation	7
1.3	Accommodations for Limited English Proficiency Assistance	8
1.4	Family/Owner Outreach	8
1.5	Right to Privacy	8
1.6	Required Postings	9
2.0	Waco Housing Authority & Affiliates/Owner Responsibility/ Obligation of the Family	9
2.1	Waco Housing Authority & Affiliates Responsibilities	9
2.2	Owner Responsibility	10
2.3	Obligations of the Participant	<u>11</u>
3.0	Eligibility for Admission	12
3.1	Introduction	12
3.2	Eligibility Criteria	12
4.0	Managing the Waiting List	<u>15</u>
4.1	Opening and Closing the Waiting List	<u>15</u>
4.2	Taking Applications	<u>15</u>
4.3	Organization of the Waiting List	<u>16</u>
4.4	Missed Appointments	<u>16</u>
4.5	Purging the Waiting List	16
4.6	Removal of Applicants from the Waiting List	16
4.7	Grounds for Denial	<u>17</u>
4.8	Notification of Negative Actions	<u>18</u>
4.9	Informal Review	<u>18</u>
5.0	Selecting Families from the Waiting List	<u>18</u>
5.1	Special Admissions – Mainstream Vouchers	
5.2	Waiting List Admissions and Special Admissions	<u>18</u>
5.3	Preferences	<u>19</u>
6.0	Assignment of Bedroom Sizes (Subsidy Standards)	<u>20</u>
6.1	Briefing	<u>21</u>

6.2	Packet	21
6.3	Issuance of Voucher; Request for Approval of Tenancy	22
6.4	Term of the Voucher	23
6.5	Approval to Lease a Unit	23
6.6	Waco Housing Authority & Affiliates Disapproval of Owner	24
6.7	Ineligible/Eligible Housing	24
6.8	Security Deposit	24
7.0	Moves with Continued Assistance	25
7.1	When a Family May Move	25
7.2	Procedures Regarding Family Moves	26
8.0	Portability	26
8.1	General Policies of Waco Housing Authority & Affiliates	26
8.2	Income Eligibility	27
8.3	Portability: Administration by Receiving Housing Authority	27
8.4	Portability Procedures	28
9.0	Determination of Family Income	29
9.1	Income, Exclusions from Income, Deductions from Income	29
9.2	Income	29
	EIV Policy	31
9.3	Exclusions from Income	35
9.4	Deductions from Annual Income	36
10.0	Verification	37
10.1	Acceptable Methods of Verification	37
10.2	Types of Verification	37
	General Eligibility Items	37
10.3	Verification of Citizenship or Eligible Non-Citizen Status	39
10.4	Verification of Social Security Numbers	40
10.5	Timing of Verification	40
10.6	Frequency of Obtaining Verification	40
11.0	Rent and Housing Assistance Payment	40
11.1	General	40
11.2	Rent Reasonableness	40

11.3	Comparability	41
11.4	Maximum Subsidy	41
11.4.1	Setting the Payment Standard	41
11.4.2	Selecting the Correct Payment Standard for a Family	42
11.4.3	Area Exception Rents	42
11.5	Assistance and Rent Formulas	43
11.6	Utility Allowance	46
11.7	Distribution of Housing Assistance Payment	46
11.8	Change of Ownership	47
12.0	Inspection Policies, Housing Quality Standards, and Damage Claims	47
12.1	Types of Inspections	47
12.2	Owner and Family Responsibility	48
12.3	Housing Quality Standards (HQS) 24 CFR 982.401	48
12.4	Exceptions to the HQS Acceptability Criteria	54
12.5	Time Frames and Corrections of HQS Fail Items	54
12.6	Emergency Fail Items	55
12.7	Abatement	56
13.0	Owner Claims for Damages, Unpaid Rent, and Vacancy Loss and Participant's Ensuing Responsibilities	56
14.0	Recertification	56
14.1	Changes in Lease or Rent	56
14.2	Annual Re-examination	57
14.2.1	Effective Date of Rent Changes for Annual Re-examinations	57
14.2.2	Missed Appointments	57
14.3	Interim Re-examinations	57
14.3.1	Special Re-examinations	58
14.3.2	Relocating Tenant	59
14.4	Effective Date of Rent Changes Due to Interim or Special Re-examinations	59
15.0	Termination of Assistance to the Family by the Waco Housing Authority & Affiliates	60

16.0	Complaints, Informal Reviews for Applicants, Informal Hearings for Participants	61
16.1	Complaints	61
16.2	Informal Review for the Applicant	61
16.3	Informal Hearings for Participants	62
17.0	Termination of the Lease and Contract	65
18.0	Quality Control of Section 8 Program	67
18.1	Section 8 Administrative Fee Reserve Charges and Expenditures	67
19.0	Section 8 Homeownership Program	67
19.1	General	67
19.2	Homeownership Option/Initial Requirements	68
19.3	Homeownership Option/Eligibility Requirements for Families	68
19.4	Homeownership Option/Eligible Units	68
19.5	Homeownership Option/Additional Waco Housing Authority & Affiliates Requirements for Family Search and Purchase	69
19.6	Homeownership Option/Homeownership Counseling	69
19.7	Homeownership Option/Home Inspections	69
19.8	Homeownership Option/Contract of Sale	69
19.9	Homeownership Option/Affordability of Purchase	70
19.10	Homeownership Option/Family Obligations	70
19.11	Homeownership Option/Maximum Term of Assistance	70
19.12	Homeownership Option/Distribution of Homeownership Assistance Payment	71
19.13	Homeownership Option/Portability	71
19.14	Homeownership Option/Move with Continued Tenant-Based Assistance	71
19.15	Purchasing Another Home	71
19.16	Homeownership Option/Termination of Assistance	71
19.17	Homeownership Option/Capture of Homeownership Assistance	72
19.18	Homeownership Option/Size of Homeownership Option Program	72
19.19	Homeownership Option/Preferences	72

<u>19.20</u>	Homeownership Option/10 Year Asset Exclusion	72
<u>19.21</u>	Section 8 Homeownership Voucher Option Program Procedures	
<u>20.0</u>	Violence Against Women’s Act Compliance	74
<u>20.0</u>	Violence Against Women’s Act Compliance	74
<u>20.1</u>	Admissions and Screenings	74
<u>21.220.2</u>	Termination of Tenancy or Assistance	
		74
<u>21.320.3</u>	Verification of Domestic Violence, Dating Violence or Stalking	
		75
<u>21.420.4</u>	Confidentiality	
		76
<u>21.520.5</u>	Transfer to a New Residence	
		77
<u>21.620.6</u>	Court Orders/Family Break-Up	
		77
<u>21.720.7</u>	Relationship with Service Providers	
		78
<u>21.820.8</u>	Notification	
		78
<u>21.920.9</u>	Relationship with Other Applicable Laws	
		78
<u>21.1020.10</u>	Amendment	
		78
<u>23.21.0</u>	Emergency Procedures for Natural Disasters within the State of Texas	81
<u>24.21.1</u>	Emergency Procedures for Natural Disasters within the United States	81
<u>25.22.0</u>	Project Based Rental Assistance	81
26.	Project Based Vouchers (PBV)	
	GLOSSARY	81
	ACCRONYMS	92

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SECTION 8 ADMINISTRATIVE PLAN

Introduction to Section 8 Programs administered by Waco Housing Authority & Affiliates.

Waco Housing Authority & Affiliates incorporates areas of Waco and McLennan County. In addition, the Authority has incorporated smaller housing authorities at the request of HUD. These additional areas now include Hill County and Somervell County.

Hill County and Somervell County will follow all guidelines and policies administered and adopted by the Housing Authority Board of Commissioners and will be held to the same standards and compliance required by HUD.

1.0 EQUAL OPPORTUNITY

1.1 FAIR HOUSING

It is the policy of Waco Housing Authority & Affiliates to comply fully with all Federal, State, and local nondiscrimination laws; the Americans with Disabilities Act; and the U. S. Department of Housing and Urban Development regulations governing Fair Housing and Equal Opportunity.

No person shall, on the grounds of race, color, sex, religion, national or ethnic origin, familial status, or disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under Waco Housing Authority & Affiliates' housing programs.

To further its commitment to full compliance with applicable Civil Rights Laws, Waco Housing Authority & Affiliates will provide Federal/State/local information to applicants for and participants in the Section 8 Housing Program regarding discrimination and any recourse available to them if they believe they may be victims of discrimination. Such information will be made available with the application, and all applicable Fair Housing Information and Discrimination Complaint Forms will be made available at the Waco Housing Authority & Affiliates' office. In addition, all appropriate written information and advertisements will contain the appropriate Equal Opportunity language and logo.

Waco Housing Authority & Affiliates will assist any family that believes they have suffered illegal discrimination by providing copies of the housing discrimination form to them. Waco Housing Authority & Affiliates will also assist them in completing the form, if requested, and will provide them with the address of the nearest HUD Office of Fair Housing and Equal Opportunity.

1.2 REASONABLE ACCOMMODATION

Sometimes people with disabilities may need a reasonable accommodation in order to take full advantage of the Waco Housing Authority & Affiliates' housing programs and related services. When such accommodations are granted they do not confer special treatment or advantage for the person with a disability; rather, they make the program fully accessible to them in a way that would otherwise not be possible due to their disability. Because disabilities are not always apparent, Waco Housing Authority & Affiliates will ensure that all applicants/participants are aware of the opportunity to request reasonable accommodations.

-

When an applicant or tenant family requests a reasonable accommodation, Third party verification forms will be provided as follows:

1. Consent for Verification of need for Reasonable Accommodation/Modification to be completed by the applicant/tenant
2. WHA will complete the Certification of Need for Reasonable Accommodation form and submit to the medical professional within 3 days of authorization on consent form.

3. A letter will be mailed to the applicant/tenant to inform them of the process along with the timeframe documentation will be submitted by WHA and the timeframe documentation must be received from the medical professional. The medical professional must complete and return the form within 3 weeks of the sent date or the applicant/tenant request will be dropped. [A letter will be mailed to the applicant/tenant regarding the approval or disapproval of their request.](#)

An applicant or tenant family has the right to appeal for unfavorable decisions regarding an accommodation or a particular choice of accommodation. The appeal must be received within 8 business days from the denial date.

If the participant requests, as a reasonable accommodation, that he or she be permitted to make physical modifications to their dwelling unit, at their own expense, the request should be made to the property owner/manager. The Housing Authority does not have responsibility for the owner's unit and does not have responsibility to make any modifications to the unit.

WHA will assist a family that includes an individual with disabilities in locating an available, accessible dwelling unit.

WHA will assist families than include an individual with disabilities by providing a higher payment standard up to 120% as a reasonable accommodation if the family requests such an accommodation and it is necessary in order for the family to obtain suitable housing. The rent must meet rent reasonableness guidelines.

1.3 ACCOMMODATIONS FOR LIMITED ENGLISH PROFICIENCY ASSISTANCE

In order to better serve those applicants with Limited English Proficiency, Waco Housing Authority & Affiliates will do the following:

- Post signs in the lobby to request assistance with the application
- Have this printed request on the application
- Have bilingual staff available by appointment and phone
- Allow assistance to the participant from a family member or friend for translation purposes
- Train staff on use of computer internet programs available for translation, i.e. www.Freetranslator.com
- Provide translated materials as provided by HUD
- Waco Housing Authority & Affiliates will, when needed, provide professional translation services at no cost to the participant

The Authority retains the right to select the most efficient or economic choice.

1.4 FAMILY/OWNER OUTREACH

Waco Housing Authority & Affiliates will publicize the availability and nature of the Section 8 Program for extremely low-income, very low and low-income families in a newspaper of general circulation, minority media, and by other suitable means.

Waco Housing Authority & Affiliates will communicate the status of program availability to other service providers in the community and advise them of housing eligibility factors and guidelines so that they can make proper referral of their clients to the program.

Waco Housing Authority & Affiliates will hold briefings for owners who participate in or who are seeking information about the Section 8 Program. Owners and managers participating in the Section 8 Program will participate in making this presentation. The briefing is intended to:

- A. Explain how the program works;
- B. Explain how the program benefits owners;

- C. Explain owners' responsibilities under the program. Emphasis is placed on quality screening and ways Waco Housing Authority & Affiliates helps owners do better screening; and
- D. Provide an opportunity for owners to ask questions, obtain written materials, and meet Waco Housing Authority & Affiliates staff.

Waco Housing Authority & Affiliates will particularly encourage owners of suitable units located outside of low-income or minority concentration to attend. Targeted mailing lists will be developed and announcements mailed.

1.5 RIGHT TO PRIVACY

All adult members of both applicant and participant households are required to sign HUD Form 9886, *Authorization for Release of Information and Privacy Act Notice*. The *Authorization for Release of Information and Privacy Act Notice* states how family information will be released and includes the *Federal Privacy Act Statement*.

Any request for applicant or participant information will not be released unless there is a signed release of information request from the applicant or participant. The following information will be provided to a prospective landlord upon request:

- Previous address
- Relocation address
- Any outstanding claims against the applicant/tenant
- Number of persons in the household
- Preference claims that may end in termination, if not upheld
- Unpaid claims from the Housing Authority

1.6 REQUIRED POSTINGS

Waco Housing Authority & Affiliates will have the following information posted or available for public review at the central office located at 4400 Cobbs Drive:

- A. The Section 8 Administrative Plan
- B. Notice of the status of the waiting list (opened or closed)
- C. Informal Review and Informal Hearing Procedures
- D. Fair Housing Poster

2.0 WACO HOUSING AUTHORITY & AFFILIATES/OWNER RESPONSIBILITY/ OBLIGATION OF THE FAMILY

This Section outlines the responsibilities and obligations of Waco Housing Authority & Affiliates, the Section 8 Owners/Landlords, and the participating families.

2.1 WACO HOUSING AUTHORITY & AFFILIATES RESPONSIBILITIES

- A. Waco Housing Authority & Affiliates will comply with the consolidated ACC, the application, HUD regulations and other requirements, and the Waco Housing Authority & Affiliates' Section 8 Administrative Plan.
- B. In administering the program, Waco Housing Authority & Affiliates must:
 1. Publish and disseminate information about the availability and nature of housing assistance under the program;
 2. Explain the program to owners and families;
 3. Seek expanded opportunities for assisted families to locate housing outside areas of poverty or racial concentration;
 4. Encourage owners to make units available for leasing in the program, including owners of suitable units located outside areas of poverty or racial concentration;

5. Affirmatively further fair housing goals and comply with equal opportunity requirements;
6. Receive applications from families, determine eligibility, maintain the waiting list, select applicants, issue a voucher to each selected family, and provide housing information to families selected;
7. Determine who can live in the assisted unit at admission and during the family's participation in the program;
8. Obtain and verify evidence of citizenship and eligible immigration status in accordance with 24 CFR part 5;
9. Review the family's request for approval of the tenancy and the owner/landlord lease, including the HUD prescribed tenancy addendum;
10. Inspect the unit before the assisted occupancy begins and at least annually during the assisted tenancy;
11. Determine the amount of the housing assistance payment for a family;
12. Determine the maximum rent to the owner and whether the rent is reasonable;
13. Make timely housing assistance payments to an owner in accordance with the HAP contract;
14. Examine family income, size and composition at admission and during the family's participation in the program. The examination includes verification of income and other family information;
15. Establish and adjust Waco Housing Authority & Affiliates utility allowance;
16. Administer and enforce the housing assistance payments contract with an owner, including taking appropriate action as determined by Waco Housing Authority & Affiliates, if the owner defaults (e.g., HQS violation);
17. Determine whether to terminate assistance to a participant family for violation of family obligations;
18. Conduct informal reviews of certain Waco Housing Authority & Affiliates decisions concerning applicants for participation in the program;
19. Conduct informal hearings on certain Waco Housing Authority & Affiliates decisions concerning participant families;
20. Provide sound financial management of the program, including engaging an independent public accountant to conduct audits; and
21. Administer an FSS program (if applicable).

2.2 OWNER RESPONSIBILITY

- A. The owner is responsible for performing all of the owner's obligations under the HAP contract and the lease.
- B. The owner is responsible for:
 1. Performing all management and rental functions for the assisted unit, including selecting a voucher holder to lease the unit, and deciding if the family is suitable for tenancy of the unit.
 2. Maintaining the unit in accordance with HQS, including performance of ordinary and extraordinary maintenance.
 3. Complying with equal opportunity requirements.
 4. Preparing and furnishing to Waco Housing Authority & Affiliates information required under the HAP contract.
 5. Collecting from the family:
 - a. Any security deposit required under the lease.
 - b. The tenant contribution (the part of rent to owner not covered by the housing assistance payment).
 - c. Any charges for unit damage by the family.
 6. Enforcing tenant obligations under the lease.
 7. Paying for utilities and services (unless paid by the family under the lease).
 8. Lease needs to show who provides appliances.
- C. For provisions on modifications to a dwelling unit occupied or to be occupied by a person with disabilities see 24 CFR 100.203.

- D. The owner is responsible for notifying Waco Housing Authority & Affiliates of any rent increase sixty (60) days prior to the anniversary date.

2.3 OBLIGATIONS OF THE PARTICIPANT

This Section states the obligations of a participant family under the program.

- A. Supplying required information:
 - 1. The family must supply any information that Waco Housing Authority & Affiliates or HUD determines is necessary in the administration of the program, including submission of required evidence of citizenship or eligible immigration status. Information includes any requested certification, release or other documentation.
 - 2. The family must supply any information requested by Waco Housing Authority & Affiliates or HUD for use in a regularly scheduled re-examination or interim re-examination of family income and composition in accordance with HUD requirements.
 - 3. The family must disclose and verify Social Security Numbers and must sign and submit consent forms for obtaining information in accordance with 24 CFR 5.216 with the exception as noted in Section 5.
 - 4. Any information supplied by the family must be true and complete.
- B. HQS breach caused by the Family:
The family is responsible for any HQS breach caused by the family or its guests.
- C. Allowing Waco Housing Authority & Affiliates Inspection:
The family must allow Waco Housing Authority & Affiliates to inspect the unit at reasonable times and after at least two (2) days notice. Special inspections will be performed without notice to tenant .
- D. Violation of Lease:
The family may not commit any serious or repeated violation of the lease.
- E. Conduct:
Failure to maintain the peaceful enjoyment of the premises by other tenants can result in termination. Tenant is responsible for the conduct of themselves, family members, and guests at all times.
- F. Family Notice of Move or Lease Termination:
The family must give a written 30 days notice to Waco Housing Authority & Affiliates and the owner before the family moves out of the unit or terminates the lease.
- G. Owner Eviction Notice:
The family must promptly give Waco Housing Authority & Affiliates a copy of any owner eviction notice it receives.
- H. Use and Occupancy of the Unit:
 - 1. The family must use the assisted unit for a residence by the family. The unit must be the family's only residence.
 - 2. Waco Housing Authority & Affiliates must approve the composition of the assisted family residing in the unit. The family must promptly inform Waco Housing Authority & Affiliates of the birth, adoption or court-awarded custody of a child. The family must request approval from Waco Housing Authority & Affiliates to add any other family member as an occupant of the unit. No other person (i.e., no one but members of the assisted family) may reside in the unit (except for a foster child/foster adult or live-in aide as provided in paragraph four (4) of this Section). (reference pages 42, 71)
 - 3. The family must promptly notify Waco Housing Authority & Affiliates within eight (8) (days if any family member no longer resides in the unit.
 - 4. If Waco Housing Authority & Affiliates has given approval, a foster child/foster adult or a live-in aide may reside in the unit. Waco Housing Authority & Affiliates has the discretion to adopt reasonable policies concerning residence by a foster child/foster adult or a live-in aide, and defining when Waco Housing Authority & Affiliates consent may be given or denied.

5. Members of the household may engage in legal profit making activities in the unit, but only if such activities are incidental to primary use of the unit for residence by members of the family. Any business uses of the unit must comply with zoning requirements. The affected household member must obtain all appropriate licenses, landlord approval, and must promptly notify Waco Housing Authority & Affiliates.
 6. The family must not sublease or sublet the unit.
 7. The family must not assign the lease or transfer the unit.
- I Absence from the Unit:
The family must supply any information or certification requested by Waco Housing Authority & Affiliates to verify that the family is living in the unit, or relating to family absence from the unit, including any Waco Housing Authority & Affiliates requested information or certification on the purposes of family absences. The family must cooperate with Waco Housing Authority & Affiliates for this purpose. The family must promptly notify Waco Housing Authority & Affiliates of its absence from the unit. Absence means that no member of the family is residing in the unit. The family may be absent from the unit for up to 30 days. The family must request permission from Waco Housing Authority & Affiliates for absences exceeding 30 days. Waco Housing Authority & Affiliates will make a determination within five (5) business days of the request. An authorized absence may not exceed 180 days. Any family absent for more than 30 days without authorization will be terminated from the program. Authorized absences may include, but are not limited to:
1. Prolonged hospitalization
 2. Absences beyond the control of the family (i.e., death in the family, other family member illness)
 3. Other absences that are deemed necessary by Waco Housing Authority & Affiliates
- J Interest in the Unit:
The family may not own or have any interest in the unit (except for owners of manufactured housing renting the manufactured home space).
- K Fraud and Other Program Violation:
The members of the family must not commit fraud, bribery, or any other corrupt or criminal act in connection with the program.
- L Crime by Family Members:
The members of the family may not engage in drug-related criminal activity or other violent criminal activity.
- M. Other Housing Assistance:
An assisted family, or members of the family, may not receive Section 8 tenant-based assistance while receiving another housing subsidy, for the same unit or for a different unit, under any duplicative (as determined by HUD or in accordance with HUD requirements) Federal, State or local housing assistance program.

3.0 Eligibility for Admission

3.1 INTRODUCTION

There are five eligibility requirements for admission to Section 8 -- qualifies as a family, has an income within the income limits, meets citizenship/eligible immigrant criteria, provides documentation of Social Security Numbers, and signs consent authorization documents. In addition to the eligibility criteria, families must also meet Waco Housing Authority & Affiliates' screening criteria in order to be admitted to the Section 8 Program.

3.2 ELIGIBILITY CRITERIA

- A. Must meet one or more preference -- preferences will be verified
- B. Family Status

1. A family with or without children. Such a family is defined as a group of people related by blood, marriage, adoption or affinity that lives together in a stable family relationship.
 - a. Children temporarily absent from the home due to placement in foster care are considered family members.
 - b. Unborn children and children in the process of being adopted are considered family members for purposes of determining bedroom size, but are not considered family members for determining income limit.
 - c. Considers gender identity and actual or perceived sexual orientation or marital status for bedroom size
 2. An elderly family, which is:
 - a. A family whose head, spouse, or sole member is a person who is at least 62 years of age;
 - b. Two or more persons who are at least 62 years of age living together; or
 - c. One or more persons who are at least 62 years of age living with one or more live-in aides.
 3. A disabled family, which is:
 - a. A family whose head, spouse, or sole member is a person with disabilities;
 - b. Two or more persons with disabilities living together; or
 - c. One or more persons with disabilities living with one or ore live-in aides.
 4. A remaining member of a tenant family.
 5. A single person who is not an elderly or displaced person, or a person with disabilities, or the remaining member of a tenant family.
- C. Income Eligibility
- WHA must conduct a reexamination of family income and composition at least annually, as required by law. To enforce this requirement, applicants and participant families are required to provide WHA with information and data as may be requested from time to time to confirm family income and composition. In order to ensure that the family income and composition data provided by an applicant or participant families is complete and accurate, WHA will review all relevant information provided and available to it, including but not limited to confirmation of information provided by an applicant or participant family by contacting relevant agencies, organizations, employers, or others as necessary and reviewing any relevant court orders, contracts, agreements, statements, social media, and other means as may be permitted by law.
1. To be eligible to receive assistance a family shall, at the time the family initially receives assistance under the Section 8 program, be a family that is:
 - a. An extremely low-income or a very low-income family;
 - b. A low-income family continuously assisted under the 1937 Housing Act;
 - c. A low-income family that meets additional eligibility criteria specified by the Housing Authority;
 - d. A low-income family that is a non-purchasing tenant in a HOPE 1 or HOPE 2 project or a property subject to a resident homeownership program under 24 CFR 248.173;
 - e. A low-income family or moderate-income family that is displaced as a result of the prepayment of the mortgage or voluntary termination of an insurance contract on eligible low-income housing;
 - f. A low-income family that qualifies for voucher assistance as a non-purchasing family residing in a HOPE 1 (HOPE for public housing homeownership) or HOPE 2 (HOPE for homeownership of multifamily units) project.
 2. Income limits apply only at admission and are not applicable for continued occupancy; however, as income rises the assistance will decrease.

3. The applicable income limit for issuance of a voucher is the highest income limit for the family size for areas within the housing authority's jurisdiction. The applicable income limit for admission to the program is the income limit for the area in which the family is initially assisted in the program. The family may only use the voucher to rent a unit in an area where the family is income eligible for admission to the program.
4. When the head of household dies during tenancy and the remaining household members are minors, Waco Housing Authority & Affiliates will allow a temporary adult guardian to reside in the unit until a court-appointed guardian is established. The new guardian can be added as the head of household if they meet other eligibility requirements such as screening process, income limits, etc. Waco Housing Authority & Affiliates will work with local Department of Social Services to ensure that the best interests of the children are addressed.
5. Families who are moving into Waco Housing Authority & Affiliates' jurisdiction under portability and have the status of applicant rather than of participant at their initial housing authority must meet the income limit for the area where they were initially assisted under the program.
6. Families who are moving into Waco Housing Authority & Affiliates' jurisdiction under portability and are already program participants at their initial housing authority do not have to meet the income eligibility requirement for the Waco Housing Authority & Affiliates' program.
7. Income limit restrictions do not apply to families transferring units within the Waco Housing Authority & Affiliates' Section 8 Program.

D. Citizenship/Eligible Immigrant Status

To be eligible each member of the family must be a citizen, national, or a noncitizen who has eligible immigration status under one of the categories set forth in Section 214 of the Housing and Community Development Act of 1980 (see 42 U.S.C. 1436a(a)).

Family eligibility for assistance:

1. A family shall not be eligible for assistance unless every member of the family residing in the unit is determined to have eligible status, with the exception noted below.
2. Despite the ineligibility of one or more family members, a mixed family may be eligible for one of three types of assistance (See Section 11.5(K) for calculating rents under the noncitizen rule).
3. A family without any eligible members and receiving assistance on June 19, 1995, may be eligible for temporary deferral of termination of assistance.

E. Social Security Number Documentation

All

assisted applicants must disclose a complete and accurate social security number for each member of the household, including foster children, foster adults and live-in aides. Except non-contending persons period prior to the date of voucher issuance assistance will be provided so long as the documentation is received within 90 calendar days from the effective date of the Housing Assistance Payment (HAP) contract. An additional 90-day period will be granted at WHA discretion (added 3/28/16)E. Signing Consent Forms

1. In order to be eligible each member of the family who is at least 18 years of age, and each family head and spouse regardless of age, shall sign one or more consent forms.
2. The consent form must contain, at a minimum, the following:
 - a. A provision authorizing HUD and Waco Housing Authority & Affiliates to obtain from State Wage Information Collection Agencies (SWICAs) any information or materials necessary to complete or verify the application for participation or for eligibility for continued occupancy;
 - b. A provision authorizing HUD or Waco Housing Authority & Affiliates to verify with previous or current employers income information pertinent to the family's eligibility for or level of assistance;

- c. A provision authorizing HUD to request income information from the IRS and the SSA for the sole purpose of verifying income information pertinent to the family's eligibility or level of benefits; and
 - d. A statement that the authorization to release the information requested by the consent form expires 15 months after the date the consent form is signed.
- F. **Suitability for Tenancy**
Waco Housing Authority & Affiliates determines eligibility for participation and will also conduct criminal background checks on all adult household members, including live-in aides. Waco Housing Authority & Affiliates will deny assistance to a family because of drug-related criminal activity or violent criminal activity by family members. This check will be made through state or local law enforcement or court records in those cases where the household member has lived in the local jurisdiction for the last three years. If the individual has lived outside the local area, Waco Housing Authority & Affiliates may contact law enforcement agencies where the individual had lived or request a check through the FBI's National Crime Information Center (NCIC).

Waco Housing Authority & Affiliates will check with the State Sex Offender Registration Program and will ban for life any individual who is registered as a lifetime sex offender. Additional screening is the responsibility of the owner. Upon the written request of a prospective owner, Waco Housing Authority & Affiliates will provide any factual information or third party written information they have relevant to a voucher holder's history of, or ability to, comply with material standard lease terms or any history of drug trafficking.

4.0 MANAGING THE WAITING LIST

4.1 OPENING AND CLOSING THE WAITING LIST

Opening of the waiting list will be announced via public notice that applications for Section 8 will again be accepted. The public notice will state where, when, and how to apply. The notice will be published in a local newspaper of general circulation,

The notice will include the Fair Housing logo and slogan and otherwise be in compliance with Fair Housing requirements.

Closing of the waiting list will be announced via public notice. The public notice will state the date the waiting list will be closed. The public notice will be published in a local newspaper of general circulation, and central office.

4.2 TAKING APPLICATIONS

Families wishing to apply for the Section 8 Program will be required to complete an application for housing assistance.

Applications are taken to compile a waiting list. Due to the demand for Section 8 assistance in Waco Housing Authority & Affiliates' jurisdiction, Waco Housing Authority & Affiliates may take applications on an open enrollment basis, depending on the length of the waiting list.

When the waiting list is open, completed applications will be accepted from all applicants. Waco Housing Authority & Affiliates will later verify the information in the applications relevant to the applicant's eligibility, admission, and level of benefit.

Applications will be accepted online at wacopha.org. Reasonable accommodations will be made for persons with disabilities. Access by calling 254-752-0324 ext. 215.

Persons with disabilities who require a reasonable accommodation in completing an application may call Waco Housing Authority & Affiliates to make special arrangements to complete their application. The TDD telephone number is 1-800-432-2698.

The application process will involve two phases. The first phase is the initial application for housing assistance or the pre-application. The pre-application requires the family to provide limited basic information including name, address, phone number, family composition and family unit size, racial or ethnic designation of the head of household, income category, and information establishing any preferences to which they may be entitled. This first phase results in the family's placement on the waiting list.

An applicant may at any time report changes in their applicant status including changes in family composition, income, or preference factors. Waco Housing Authority & Affiliates will annotate the applicant's file and will update their place on the waiting list. Confirmation of the changes will be confirmed with the family in writing upon request.

The second phase is the final determination of eligibility, referred to as the full application. The full application takes place when the family nears the top of the waiting list. Waco Housing Authority & Affiliates will ensure that verification of all preferences, eligibility, suitability selection factors are current in order to determine the family's final eligibility for admission into the Section 8 Program.

4.3 ORGANIZATION OF THE WAITING LIST

The waiting list will be maintained in accordance with the following guidelines:

- A. The application will be a permanent file;
- B. All applications will be maintained in order of preference and then in order of date and time of application;
- C. Any contact between Waco Housing Authority & Affiliates and the applicant will be documented in the applicant's file.

Note: The waiting list cannot be maintained by bedroom size under current HUD regulations.

4.4 MISSED APPOINTMENTS

All applicants who fail to keep a scheduled appointment in accordance with the paragraph below will be sent a notice of denial.

Waco Housing Authority & Affiliates will allow the family to reschedule appointments for good cause. Generally, no more than one opportunity will be given to reschedule without good cause, and no more than two opportunities for good cause. When a good cause exists, Waco Housing Authority & Affiliates will work closely with the family to find a more suitable time. Applicants will be offered the right to an informal review before being removed from the waiting list.

4.5 PURGING THE WAITING LIST

Waco Housing Authority & Affiliates will update and purge its waiting list at least annually to ensure that the pool of applicants reasonably represents interested families. Purging also enables the Housing Authority to update the information regarding address, family composition, income category and preferences.

4.6 REMOVAL OF APPLICANTS FROM THE WAITING LIST

Waco Housing Authority & Affiliates will not remove an applicant's name from the waiting list unless:

- A. The applicant requests that the name be removed;
- B. The applicant fails to respond to a written request for information, or a request to declare their continued interest in the program, or misses scheduled appointments; or
- C. Reasonable efforts to contact the applicant to determine continued interest have been unsuccessful, or
- D. The applicant is notified of intent to remove because of ineligibility.
- E. An applicant's written request to be placed back on the waiting list will be accepted twice. Their name will be removed from the waiting list after the second request.

4.7 GROUNDS FOR DENIAL

Waco Housing Authority & Affiliates will deny assistance to applicants who:

- A. Do not meet any one or more of the eligibility criteria;
- B. Do not supply information or documentation required by the application process;
- C. Fail to respond to a written request for information, or a request to declare their continued interest in the program;
- D. Fail to complete any aspect of the application or lease-up process;
- E. Have a history/pattern (up to three (3) years) of criminal activity by any household member involving crimes of physical violence against persons or property, and any other criminal activity including drug-related criminal activity that would adversely affect the health, safety, or well being of other tenants or staff, or cause damage to the property; If 3 or more arrests occurs for criminal activity within a 1 year period by a household member, WHA may terminate assistance if it has been determined based on a preponderance of the evidence that the household member has engaged in the activity, whether the household member has been arrested or convicted for such activity.
- F. Currently owe rent or other amounts to any housing authority in connection with the Public Housing or Section 8 Programs; this includes discharges of rent owed through bankruptcy.
- G. Have committed fraud, bribery, or any other corruption in connection with any Federal Housing Assistance Program, including the intentional misrepresentation of information related to their housing application or benefits derived there from;
- H. Have a family member who was evicted from federally assisted housing within the last five (5) years;
- I. Have a family member who was evicted from assisted housing within five (5) years of the projected date of admission because of drug-related criminal activity involving the illegal manufacture, sale, distribution, or possession with the intent to manufacture, sell, distribute a controlled substance as defined in Section 102 of the Controlled Substances Act, 21 U.S.C. 802;
- J. Have a family member who is illegally using a controlled substance or abuses alcohol in a way that may interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents. Waco Housing Authority & Affiliates may waive this requirement if:
 - 1. The person demonstrates to Waco Housing Authority & Affiliates' satisfaction that the person is no longer engaging in drug-related criminal activity or abuse of alcohol;
 - 2. The person has successfully completed a supervised drug or alcohol rehabilitation program;
 - 3. The person has otherwise been rehabilitated successfully; or
 - 4. The person is participating in a supervised drug or alcohol rehabilitation program.
- K. Have engaged in or threatened abusive or violent behavior towards any Waco Housing Authority & Affiliates staff member or resident;
- L. Have a family household member who has been terminated under the Section 8 Housing Choice- Voucher Program during the last three (3) years;
- M. Have a family member who has been convicted of manufacturing or producing methamphetamine (speed) (Denied for life);
- N. Have a family member with a lifetime registration under a State Sex Offender Registration Program (Denied for life);
- O. Are a welfare-to-work (WTW) family who fails to fulfill its obligations under the Welfare-to-Work Voucher Program;
- P. Applicants evicted from public housing for failing to do mandatory community service hours per QWHRA guidelines, will have a 12 month period of ineligibility for Public Housing or Section 8 services beginning from the date of eviction, move- out or termination.
- Q. Engaged in fraud to any other government agency by the head of household or any family member.

4.8 NOTIFICATION OF NEGATIVE ACTIONS

Any applicant whose name is being removed from the waiting list will be notified by Waco Housing Authority & Affiliates, in writing, that they have ten (10) business days, from the date of the written correspondence, to present mitigating circumstances or request an informal review. The letter will also indicate that their name will be removed from the waiting list if they fail to respond within the timeframe specified. Waco Housing Authority & Affiliates' system of removing applicants' names from the waiting list will not violate the rights of persons with disabilities. If an applicant's failure to respond to a request for information or updates was caused by the applicant's disability, Waco Housing Authority & Affiliates will provide a reasonable accommodation. If the applicant indicates that they did not respond due to a disability, Waco Housing Authority & Affiliates will verify that there is in fact a disability, and that the accommodation they are requesting is necessary based on the disability. An example of a reasonable accommodation would be to reinstate the applicant on the waiting list based on the date and time of the original application.

4.9 INFORMAL REVIEW

If Waco Housing Authority & Affiliates determines that an applicant does not meet the criteria for receiving Section 8 assistance, Waco Housing Authority & Affiliates will promptly provide the applicant with written notice of the determination. The notice must contain a brief statement of the reason(s) for the decision, and state that the applicant may request an informal review of the decision within eight (8) business days of the denial. Waco Housing Authority & Affiliates will describe how to obtain the informal review. The informal review process is described in Section 16.2 of this Plan.

SELECTING FAMILIES FROM THE WAITING LIST

5.1 Special Admissions: Mainstream Vouchers

WHA will process Mainstream Vouchers thru our current HCV wait list for those eligible under our present wait list preferences for the program (disabled over 18 and under 62, homeless) and will include families with a household member who is disabled for Mainstream Voucher eligibility purposes only. They will be pulled off the wait list by date and time of application. Every effort will be made to divide available vouchers between these three groups equally unless one preference is exhausted.

If our eligible Section 8 wait list applicants who meet criteria for the Mainstream Voucher are exhausted; we will review our available Public Housing wait list for eligible candidates. Barring any non-eligible wait list applicants for consideration. WHA must publicly post the application opening for Mainstream Vouchers only. Included with this will be the detailed Mainstream Voucher eligibility criteria that must be met in order to be eligible for the program voucher. WHA will work with available community partners thru the COC, Homeless Coalition, WISD, MHMR, Salvation Army, Family Abuse Shelter, etc. at that time for applications.

5.2 WAITING LIST ADMISSIONS AND SPECIAL ADMISSIONS

Waco Housing Authority & Affiliates uses local preferences to determine the ranking of an applicant. These have been adopted by the Board of Commissioners specifically for this purpose. The preferences are not ranked, and residency preference carries one weight; homeless preference (must meet definition) or victims of domestic violence preference carries two weights..

The Housing Authority may admit an applicant for participation in the program either as a special admission funds designated for HUD approved persons, or as a waiting list admission.

If HUD awards' funding that is targeted for families with specific characteristics, or families living in specific units, Waco Housing Authority & Affiliates will use the assistance for those families.

Special Provisions for the Use of Targeted Vouchers – Project-Based Voucher (PVB) Assistance (Per HUD regulations)

5.3 PREFERENCES

Local preference(s) must be verified by written documentation at the time of the briefing and/or eligibility appointment. The applicant must be able to provide written documentation for all preferences claimed on the LOCAL PREFERENCE CLAIM FORM. If a preference has been selected, it may be changed at the time of eligibility (if the applicant's circumstances have changed) because the selection criteria is not based upon the type of preference. However, it must match one or more of the local preferences established by Waco Housing Authority & Affiliates.

Consistent with Waco Housing Authority & Affiliates Agency Plan, Waco Housing Authority & Affiliates will select families based on the following preferences.

- **VETERAN'S PREFERENCE:**
The head of household and/or spouse is currently a member of the Armed Forces, or the head of the household and/or spouse has an honorable discharge from the Armed Forces.
In the case of a divorce or legal separation, the head of the household or former spouse must provide Waco Housing Authority & Affiliates with documentation that the head or spouse has rights to benefits; there is no right to the veteran's preference.
- **EMPLOYMENT PREFERENCE:**
Families whose head of household or spouse is employed.
Families whose head of household or spouse has been given a bona fide offer of employment.
This preference does not require a minimum of income, but the family's annual income cannot exceed current very low income guidelines by HUD. Must have a minimum of 20 working hours a week for Section 8 and 24 hours a week for Public Housing
No minimum length of time is required for the head or spouse to be employed. After move-in the employment must continue for twelve months or longer.
- **ELDERLY:**
Head of Household or Spouse is 62 years of age or older.
- **DISABLED AND HANDICAPPED HEAD OF HOUSEHOLD:**
This preference only applies to the Head of Household.
- **JOB TRAINING / SCHOOL PREFERENCE: (Must meet student rule)**
The head of household or spouse is currently enrolled and participating in a job-training program that prepares them for entering or re-entering the job market.
Families where the head of household or spouse is a graduate of a job-training program that prepared them for entering or re-entering the job market.
Head of Household is currently enrolled in educational programs working toward a degree. Must be a full-time student (twelve hours or more) or give verifiable justification for carrying a lesser number of hours.
- **DISPLACEMENT:**
The household has been displaced due to a nationally declared disaster area.
- **DOMESTIC VIOLENCE PREFERENCE:**
Household annual income cannot exceed current income guidelines by HUD
Must be certified by a police report or the Family Abuse Center that provides shelter or counseling to victims of domestic violence.
The Housing Authority shall determine that the domestic violence occurred recently (within 1 year) or is of a continuing nature.
The applicant shall certify that the person who engaged in such violence will not reside with the family unless Housing Authority has advance written approval.
The Housing Authority may deny or terminate assistance to the family for breach of certification.
- **RESIDENCY PREFERENCE**

This preference only applies to residents who has a domicile (legal residence) in McLennan, Hill, Johnson & Somervell counties at the time of application. The Residency Preference will not have the purpose or effect of delaying or otherwise denying admission to the program based on the race, color, ethnic origin, gender, religion, disability, or age of any member of an applicant family.

- **Homeless Preference (must meet definition)**
- **For Section 8 Mainstream Vouchers only – Preference given for non-elderly persons with disabilities transitioning out of institutional and other segregated settings, at serious risk of institutionalization, homeless, or at risk of becoming homeless. Currently experiencing homelessness, previously experienced homelessness and currently a client in a permanent supportive housing or rapid rehousing project,**

FOR PUBLIC HOUSING RESIDENTS ONLY

TARGET UP AND OUT:

For families living in Public Housing who wish to move into the private sector and receive rental assistance through the

Section-8 Program, and participate in the home ownership program. Families must meet the following guidelines:

1. Families must have resided in public housing a **minimum of one year**, and **participate in the Family Self-Sufficiency Program**.
2. The family must participate in a job training program or attend an institution of higher learning or must maintain an earned income for a minimum of one year.
3. Families must be crime and drug free. This includes all persons on the lease.
4. Families must have a record of timely rent payments, for a twelve (12) month period. No balances left from month to month. Rent must be paid on or before the 5th of each month.
5. All school-age children must be attending school regularly. School verification with authorized signature.
6. Families must have established a pattern of keeping their apartment and premises clean both inside and outside with no graffiti. This includes roof, yard, stairways and porches.
7. Must be in good standing with Public Housing at time of transfer.
8. Development managers must certify that the families have met the requirements.

Waco Housing Authority & Affiliates will not deny a local preference, nor otherwise exclude or penalize a family in admission to the program, solely because the family resides in public housing.

If necessary to meet the statutory requirement that 75% of newly admitted families in any fiscal year be families who are extremely low-income (unless HUD agrees upon a different target). Waco Housing Authority & Affiliates retains the right to skip higher income families on the waiting list to reach extremely low-income families. This measure will only be taken if it appears the goal will not otherwise be met. To ensure this goal is met, the Housing Authority will monitor incomes of newly admitted families and the income of the families on the waiting list.

5.3A School Addendum

Any student who is enrolled at an institution of higher education, who is under the age of 24, not a veteran, unmarried and does not have any children is ineligible for Section 8 assistance.

5.3 B Disability Preference

Applicants who claim disability preference must be receiving social security one year after lease up or will be terminated from the program.

6.0 ASSIGNMENT OF BEDROOM SIZES (SUBSIDY STANDARDS)

Waco Housing Authority & Affiliates will issue a voucher for a particular bedroom size. The bedroom size is a factor in determining the family’s level of assistance. The following guidelines will determine each family’s unit size without overcrowding or over-housing:

Number of Bedrooms	Number of Persons	
	Minimum	Maximum
0	1	1
1	1	2
2	2	4
3	3	6
4	4	8

5	5	10
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These standards are based on the assumption that each bedroom will accommodate no more than two (2) persons. Two adults will share a bedroom unless related by blood.

In determining bedroom size, Waco Housing Authority & Affiliates will include the presence of children to be born to a pregnant woman, children who are in the process of being adopted, children whose custody is being obtained, children who are temporarily away at school or temporarily in foster-care.

Bedroom size will also be determined using the following guidelines:

- A. Children of the same sex will share a bedroom.
- B. Children of the opposite sex, both under the age of 3, will share a bedroom.
- C. Adults will not be required to share a bedroom with a child who is past the age three.
- D. Foster adults and children will not be required to share a bedroom with family members.
- E. Live-in aides will get a separate bedroom; will be required to share a bedroom with their child per occupancy standards. Unless a live in aide resides with the family, the unit size for any family consisting of a single person must be either a zero or one bedroom unit, as determined under the PHA's subsidy standards.
- F. Reasonable accommodations for individuals with disabilities (on a case by case basis)

Waco Housing Authority & Affiliates will grant exceptions to normal occupancy standards when a family requests a larger size than the guidelines allow and documents a medical reason why the larger size is necessary.

The family unit size will be determined by Waco Housing Authority & Affiliates in accordance with the above guidelines and will determine the maximum rent subsidy for the family; however, the family may select a unit that may be larger or smaller than the family unit size. If the family selects a smaller unit, the payment standard for the smaller size will be used to calculate the subsidy. If the family selects a larger size, the payment standard for the size certification family will determine the maximum subsidy. (PIH 2009-22)

6.1 BRIEFING

When Waco Housing Authority & Affiliates selects a family from the waiting list, the family will be invited to attend a briefing explaining how the program works. In order to receive a voucher the family is required to attend the briefing. If they cannot attend the originally scheduled briefing, they may attend a later session. If the family fails to attend two briefings without good cause, they will be denied admission. If an applicant is more than 15 minutes late, they will not be allowed in the briefing. Children are not permitted in the briefing.

A criminal history background check is required for all adult household members. Background check will be conducted in the state where the applicant's household members are known to have resided.

If an applicant with a disability requires auxiliary aids to gain full benefit from the briefing, the Housing Authority will furnish such aids where doing so would not result in a fundamental alteration of the nature of the program or in an undue financial or administrative burden. In determining the most suitable auxiliary aid, the Housing Authority will give primary consideration to the requests of the applicant. Families unable to attend a briefing due to a disability may request a reasonable accommodation such as having the briefing presented at an alternate location.

The briefing will cover at least the following subjects:

- A. A description of how the program works;
- B. Family and owner responsibilities;
- C. Where the family may rent a unit, including inside and outside the Housing Authority's jurisdiction;
- D. Types of eligible housing;
- E. For families qualified to lease a unit outside the Housing Authority's jurisdiction under portability, an explanation of how portability works;

- F. An explanation of the advantages of living in an area that does not have a high concentration of poor families; and
- G. An explanation that the family share of rent may not exceed 40% of the family's monthly adjusted income if the gross rent exceeds the applicable payment standard.

6.2 PACKET

During the briefing, the Housing Authority will give the family a packet covering at least the following subjects:

- A. The term of the voucher and the Housing Authority's policy on extensions and suspensions of the term. The packet will include information on how to request an extension and forms for requesting extensions;
- B. How the Housing Authority determines the housing assistance payment and total tenant payment for the family;
- C. Information on the payment standard, exception payment standard rent areas, and the utility allowance schedule;
- D. How the Housing Authority determines the maximum rent for an assisted unit;
- E. Where the family may lease a unit. For families qualified to lease outside the Housing Authority's jurisdiction, the packet includes an explanation of how portability works;
- F. The HUD-required tenancy addendum that provides the language that must be included in any assisted lease, and a sample contract;
- G. The request for approval of the tenancy form and an explanation of how to request Housing Authority approval of a unit;
- H. A statement of the Housing Authority's policy on providing information to prospective owners. This policy requires applicants to sign disclosure statements allowing the Housing Authority to provide prospective owners with the family's current and prior addresses, and the names and addresses of the landlords for those addresses. Upon request, the Housing Authority will also supply any factual information or third party verification relating to the applicant's history as a tenant, or their ability to comply with material standard lease terms, or any history of drug trafficking, drug-related criminal activity, or any violent criminal activity;
- I. The Housing Authority's subsidy standards, including when the Housing Authority will consider granting exceptions to the standards;
- J. The HUD brochure on how to select a unit ("A Good Place to Live");
- K. The HUD required lead-based paint brochure;
- L. Information on Federal, State, and local equal opportunity laws; the brochure "Fair Housing: It's Your Right;" and a copy of the housing discrimination complaint form;
- M. Wacohousingsearch.org (McLennan)
- N. Notice that if the family includes a person with disabilities, the family may request a current list of accessible units known to Waco Housing Authority & Affiliates that may be available;
- O. The family's obligations under the program;
- P. The grounds upon which the Housing Authority may terminate assistance because of the family's action or inaction;
- Q. Waco Housing Authority & Affiliates' informal hearing procedures, including when the Housing Authority is required to provide the opportunity for an informal hearing, and information on how to request a hearing; and
- R. Waco Housing Authority & Affiliates' owner information brochure. This brochure can be given by the applicant to a prospective owner to help explain the program.
- S. Violence Against women Act (VAWA)

6.3 ISSUANCE OF VOUCHER; REQUEST FOR APPROVAL OF TENANCY

Once all family information has been verified, their eligibility determined, their subsidy calculated, and they have attended the family briefing, Waco Housing Authority & Affiliates will issue the voucher. At this point the family begins their search for a unit.

When the family finds a unit that the owner is willing to lease under the program, the family and the owner will complete and sign a proposed lease, the HUD required tenancy addendum, and the request for approval of the tenancy form. The terms of the HUD tenancy addendum shall prevail over any other provisions of the lease. The family will submit the proposed lease and the request form to the Housing Authority during the term of the voucher. The Housing Authority will review the request, the lease, and the HUD required tenancy addendum, and make an initial determination of approval of tenancy. The Housing Authority may assist the family in negotiating changes that may be required for the tenancy to be approvable. Once it appears the tenancy may be approvable, the Housing Authority will schedule an appointment to inspect the unit within 15 days after the receipt of inspection request from the family and owner. The 15 day period is suspended during any period the unit is unavailable for inspection. The Housing Authority will promptly notify the owner and the family whether the unit and tenancy are approvable.

During the initial stage of qualifying the unit, the Housing Authority will provide the prospective owner with information regarding the program. Information will include Housing Authority and owner responsibilities for screening and other essential program elements. The Housing Authority will provide the owner with the family's current and prior address as shown in the Housing Authority records along with the name and address (if known) of the landlords for those addresses.

Additional screening is the responsibility of the owner. Upon request by a prospective owner, the Housing Authority will provide any factual information or third party written information they have relevant to a voucher holder's history of, or ability to, comply with standard material lease terms. If a client does not move into a unit, it is grounds for termination of assistance for a period of three - years (fraud).. They must repay any overpayment of funds disbursed to a landlord.

6.4 TERM OF THE VOUCHER

The initial term of the voucher will be 60 days and will be stated on the Housing Choice Voucher.

The Housing Authority may grant one or more extensions of the term, but the initial term plus any extensions will not exceed 120 calendar days from the initial date of issuance without an extraordinary reason. To obtain an extension, the family must make a request in writing prior to the expiration date. A statement of the efforts the family has made to find a unit must accompany the request. A form for recording their search efforts will be included in the family's briefing packet. If the family documents their efforts and additional time can reasonably be expected to result in success, the Housing Authority will grant the length of request sought by the family or 60 days, whichever is less.

If the family includes a person with disabilities and the family requires an extension due to the disability, the Housing Authority will grant an extension allowing the family the full 120 days search time. If the Housing Authority determines that additional search time would be a reasonable accommodation, the Housing Authority will request HUD to approve an additional extension.

Upon submittal of a completed request for approval of tenancy form, Waco Housing Authority & Affiliates will suspend the term of the voucher. The term will be in suspension until the date the Housing Authority provides notice that the request has been approved or denied. This policy allows families the full term (60 days, or more with extensions) to find a unit, not penalizing them for the period during which the Housing Authority is taking action on their request. A family may submit a second request for approval of tenancy before the Housing Authority finalizes action on the first request. In this case the suspension will last from the date of the first submittal through the Housing Authority's action on the second submittal. No more than two requests will be concurrently considered.

6.5 APPROVAL TO LEASE A UNIT

Waco Housing Authority & Affiliates will approve a lease if all of the following conditions are met:

- A. The unit is eligible;
- B. The unit is inspected by the Housing Authority and passes HQS;
- C. The lease is approvable and includes the following:
 1. The names of the owner and the tenant;

2. The address of the unit rented;
 3. The term of the lease (initial term and any provisions for renewal);
 4. The amount of the monthly rent to owner;
 5. A specification of what utilities and appliances are to be supplied by the owner, and what utilities and appliances are to be supplied by the family; and
 6. The required HUD tenancy addendum.
- D. The rent to owner is reasonable;
 - E. The family's share of rent does not exceed 40% of their monthly adjusted income if the gross rent exceeds the applicable payment standard;
 - F. The owner has not been found to be debarred, suspended, or subject to a limited denial of participation by HUD or the Housing Authority; and
 - G. The family continues to meet all eligibility and screening criteria.

If tenancy approval is denied, the Housing Authority will advise the owner and the family in writing and advise them also of any actions they could take that would enable the Housing Authority to approve the tenancy.

The lease term may begin only after all of the following conditions are met:

- A. The unit passes the Housing Authority HQS inspection;
- B. The family's share of rent does not exceed 40% of their monthly adjusted income if the gross rent exceeds the applicable payment standard;
- C. The landlord and tenant sign the lease to include the HUD required addendum; and
- D. The Housing Authority approves the leasing of the unit.

The Housing Authority will prepare the contract when the unit is approved for tenancy. Generally, the landlord, simultaneously with the signing of the lease and the HUD required tenancy addendum, will execute the contract. Upon receipt of the executed lease and the signed contract by the landlord, the Housing Authority will execute the contract. The Housing Authority will not pay any housing assistance to the owner until the contract is executed.

In no case will the contract be executed later than 60 days after the beginning of the lease term.

Any contract executed after the 60-day period will be void and the Housing Authority will not pay housing assistance to the owner.

6.6 WACO HOUSING AUTHORITY & AFFILIATES DISAPPROVAL OF OWNER

The Housing Authority will deny participation by an owner at the direction of HUD. The Housing Authority will also deny the owner's participation for any of the following reasons:

- A. The owner has violated any obligations under a Section 8 Housing Assistance Payments Contract;
- B. The owner has committed fraud, bribery, or any other corrupt or criminal act in connection with any Federal housing program;
- C. The owner has engaged in drug-related criminal activity or any violent criminal activity;
- D. The owner has a history or practice of non-compliance with HQS for units leased under Section 8 or with applicable housing standards for units leased with project-based Section 8 assistance or leased under any other Federal housing program;
- E. The owner has a history or practice of renting units that fail to meet State or local codes;
- F. The owner has not paid State or local real estate taxes, fines, or assessments;
- G. The owner refuses (or has a history of refusing) to evict families for drug-related or violent criminal activity, or for activity that threatens the health, safety or right of peaceful enjoyment of the:
 1. premises by tenants, Waco Housing Authority & Affiliates employees or owner employees; or
 2. residences by neighbors,

- H. If the owner is the parent, child, grandparent, grandchild, sister, or brother or any member of the family of an applicant seeking the initial use of a voucher (currently shopping) unless Waco Housing Authority & Affiliates determines that approving the unit would provide reasonable accommodation for a family member who is a person with disabilities; or
- I. Other conflicts of interest under Federal, State, or local law.
- J. Landlords who are verbal or physically abusive to a Waco Housing Authority & Affiliates employee.

6.7 INELIGIBLE/ELIGIBLE HOUSING

The following types of housing cannot be assisted under the Section 8 Tenant-Based Program:

- A. A public housing or Indian housing unit;
- B. A unit receiving project-based assistance under a Section 8 Program;
- C. Nursing homes, board and care homes, or facilities providing continual psychiatric, medical or nursing services;
- D. College or other school dormitories;
- E. Units on the grounds of penal, reformatory, medical, mental, and similar public or private institutions;
- F. A unit occupied by its owner. This restriction does not apply to cooperatives, or to assistance on behalf of a manufactured home owner leasing a manufactured home space; and
- G. A unit receiving any duplicative Federal, State, or local housing subsidy. This does not prohibit renting a unit that has a reduced rent because of a tax credit.

Waco Housing Authority & Affiliates will not approve a lease for any of the following special housing types, except as a reasonable accommodation for a family with disabilities:

- A. Congregate housing
- B. Group homes
- C. Cooperative housing
- D. Single room occupancy housing

Waco Housing Authority & Affiliates will approve leases for the following housing types:

- A. Single family dwellings
- B. Apartments
- C. Manufactured housing
- D. Manufactured home space rentals

E. SHARED HOUSING

6.8 SECURITY DEPOSIT

The owner may collect a security deposit from the tenant in an amount not in excess of amounts charged in private market practice, and not in excess of amounts charged by the owner to unassisted tenants.

When the tenant moves out of the dwelling unit, the owner, subject to State or local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid rent payable by the tenant, damages to the unit or for other amounts the tenant owes under the lease.

The owner must give the tenant a written list of all items charged against the security deposit and the amount of each item. After deducting the amount, if any, used to reimburse the owner, the owner must refund promptly the full amount of the unused balance to the tenant.

If the security deposit is not sufficient to cover amounts the tenant owes under the lease, the owner may seek to collect the balance from the tenant.

7.0 MOVES WITH CONTINUED ASSISTANCE

Participating families are allowed to move to another unit after the initial 12 months has expired, if the landlord and the participant have mutually agreed to terminate the lease, or if the Housing Authority has terminated the HAP contract. Waco Housing Authority & Affiliates will issue the family a new voucher if the family does not owe Waco Housing Authority & Affiliates or any other Housing Authority money, has not violated a Family Obligation, has not moved or been issued a voucher within the last 12 months, and if Waco Housing Authority & Affiliates has sufficient funding for continued assistance. If the move is necessitated for a reason other than family choice, the 12-month requirement will be waived.

7.1 WHEN A FAMILY MAY MOVE

For families already participating in the Housing Choice and Voucher Program, Waco Housing Authority & Affiliates will allow the family to move to a new unit if:

- A. The assisted lease for the old unit has terminated;
- B. The owner has given the tenant a notice to vacate, has commenced an action to evict the tenant, or has obtained a court judgment or other process allowing the owner to evict the tenant; or
- C. The tenant has given notice of lease termination (if the tenant has a right to terminate the lease on notice to the owner).
- D. tenant must not-- owe any rent.
- E. there are no damages beyond ordinary wear and tear.

7.2 PROCEDURES REGARDING FAMILY MOVES

Families considering transferring to a new unit will be scheduled to attend a mover's briefing. All families who are moving, including any families moving into or out of Waco Housing Authority & Affiliates' jurisdiction, will be required to attend a mover's briefing prior to Waco Housing Authority & Affiliates entering a new HAP contract on their behalf.

This briefing is intended to provide the following:

- A. A refresher on program requirements and the family's responsibilities. Emphasis will be on giving proper notice, and meeting all lease requirements such as leaving the unit in good condition;
- B. Information about finding suitable housing, and the advantages of moving to an area that does not have a high concentration of poor families;
- C. Payment standards, exception payment standard rent areas, and the utility allowance schedule;
- D. An explanation that the family share of rent may not exceed 40% of the family's monthly adjusted income if the gross rent exceeds the applicable payment standard;
- E. Portability requirements and opportunities;
- F. The need to have a reexamination conducted within 120 days prior to the move;
- G. An explanation and copies of the forms required to initiate and complete the move; and
- H. All forms and brochures provided to applicants at the initial briefing.

Families are required to give proper written notice of their intent to terminate the lease. In accordance with HUD regulations, no notice requirement may exceed 60 days. During the initial term, families may not end the lease unless they and the owner mutually agree to end the lease. If the family moves from the unit before the initial term of the lease ends without the owner's and Waco Housing Authority & Affiliates' approval, it will be considered a serious lease violation and subject the family to termination from the program.

The family is required to give Waco Housing Authority & Affiliates a copy of the notice to terminate the lease at the same time as it gives the notice to the landlord. A family's failure to provide a copy of the lease termination notice to Waco Housing Authority & Affiliates will be considered a violation of Family Obligations and may cause the family to be terminated from the program.

Moving without notice is grounds for termination. The family will not be eligible to participate in the Section 8 Program for a period of (3) three years from the date of termination.

These policies do not apply when the family or member of the family is or has been the victim of domestic violence, dating violence, or stalking, and the move is needed to protect the health and safety of the family member.

8.0 PORTABILITY

8.1 GENERAL POLICIES OF WACO HOUSING AUTHORITY & AFFILIATES

A family whose head or spouse has a domicile (legal residence) or works in the jurisdiction of Waco Housing Authority & Affiliates at the time the family first submits its application for participation in the program to Waco Housing Authority & Affiliates may lease a unit anywhere in the jurisdiction of Waco Housing Authority & Affiliates or outside Waco Housing Authority & Affiliates' jurisdiction as long as there is another entity operating a tenant-based Section 8 Program covering the location of the proposed unit.

If the head or spouse of the assisted family does not have a legal residence or work in the jurisdiction of Waco Housing Authority & Affiliates at the time of its application, the family will not have any right to lease a unit outside of Waco Housing Authority & Affiliates' jurisdiction for a 12-month period beginning when the family is first admitted to the program. During this period, the family may only lease a unit located in the jurisdiction of Waco Housing Authority & Affiliates. At the discretion of WHA a family may lease outside of jurisdiction if the other PHA agrees to accept the family.

Families participating in the Voucher Program will not be allowed to move more than once in any 12-month period. Under no circumstances will Waco Housing Authority & Affiliates allow a participant to improperly break a lease. Under extraordinary circumstances Waco Housing Authority & Affiliates may consider allowing more than one move in a 12-month period.

Families may only move to a jurisdiction where a Section 8 Program is being administered. WHA will not approve portability unless the tenant is in good standing upon leaving. WHA will not issue portability voucher/paperwork until the landlord has been notified, approved and signed an Intent to Vacate form. Any outstanding monies owed for verified damages to a unit or rent will have to be taken care of with the landlord in order for approval to be given for a tenant to port. See HUD 52646 Section 4: Obligations of the Family D:6

In addition, WHA reserves the right during times of budgetary constraints to approve portability to areas of jurisdiction that will absorb the voucher.

For income targeting purposes, the family will count towards the initial housing authority's goals unless the receiving housing authority absorbs the family. If absorbed, the admission will count towards the receiving housing authority's goals.

If a family has moved out of their assisted unit in violation of the lease, Waco Housing Authority & Affiliates will not issue a voucher and will terminate assistance in compliance with Section 17.0, Termination of the Lease and Contract.

These policies do not apply when the family or member of the family is or has been the victim of domestic violence, dating violence, or stalking, and the move is needed to protect the health and safety of the family member.

8.2 INCOME ELIGIBILITY

- A. A family must be income-eligible in the area where the family first leases a unit with assistance in the Voucher Program.
- B. If a portable family is already a participant in the Initial Housing Authority's Voucher Program, income eligibility is not re-determined.

8.3 PORTABILITY: ADMINISTRATION BY RECEIVING HOUSING AUTHORITY

- A. When a family utilizes portability to move to an area outside the Initial Housing Authority's jurisdiction, another Housing Authority (the Receiving Housing Authority) must administer assistance for the family if that Housing Authority has a tenant-based program covering the area where the unit is located.
- B. A Housing Authority with jurisdiction in the area where the family wants to lease a unit must issue the family a voucher. If there is more than one such housing authority, the Initial Housing Authority may choose which housing authority shall become the Receiving Housing Authority.

8.4 PORTABILITY PROCEDURES

- A. When Waco Housing Authority & Affiliates is the Initial Housing Authority:
 - 1. Waco Housing Authority & Affiliates will brief the family on the process that must take place to exercise portability. The family will be required to attend an applicant and mover's briefing.
 - 2. Waco Housing Authority & Affiliates will determine whether the family is income-eligible in the area where the family wants to lease a unit (if applicable).
 - 3. Waco Housing Authority & Affiliates will advise the family how to contact and request assistance from the Receiving Housing Authority.
 - 4. Waco Housing Authority & Affiliates will, within ten (10) calendar days, notify the Receiving Housing Authority to expect the family.
 - 5. Waco Housing Authority & Affiliates will promptly provide to the Receiving Housing Authority all required paperwork per 24 CFR 982.355 © (7) for the family, and related verification information.
- B. When Waco Housing Authority & Affiliates is the Receiving Housing Authority:
 - 1. When the portable family requests assistance from Waco Housing Authority & Affiliates, Waco Housing Authority & Affiliates will within ten (10) calendar days inform the Initial Housing Authority whether it will bill the Initial Housing Authority for assistance on behalf of the portable family, or absorb the family into its own program. When Waco Housing Authority & Affiliates receives a portable family, the family will be absorbed if funds are available and a voucher will be issued.
 - 2. Waco Housing Authority & Affiliates will issue a voucher to the family. The term of Waco Housing Authority & Affiliates' voucher will not expire before the expiration date of any Initial Housing Authority's voucher. Waco Housing Authority & Affiliates will determine whether to extend the voucher term. The family must submit a request for tenancy approval to Waco Housing Authority & Affiliates during the term of the Waco Housing Authority & Affiliates' voucher.
 - 3. Waco Housing Authority & Affiliates will determine the family unit size for the portable family. The family unit size is determined in accordance with Waco Housing Authority & Affiliates' subsidy standards.
 - 4. Waco Housing Authority & Affiliates will within ten (10) calendar days notify the Initial Housing Authority if the family has leased an eligible unit under the program, or if the family fails to submit a request for tenancy approval for an eligible unit within the term of the voucher.
 - 5. If Waco Housing Authority & Affiliates opts to conduct a new reexamination, Waco Housing Authority & Affiliates will not delay issuing the family a voucher

- or otherwise delay approval of a unit unless the re-certification is necessary to determine income eligibility.
6. In order to provide tenant-based assistance for portable families, Waco Housing Authority & Affiliates will perform all Housing Authority program functions, such as reexaminations of family income and composition. At any time, either the Initial Housing Authority or Waco Housing Authority & Affiliates may make a determination to deny or terminate assistance to the family in accordance with 24 CFR 982.552.
 7. Waco Housing Authority & Affiliates may deny or terminate assistance for family action or inaction in accordance with 24 CFR 982.552 and 24 CFR 982.553.
- C. Absorption by Waco Housing Authority & Affiliates
1. If funding is available under the consolidated ACC for the Waco Housing Authority & Affiliates' Voucher Program when the portable family is received, Waco Housing Authority & Affiliates may bill the initial PHA or absorb the family into its Voucher Program. After absorption, the family is assisted with funds available under the consolidated ACC for the Waco Housing Authority & Affiliates' Tenant-Based Program.
- D. Portability Billing
1. To cover assistance for a portable family, the Receiving Housing Authority may bill the Initial Housing Authority for housing assistance payments and administrative fees. The billing procedure will be as follows:
 - a. As the Initial Housing Authority, Waco Housing Authority & Affiliates will promptly reimburse the Receiving Housing Authority for the full amount of the housing assistance payments made by the Receiving Housing Authority for the portable family. The amount of the housing assistance payment for a portable family in the Receiving Housing Authority's program is determined in the same manner as for other families in the Receiving Housing Authority's program.
 - b. The Initial Housing Authority will promptly reimburse the Receiving Housing Authority for 80% of the Initial Housing Authority's on-going administrative fee for each unit month that the family receives assistance under the tenant-based programs and is assisted by the Receiving Housing Authority. If both Housing Authorities agree, we may negotiate a different amount of reimbursement.
- E. When a Portable Family Moves
- When a portable family moves out of the tenant-based program of a Receiving Housing Authority that has not absorbed the family, the Housing Authority in the new jurisdiction to which the family moves becomes the Receiving Housing Authority, and the first Receiving Housing Authority is no longer required to provide assistance for the family.

9.0 DETERMINATION OF FAMILY INCOME

9.1 INCOME, EXCLUSIONS FROM INCOME, DEDUCTIONS FROM INCOME

To determine annual income, Waco Housing Authority & Affiliates counts the income of all family members, excluding the types and sources of income that are specifically excluded. Once the annual income is determined, Waco Housing Authority & Affiliates subtracts all allowable deductions (allowances) as the next step in determining the Total Tenant Payment. [Projecting Annual Income:](#)

[Hourly amounts by 2080 for full-time work \(assuming 40 hours per week for 52 weeks and no overtime\)](#)

[Weekly amounts by 52](#)

[Biweekly amounts \(received every two weeks\) by 26](#)

[Semimonthly amount \(received twice a month\) by 24](#)

[Monthly amounts by 12](#)

9.2 INCOME

13. Income will be verified using the Hierarchy of Verification Methods:

a. Earned Income Verification (EIV) and Income Verification Tool (IVT)

b. The last two consecutive check stubs

c. Written third party verification form(s)

d. Written third party documents provided by the family – documents appeared to be forged, altered, mutilated or illegible may be rejected

e. Tenant declaration – must be notarized

- A. Annual income means all amounts, regular contributions or gifts, monetary or not, that:
1. Go to (or on behalf of) the family head or spouse (even if temporarily absent) or to any other family member; or
 2. Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
 3. Are not specifically excluded from annual income.
- B. Annual income includes, but is not limited to:
1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
 2. The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness are not used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Deductible business includes interest payment on loans. Any withdrawal of cash or assets from the operation of a business or profession is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
 3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness are not used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from an investment is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income includes the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
 4. Equity in Real Property
Real Property includes land or real estate owned by the applicant or participant household. Equity is the portion of the market value of the asset which is owned by the applicant/participant (the amount which would be available to the household if the property were to be sold.) It is equal to the market value less any mortgage or loans secured against the property (which must be paid off upon sale of the property).
 5. . The most recent six (6) months statements of verification will be used as documentation for checking accounts and the actual amount will be used in the savings accounts.
 6. The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount. (However, deferred periodic amounts from supplemental security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts are excluded.)

7. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay. (However, lump sum additions such as insurance payments from worker's compensation are excluded.)
8. Welfare assistance.
 - a. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income consists of:
 - i. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - ii. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this requirement is the amount resulting from one application of the percentage.
 - b. If the amount of welfare is reduced due to an act of fraud by a family member or because of any family member's failure to comply with requirements to participate in an economic self-sufficiency program or work activity, the amount of rent required to be paid by the family will not be decreased. In such cases, the amount of income attributable to the family will include what the family would have received had they complied with the welfare requirements and/or had not committed an act of fraud.
 - c. If the amount of welfare assistance is reduced as a result of a lifetime time limit, the reduced amount is the amount that shall be counted.
9. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
10. All regular pay, special pay, and allowances of a member of the Armed Forces. (Special pay to a member exposed to hostile fire is excluded.)
11. Financial assistance under the students rule. (24 CFR 5.609, (b)(9)(c)(6))
12. 23-CFR 5.233 mandated use of EIV [and IVT](#)
13. [Income of a full time student will be verified and included or excluded based on student rule](#)

EIV Policy

The EIV system

HUD developed the EIV (Enterprise Income Verification) system as a tool to meet the objective of assuring that the "right benefits go to the right persons". The EIV system is a deferral database that provides quick, easy access to resident income information. The intent of the EIV system is to streamline and simplify the income verification process at the time of recertification, by providing an independent source that systematically and uniformly maintains income information.

Deadline to implement EIV

On January 27, 2009 HUD published the Refinement of Income and Rent Determination Requirements in Public and Assisted Housing Programs Final Rule. This Final Rule requires Owners/Agents to implement and use HUD's EIV system as a third-party source to verify tenant employment and income information during any recertification/reexamination of family composition and/or income. On October 15, 2009 HUD announced proposed amendments to the Final Rule scheduled to become effective on January 31, 2010, including the mandatory use of the EIV system.

Data contained in the EIV system

Resident income information obtained from the Social Security Administration (SSA) and Department of Health and Human Services (HHS) is available in the EIV system. The SSA information includes Social Security benefits, Supplemental Security Income (SSI) benefits, Dual Entitlement benefits, and Medicare Insurance Premiums. The HHS information included data from the National Directory of New Hires (NDNH), and provides you with information on new hires, employment wages per quarter, and unemployment compensation benefits.

Through the use of the EIV system THA is able to:

- Identify cases of unreported or under-reported resident income
- Identify potential cases of current residents who are receiving HUD subsidy under multiple rental housing assistance programs
- Check whether an applicant is already receiving rental housing assistance from another subsidized source.

Accessing EIV

To obtain access to HUD's EIV system, visit <http://www.hud.gov/offices/hsg/mfh/rhiip/eiv/applyforeivaccess.pdf> and follow the required steps for sign-up. Questions regarding accessing EIV can be submitted to HUD's Multifamily Help Desk at 1-800-767-7588 or mf_eiv@hud.gov.

Maintaining EIV Access Documentation

Upon obtaining EIV access, the following documents must be retained and made available to HUD/SHCC upon request:

- * Written authorization from the owner to access EIV data for the property
- * List of EIV Coordinator(s) and EIV user(s) who currently have access to the EIV system.
- * HUD approved EIV coordinator Access Authorization Form(s) (CAAFs) for each EIV Coordinator assigned to the property
- * Security Awareness Training Questionnaire completed for each HUD approved EIV Coordinator
- * EIV Coordinator approved EIV User Access Authorization Form(s) (UAAF) for each employee assigned access to EIV data for the property
- * Security Awareness Training Questionnaire completed for each EIV User assigned access to the property

Privacy Protection Policy

1. EIV resident data will be used only to verify a resident's eligibility for participation in the Public Housing Program and Section 8 New Construction Program and to determine the level of assistance for which resident is eligible.
2. A current, signed and dated HUD – 9887-9887A must be on file for the head, spouse, co-head and each family member who is at least 18 years of age, or has turned 18 since the last recertification, prior to EIV data is accessed for a tenant.
3. Data provide via EIV system will be protected to ensure that information is used only for official purposes and not disclosed in any way that would violate the privacy of the individuals represented in the system data.
4. EIV reports will be used to verify employment and income of tenants during the recertification process..
5. WHA will review and follow-up on the Failed EIV Pre-Screening Report and Failed Verification Report (Failed the SSA Identity Test) on a monthly basis.
6. The No Income Report, New Hires Report, Multiple Subsidy Report and Deceased Tenant Report will be reviewed and follow-up done monthly.

7. WHA will review, resolve and document the tenant file for income discrepancies identified on EIV's Income Discrepancy Report.
8. In compliance with HUD requirements, WHA will
 - a. Maintain and enforce security procedures
 - b. Keep records and monitor security issues
 - c. Communicate security information and requirements to appropriate staff, and coordinate and conduct security awareness training for staff.
 - d. Conduct quarterly review of User IDs
 - e. Report any evidence of unauthorized access or know security breaches.

Security Safeguards

1. Only authorized staff will have access to the EIV system via ID and Password
2. All users of the EIV System will have a current signed USER AGREEMENT on file
3. WHA will keep a record of all authorized users, including date access was granted and date access was revoked, if applicable.
4. All employees issued keys will complete a form acknowledging receipt and a log will be kept with names, date of issue and date of turn-in.
5. Work area of persons authorized to research and download EIV and other privacy-sensitive information will be shielded from the public.
6. Unauthorized staff persons will not have access to work station and computer of authorized persons.
7. WHA staff will not leave resident folders exposed on desk tops or computer screens open with sensitive data unattended. Folders will be locked in files and computer screens cleared before staff person leaves his/her office for any reason.
8. Any EIV printout will be removed from printer immediately so that nothing will be inadvertently left in printer and vulnerable to unauthorized access.
9. EIV printout data will be kept in family file.
10. At the close of business, resident files will be locked and file cabinet areas locked.
11. Security procedures will be reviewed with staff periodically to safeguard against laxity and breaches.

Disclosure of EIV System to Tenant:

On January 11, 2010 HUD issued Notice H 2010-02 which includes the EIV & You Brochure and the requirements for distribution. Effective January 31, 2010, the Waco Housing Authority will provide each tenant household with the "EIV & You brochure at the time of annual recertification along with a copy of the HUD Fact Sheet "How Your Rent is Determined". The "EIV & You" brochure must also be proved to new tenants at move in. Lease signing and recertification packets will contain – TX16, "Resident Rights and Responsibilities", HUD Fact Sheet "How Your Rent is Determined", and "EIV & You" – TX273, "What You Should Know about EIV".

EIV Reports:

Monthly

The Identity Verification Reports (both the Failed Pre-screening Report and Failed Verification report) and the Deceased Tenant Report will be reviewed and resolved on a monthly basis.

Quarterly

The New Hires Report and Multiple Subsidy Report will be reviewed quarterly.

The EIV system was established to reduce errors in income reporting. Currently HUD has determined that when the EIV income data differs from the tenant provided income by at least \$200.00 per month, this constitutes a “substantial difference”. In cases where the EIV income data is NOT substantially different than tenant reported income the Waco Housing Authority shall:

- * Use tenant documents to calculate anticipated annual income if the EIV is less than the current tenant-provide documentation.
- * Use EIV income data unless the tenant provides documentation of a change in circumstance when the EIV data is more than the current tenant-provide documentation. If, however, an acceptable tenant document is provided to justify a change in circumstances, the tenant documents will be used to calculate income.

In cases where EIV income is substantially different than the tenant-reported income the Waco Housing Authority shall:

- * Request written third party verification from the income source in question in accordance with 24 CFR 5.236(3)(i).
- * Review historical income data for patterns of employment, paid benefits, and/or receipt of other income when income cannot be readily anticipated such as in the cases of seasonal employment, unstable working hours and suspected fraud.
- * Analyze all data and attempt to resolve the income discrepancy.
- * Use the most current verified income data (and historical income data if appropriate) to calculate anticipated annual income.
- * Where fraud is suspected, the WHA will report this to the HUD OIG Office of Investigation. If it is determined that the tenant is in non-compliance with his/her lease because he/she knowingly provided incomplete or inaccurate information, the WHA will begin the termination process and a civil action will be filed to recover improper subsidy payments.

If it is discovered that the income reported for wages or unemployment compensation does not belong to the tenant, the tenant will be made aware of the information. It is the tenant’s responsibility to contact the employer or state agency to get the information corrected.

The Waco Housing Authority will:

- * Attempt to obtain written third party verification from the employer to verify EIV information
- * Have the tenant certify that the employer and employment information displayed in the EIV is invalid and has been wrongly attributed to his or her personal identifiers
- * Advise the tenant to contact the third party income source to request the information be removed from his or her record
- * Keep documentation on the above in the tenant file

If identity theft is suspected, the WHA will refer the tenant to the Social Security Administration’s website at www.ssa.gov for information on reporting identity theft.

Handling of Discrepancies in EIV Reports

The Waco Housing Authority will handle EIV Discrepancy Reports in the following manner:

- *If resident disagrees with the Discrepancy Report issued by the EIV system, a meeting will be scheduled by the caseworker with the resident to resolve the dispute. All details of the Discrepancy Report will be documented and resident will have 15 business days to obtain third-party verification to the caseworker. All tenant-provided and

submitted documentation should be currently dated (not more than 60 days previous to the initial resolution meeting). Once the information is received from the tenant (within the 15 day period), the caseworker and Director will review and render a final decision within 10 business days.

* If a situation arises where facts indicate that a resident has unreported or under-reported income, a repayment agreement will be executed between the resident and Waco Housing Authority, and a revision to the current and future rental payments will be made. If a resident refuses to enter into a repayment agreement and/or refuses to pay the newly calculated rent, termination of assistance shall occur using the established policies of the Waco Housing Authority.

The Waco Housing Authority will perform the Existing Tenant Search during the application process for all household members listed on the application and handle discrepancies in the Existing Tenant Report in the following manner:

* If the applicant or a member of the applicant's household is shown to be receiving assistance at another location, the applicant will be given the opportunity to explain any circumstances relative to the dual assistance. The Section 8 Counselor will contact the respective PHA to confirm the applicant's program participation status before admission. The Section 8 Counselor will coordinate move-out and move-in dates with the respective PHA.

The Waco Housing Authority will handle discrepancies in the New Hires Report in the following manner:

* The tenant listed on the new hire report will be scheduled for an interview and a recertification of the household will be initiated. If the tenant disagrees with the report, third party verification will be obtained from the employer.

The Waco Housing Authority will handle discrepancies in the Deceased Tenant Report in the following manner:

* The Section 8 Counselor will confirm with the head of the household, next of kin, or emergency contact person whether or not the person is deceased. WHA will then update the family composition on the HUD 50058. In the case of a deceased single member of the household, WHA will terminate tenancy.

* Correct any discrepant information in the TRACS system.

* Encourage the tenant to contact the SSA to correct any inaccurate data in their databases if the person shown as being deceased in the SSA database is not deceased.

9.3 EXCLUSIONS FROM INCOME

Annual income does not include the following:

- A. Income from employment of children (including foster children) under the age of 18 years;
- B. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);
- C. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;
- D. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- E. Income of a live-in aide;
- F. The full amount of student financial assistance paid directly to the student or to the educational institution: (see number 11 under income inclusion)
- G. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

- H. The amounts received from the following programs:
1. Amounts received under training programs funded by HUD;
 2. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
 3. Amounts received by a participant in other publicly assisted programs that are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and that are made solely to allow participation in a specific program;
 4. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the Housing Authority or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiative coordination. No resident may receive more than one such stipend during the same period of time;
 5. Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the employment training program;
 6. Temporary, nonrecurring, or sporadic income (including gifts);
 7. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
 8. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
 9. Adoption assistance payments in excess of \$480 per adopted child;
 10. Deferred periodic amounts from Supplemental Security Income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts;
 11. Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;
 12. Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
 13. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits.
These exclusions include:
 - a. The value of the allotment of food stamps
 - b. Payments to volunteers under the Domestic Volunteer Services Act of 1973
 - c. Payments received under the Alaska Native Claims Settlement Act
 - d. Income from sub marginal land of the U.S. that is held in trust for certain Indian tribes
 - e. Payments made under HHS's Low-Income Energy Assistance Program
 - f. Payments received under the Job Training Partnership Act
 - g. Income from the disposition of funds of the Grand River Band of Ottawa Indians
 - h. The first \$2000 per capita received from judgment funds awarded for certain Indian claims
 - i. Amount of scholarships awarded under Title IV including Work-Study
 - j. Payments received under the Older Americans Act of 1965
 - k. Payments from Agent Orange Settlement

- l. Payments received under the Maine Indian Claims Act
- m. The value of child care under the Child Care and Development Block Grant Act of 1990
- n. Earned income tax credit refund payments
- o. Payments for living expenses under the AmeriCorps Program
- 14. Earned Income Disallowance for person with disabilities (EID)
- 14a. Maximum 2-year disallowance: The disallowance of increased income of an individual family member who is a person with disabilities is limited to a lifetime 24-month period. WHA will exclude 100% of the increase in income for the first 12-month period on date of first employment. WHA will exclude 50% of the increase in income for the second 12-month period starting from the initial exclusion date. This rule applies to an eligible individual family member effective April 1, 2016. The rule does not apply to current participating families.

9.4 DEDUCTIONS FROM ANNUAL INCOME

The following deductions will be made from annual income:

- A. \$480 for each dependent – verified by birth certificate
- 1. \$480 for each full time student after verified based on student rule
- B. \$400 for any elderly family or disabled family – verified by birth certificate, award letter from social security and/or documentation from medical professional
- C. For any family that is not an elderly or disabled family but has a member (other than the head or spouse) who is a person with a disability, disability assistance expenses in excess of 3% of annual income. This allowance may not exceed the employment income received by family members who are 18 years of age or older as a result of the assistance to the person with disabilities.
- D. For any elderly or disabled family:
 - 1. That has no disability assistance expenses, an allowance for medical expenses equal to the amount by which the medical expenses exceed 3% of annual income;
 - 2. That has disability expenses greater than or equal to 3% of annual income, an allowance for disability assistance expenses computed in accordance with paragraph C, plus an allowance for medical expenses that equal the family's medical expenses;
 - 3. That has disability assistance expenses that are less than 3% of annual income, an allowance for combined disability assistance expenses and medical expenses that are equal to the total of these expenses less 3% of annual income.
- E. Child care expenses – A deduction for reasonable child care expenses will be given if they are not reimbursed from other sources (Verification of reasonable child care will be verified by using average cost charged by agencies within the county. A form will be mailed directly to child care provider. WHA will require documentation from applicant/tenant to verify child care deduction will enable them to pursue an eligible activity

10.0 Verification

Waco Housing Authority & Affiliates will verify information related to waiting list preferences, eligibility, admission and level of benefits prior to admission. Periodically during occupancy, items related to eligibility and rent determination shall also be reviewed and verified. Income, assets, and expenses will be verified, as well as disability status, need for a live-in aide and other reasonable accommodations, full-time student status of family members 18 years of age and older, Social Security Numbers, citizenship/eligible noncitizen status. Age and relationship will only be verified in those instances where needed to make a determination of level of assistance.

10.1 ACCEPTABLE METHODS OF VERIFICATION

All income will be verified using HUD Mandated Enterprise Income Verification (EIV). Age, relationship, U.S. citizenship, and Social Security Numbers will generally be verified with documentation provided by the

family. For citizenship, the family's certification will be accepted. (Or for citizenship documentation such as listed below will be required.) Verification of these items will include photocopies of the Social Security cards and other documents presented by the family, the INS SAVE approval code, and forms signed by the family.

Minor members may be added to the household using the following documentation

Court awarded, Child Protective Services (CPS), Legal Aid

Adoptions – Must have complete legal documents that are other than power of attorney which specifically states that the minor(s) have full residency with the family and persons adopting minors have full custody. Other information will be verified by third party verification. This type of verification includes written documentation (with forms sent directly to and received directly from a source, not passed through the hands of the family). This verification may also be direct contact with the source, in person or by telephone. It may also be a report generated by a request from Waco Housing Authority & Affiliates or automatically by another government agency, i.e., the Social Security Administration. Verification forms and reports received will be contained in the applicant/tenant file. Oral third party documentation will include the same information as if the documentation had been written, i.e., name date of contact, amount received, etc.

When third party verification cannot be obtained, Waco Housing Authority & Affiliates will accept documentation received from the applicant/participant. Hand-carried documentation will be accepted if Waco Housing Authority & Affiliates has been unable to obtain third party verification in a four week period of time. Photocopies of the documents provided by the family will be maintained in the file.

When neither third party verification nor hand-carried verification can be obtained, Waco Housing Authority & Affiliates will accept a notarized statement signed by the head, spouse or co-head. Such documents will be maintained in the file.

10.2 Types of Verification

The chart below outlines the factors that may be verified and gives common examples of the verification that will be sought. To obtain written third party verification, Waco Housing Authority & Affiliates will send a request form to the source along with a release form signed by the applicant/participant via first class mail.

VERIFICATION REQUIREMENTS FOR INDIVIDUAL ITEMS		
General Eligibility Items		
Item to be Verified	3 rd Party Verification	Hand Carried Verification
Social Security Number	Letter from Social Security, electronic reports	Social Security card
Citizenship	N/A	Signed certification, voter's registration card, birth certificate, etc.
Eligible Immigration Status	INS SAVE Confirmation number	INS Card
Disability	Letter from medical professional, SSI, etc.	Proof of SSI or Social Security Disability payment
Full Time Student Status (if over 18)	Letter from school	N/A
Need for a Live in Aide	Letter from doctor or other professional knowledgeable of condition	N/A
Adding Minors to Household	N/A	Court awarded custody, Child Protective Services placement, Legal Aid
Child Care Costs	Letter from care provider	Bills and receipts (at least most recent 6 months)
Disability Assistance Expenses	Letters from suppliers, care givers, etc.	Bills and records of payment (1 year within reexam period)

Medical Expenses	Letters from providers, prescription record from pharmacy, medical professional's letter stating assistance or a companion animal is needed	Bills, receipts, records of payment, dates of trips, mileage log, receipts for fares and tolls (1 year within reexam period)
Value of and Income from Assets		
Savings, Checking Accounts	Letter from institution	N/A
CDs, Bonds, etc.	Letter from institution	Tax return, information brochure from institution, the CD, the bond 1 year
Stocks	Letter from broker or holding company	Stock or most current statement price in newspaper or through Internet 1 year
Real Property	Letter from tax office, assessment, etc.	Property tax statement (for current value), assessment, records or income and expenses, tax return 1 yr
Personal Property	Assessment, Bluebook, etc.	Receipt for purchase, other evidence of worth
Cash Value of Life Insurance Policies	Letter from insurance company	Current statement
Assets Disposed of for Less than Fair Market Value	N/A	Original receipt and receipt at disposition, other evidence of worth
Income		
Earned Income	Letter from employer	Multiple pay stubs with application only
Self-employed	N/A	Tax return from prior year, books of accounts, self employed notarized form
Regular Gifts and Contributions	Notarized verification of support letter	N/A
Alimony/Child Support	Court order, letter from source, letter from Human Services	Record of deposits, divorce decree
Periodic Payments (i.e., Social Security, welfare, pensions, workers' comp, unemployment)	EIV	Award letter, letter announcing change in amount of future payments
Training Program Participation	Letter from program provider indicating <ul style="list-style-type: none"> o whether enrolled o whether training is HUD-funded o whether State or local program o whether it is employment training o whether payments are for out-of-pocket expenses incurred in order to participate in a program 	N/A

10.3 VERIFICATION OF CITIZENSHIP OR ELIGIBLE NONCITIZEN STATUS

The citizenship/eligible noncitizen status of each family member regardless of age must be determined.

Prior to being admitted, or at the first reexamination, all citizens and nationals will be required to sign a declaration under penalty of perjury. (They will be required to show proof of their status by such means as birth certificate, military ID or military DD 214 Form.)

Prior to being admitted or at the first reexamination, all eligible noncitizens who are 62 years of age or older will be required to sign a declaration under penalty of perjury. They will also be required to show proof of age.

Prior to being admitted or at the first reexamination, all eligible noncitizens must sign a declaration of their status and a verification consent form and provide their original INS documentation. Waco Housing Authority & Affiliates will make a copy of the individual's INS documentation and place the copy in the file. Waco Housing Authority & Affiliates also will verify their status through the INS SAVE system. If the INS SAVE system cannot confirm eligibility, Waco Housing Authority & Affiliates will mail information to the INS so a manual check can be made of INS records.

Family members who do not claim to be citizens, nationals or eligible noncitizens, or whose status cannot be confirmed, must be listed on a statement of non-eligible members and the list must be signed by the head of the household.

Noncitizen students on student visas, though in the country legally, are eligible to be admitted to the Section 8 Program.

Any family member who does not choose to declare their status must be listed on the statement of non-eligible members.

If no family member is determined to be eligible under this Section, the family's admission will be denied.

The family's assistance will not be denied, delayed, reduced or terminated because of a delay in the process of determining eligible status under this Section, except to the extent that the delay is caused by the family.

If Waco Housing Authority & Affiliates determines that a family member has knowingly permitted an ineligible noncitizen (other than any ineligible noncitizens listed on the lease) to permanently reside in their Section 8 unit, the family's assistance will be terminated. Such family will not be eligible to be readmitted to Section 8 for a period of 24 months from the date of termination.

10.4 VERIFICATION OF SOCIAL SECURITY NUMBERS

Prior to admission, All assisted applicants must disclose a complete and accurate social security number for each member of the household, including foster children, foster adults and live-in aides.

The best verification of the Social Security Number is the original Social Security card. If the card is not available, Waco Housing Authority & Affiliates will accept letters from Social Security that establish and state the number. Documentation from other governmental agencies will also be accepted that establish and state the number. Driver's license, military ID, passports, or other official documents that establish and state the number are also acceptable.

If a member of an applicant family indicates they have a Social Security Number, but cannot readily verify it, the family cannot be assisted until verification is provided.

If a member of a tenant family indicates they have a Social Security Number, but cannot readily verify it,

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they shall be asked to certify to this fact and shall have up to 90 days to provide the verification for a child under the age of 6. If the individual is 62 years of age, they are exempt from providing a Social Security Card. . If the individual fails to provide the verification within the time allowed, the family will be denied assistance or will have their assistance terminated.

10.5 TIMING OF VERIFICATION

Verification must be dated within sixty (60) days of certification or reexamination. If the verification is older than this, the source will be contacted and asked to provide information regarding any changes.

When an interim reexamination is conducted, the Housing Authority will verify and update only those elements reported to have changed.

10.6 FREQUENCY OF OBTAINING VERIFICATION

For each family member, citizenship/eligible noncitizen status will be verified only once. This verification will be obtained prior to admission. If the status of any family member was not determined prior to admission, verification of their status will be obtained at the next regular reexamination. Prior to a new member joining the family, their status will be verified.

For each family member age 6 and above, verification of Social Security Number will be obtained only once. This verification will be accomplished prior to admission. When a family member who did not have a Social Security Number at admission receives a Social Security Number, that number will be verified at the next regular reexamination. Likewise, when a child turns six, their verification will be obtained at the next regular reexamination.

11.0 Rent and Housing Assistance Payment

11.1 GENERAL

Waco Housing Authority & Affiliates

Since October 1, 1999, Waco Housing Authority & Affiliates only issues vouchers to applicants, movers, and families entering the jurisdiction through portability.

11.2 RENT REASONABLENESS

The Housing Authority will not approve an initial rent or a rent increase in any of the tenant-based programs without determining that the rent amount is reasonable. Reasonableness is determined prior to the initial lease and at the following times:

- A. Before any increase in rent to owner is approved;
- B. If 60 days before the contract anniversary date there is a 5% decrease in the published FMR as compared to the previous FMR; and
- C. If the Housing Authority or HUD directs that reasonableness be re-determined.

11.3 COMPARABILITY

In making a rent reasonableness determination, the Housing Authority will compare the rent for the unit to the rent of comparable units in the same or comparable neighborhoods. The Housing Authority will consider the location, quality, size, number of bedrooms, age, amenities, housing services, maintenance and utilities of the unit and the comparable units.

The Housing Authority will maintain current survey information on rental units in the jurisdiction. The Housing Authority will also obtain from landlord associations and management firms the value of the array of amenities.

The Housing Authority will establish minimum base rent amounts for each unit type and bedroom size. To the base the Housing Authority will be able to add or subtract the dollar value for each characteristic and amenity of a proposed unit.

Owners are invited to submit information to the survey at any time. Owners may review the determination made on their unit and may submit additional information or make improvements to the unit that will enable the Housing Authority to establish a higher value.

The owner must certify the rents charged for other units. By accepting the housing assistance payment each month the owner is certifying that the rent to owner is not more than the rent charged by the owner for comparable unassisted units in the premises.

11.4 Maximum Subsidy

The Fair Market Rent (FMR) published by HUD, gross rent or the exception payment standard rent (requested by Waco Housing Authority & Affiliates and approved by HUD) determines the maximum subsidy for a family.

For the Voucher Program, the minimum payment standard will be 90% of the FMR and the maximum payment standard will be 110% of the FMR without prior approval from HUD, or the exception payment standard approved by HUD.

For a voucher tenancy in an insured or noninsured 236 project, a 515 project of the Rural Development Administration, or a Section 221(d)(3) below market interest rate project the payment standard may not exceed the basic rent charged including the cost of tenant-paid utilities.

For manufactured home space rental, the maximum subsidy under any form of assistance is the Fair Market Rent for the space as outlined in 24 CFR 982.888.

11.4.1 SETTING THE PAYMENT STANDARD

The Statute requires that the payment standard be set by the Housing Authority at between 90 and 110% of the SAFMR without HUD's prior approval. Waco Housing Authority & Affiliates will review its determination of the payment standard annually after publication of the FMRs. Waco Housing Authority & Affiliates will consider vacancy rates and rents in the market area, size and quality of units leased under the program, rents for units leased under the program, success rates of voucher holders in finding units, and the percentage of annual income families are paying for rent under the Voucher Program. If it is determined that success rates will suffer or that families are having to rent low quality units or pay over 40% of income for rent, the payment standard may be raised to the level judged necessary to alleviate these hardships.

Waco Housing Authority & Affiliates may establish a higher payment standard (although still within 110% of the published fair market rent) as a reasonable accommodation for a family that includes people with disabilities.

Payment standards will not be raised solely to allow the renting of luxury quality units.

If success levels are projected to be extremely high and rents are projected to be at or below 30% of income, the Housing Authority will reduce the payment standard. Payment standards for each bedroom size are evaluated separately so that the payment standard for one bedroom size may increase or decrease while another remains unchanged. Waco Housing Authority & Affiliates may consider adjusting payment standards at times other than the annual review when circumstances warrant.

Before increasing any payment standard, the Housing Authority will conduct a financial feasibility test to ensure that in using the higher standard, adequate funds will continue to be available to assist families in the program.

WHA will assist families that include an individual with disabilities, by providing a higher payment standard up to 120% as a reasonable accommodation if the family requests such an accommodation and it is necessary in order for the family to obtain suitable housing. the rent must meet rent reasonableness guidelines.

11.4.2 Selecting the Correct Payment Standard for a Family

- A. For the voucher tenancy, the payment standard for a family is the lower of:
 - 1. The payment standard for the family unit size; or
 - 2. The payment standard for the unit size rented by the family.
- B. If the unit rented by a family is located in an exception rent area, the Housing Authority will use the appropriate payment standard for the exception rent area.
- C. During the HAP contract term for a unit, the amount of the payment standard for a family is the higher of:
 - 1. The initial payment standard (at the beginning of the lease term) minus any amount by which the initial rent to owner exceeds the current rent to owner; or
 - 2. The payment standard as determined at the most recent regular reexamination of family income and composition effective after the beginning of the HAP contract term.
- D. At the next annual reexamination following a change in family size or composition during the HAP contract term and for any reexamination thereafter, paragraph C above does not apply.
- E. If there is a change in family unit size resulting from a change in family size or composition, the new family unit size will be considered when determining the payment standard at the next annual reexamination.

11.4.3 AREA EXCEPTION RENTS

In order to help families find housing outside areas of high poverty, or when voucher holders are having trouble finding housing for lease under the program, the Housing Authority may request that HUD approve an exception payment standard rent for certain areas within its jurisdiction. The areas may be of any size, though generally not smaller than a census tract. The Housing Authority may request one such exception payment standard area or many. Exception payment standard rent authority may be requested for all or some unit sizes, or for all or some unit types. The exception payment standard area(s) may not contain more than 50% of the population of the FMR area.

When an exception payment standard rent has been approved and the FMR increases, the exception rent remains unchanged until such time as the Housing Authority requests and HUD approves a higher exception payment standard rent. If the FMR decreases, the exception payment standard rent authority automatically expires.

11.5 ASSISTANCE AND RENT FORMULAS

- A. Total Tenant Payment
The total tenant payment is equal to the highest of:
 - 1. 10% of monthly income
 - 2. 30% of adjusted monthly income
 - 3. Minimum rent
 - 4. The welfare rent
 - 5. The housing authority shall pay a monthly housing assistance payment on behalf of the family that is equal to the lower of (1) the payment standard minus 30% of the adjusted monthly income or (2) gross rent minus 30% of the adjusted monthly income

Example: 1200	gross monthly income
x 12	months
14,400	annual income

-	14,400	
-	<u>- 480</u>	dependent allowance
-	13,440	
-		
-	13,440	
-	<u>/ 12</u>	months
-	1,120	adjusted monthly income
-		
-	1,120	
-	<u>x 30%</u>	
-	336	TTP (Total Tenant Payment)
-		
-	615	three bedroom payment standard
-	<u>-336</u>	TTP
-	279	Maximum Subsidy

Example: Family – single mom, with 2 dependent daughters

Eligible: 2 BR

-	2 BR payment standard	462
-	Rent	400
-	Total Tenant Payment (TTP)	200
-	Utility Allowance	60
-	Maximum Subsidy	262
-		
-	Gross Rent	460
-	Total Tenant Payment (TTP)	200
-	Maximum Subsidy	260

Housing Authority will pay the \$260 because it's the lesser of the Gross Rent minus the TTP or the Payment Standard minus the TTP

Plus any rent above the payment standard.

B.

Minimum Rent

Waco Housing Authority & Affiliates has set the minimum rent as \$50.00. Waco Housing Authority & Affiliates can only increase contract rent by \$50 per year." However, if the family requests a hardship exemption, Waco Housing Authority & Affiliates will suspend the minimum rent for the family beginning the month following the family's hardship request. The suspension will continue until the Housing Authority can determine whether hardship exists and whether the hardship is of a temporary or long-term nature. During suspension, the family will not be required to pay a minimum rent and the Housing Assistance Payment will be increased accordingly.

1. A hardship exists in the following circumstances:
 - a. When the family has lost eligibility for or is awaiting an eligibility determination for a Federal, State or local assistance program;
 - b. When the family would be evicted as a result of the imposition of the minimum rent requirement;
 - c. When the income of the family has decreased because of changed circumstances, including loss of employment;
 - d. When the family has an increase in expenses because of changed circumstances, for medical costs, childcare, transportation, education, or similar items;
 - e. When a death has occurred in the family.

2. No Hardship: If the Housing Authority determines there is no qualifying hardship, the minimum rent will be reinstated, including requiring back payment of minimum rent to the Housing Authority for the time of suspension.
 3. Temporary Hardship: If the Housing Authority determines that there is a qualifying hardship but that it is of a temporary nature, the minimum rent will not be imposed for a period of 90 days from the date of the family's request. At the end of the 90-day period, the minimum rent will be imposed retroactively to the time of suspension. The Housing Authority will offer a reasonable repayment agreement for any minimum rent back payment paid by the Housing Authority on the family's behalf during the period of suspension.
 4. Long-Term Hardship: If the Housing Authority determines there is a long-term hardship, the family will be exempt from the minimum rent requirement until the hardship no longer exists.
 5. Appeals: The family may use the informal hearing procedure to appeal the Housing Authority's determination regarding the hardship. No escrow deposit will be required in order to access the informal hearing procedures.
 Repayment Agreement & Inspector General Referral: A family who owes the housing authority for failure to report income; overpayment of utility allowances due to failure to report income; hardship; fraud; or other reasons, will be referred to the Inspector General for fraud follow up. Families owing not more than \$1500.00 will be eligible to enter into a payment agreement at the discretion of Waco Housing Authority & Affiliates. Amounts owed Waco Housing Authority & Affiliates for failure to report income which would total up to \$2400 will be referred to the Inspector General. An owner who owes the housing authority for overpayment of HAP due to HQS failure, tenant vacating unit other reasons will be referred to the Inspector General for fraud follow up. Owners owing not more than \$1500.00 will be eligible to enter into a payment agreement at the discretion of Waco Housing Authority & Affiliates.
- C. Section 8 Merged Vouchers
1. The payment standard is set by the Housing Authority between 90% and 110% of the FMR or higher or lower with HUD approval.
 2. The participant pays the greater of the Total Tenant Payment or the minimum rent, plus the amount by which the gross rent exceeds the payment standard.
 No participant when initially receiving tenant-based assistance on a unit shall pay more than 40% of their monthly-adjusted income if the gross rent exceeds the applicable payment standard.
- D. Section 8 Preservation Vouchers
1. Payment Standard
 - a. The payment standard is the lower of:
 - i. The payment standard amount for the appropriate family unit size; or
 - ii. The payment standard amount for the size of the dwelling unit actually rented by the family.
 - b. If the dwelling unit is located in an exception area, Waco Housing Authority & Affiliates will use the appropriate payment standard for the exception area.
 - c. During the HAP contract term, the payment standard for the family is the higher of :
 - i. The initial payment standard (at the beginning of the HAP contract term), as determined in accordance with paragraph (1)(a) or (1)(b) of this section, minus any amount by which the initial rent to the owner exceeds the current rent to the owner; or
 - ii. The payment standard as determined in accordance with paragraph (1)(a) or (1)(b) of this section, as determined at the most recent regular reexamination of family income and

- composition effective after the beginning of the HAP contract term.
- d. At the next regular reexamination following a change in family composition that causes a change in family unit size during the HAP contract term, and for any examination thereafter during the term:
 - i. Paragraph (c)(i) of this section does not apply; and
 - ii. The new family unit size must be used to determine the payment standard.
 2. Waco Housing Authority & Affiliates will pay a monthly housing assistance payment on behalf of the family that equals the lesser of:
 - a. The payment standard minus the total tenant payment; or
 - b. The gross rent minus the total tenant payment.
- E. Manufactured Home Space Rental: Section 8 Vouchers
1. The payment standard for a participant renting a manufactured home space is the published FMR for rental of a manufactured home space.
 2. The space rent is the sum of the following as determined by the Housing Authority:
 - a. Rent to the owner for the manufactured home space;
 - b. Owner maintenance and management charges for the space; and
 - c. Utility allowance for tenant paid utilities.
 3. The participant pays the rent to owner less the HAP.
 4. HAP equals the lesser of:
 - a. The payment standard minus the total tenant payment; or
 - b. The rent paid for rental of the real property on which the manufactured home owned by the family is located.
 5. A participant who owns a manufactured home may receive assistance for space only.
- F. Rent for Families under the Noncitizen Rule
1. Those individuals who do not contend to have eligible immigration status (individuals who may be unlawfully present in the United States). These individuals in most instances would not be eligible for a Social Security Card.
 - a. A family that consists of a single household member (including a pregnant individual) who does not have eligible immigration status is not eligible for housing assistance and cannot be housed.
 - b. A family that consists of two or more household members and at least one household member that has eligible immigration status, is classified as a mixed family, and is eligible for prorated assistance in accordance with 24 CFR 5.520. Waco Housing Authority & Affiliates may not deny assistance to mixed families due to nondisclosure of a Social Security Number by an individual who does not contend to have eligible immigration status.
 2. Existing program participants as of January 31, 2010, who are 62 years of age or older, and had not previously disclosed a valid Social Security Number. This exemption continues even if the individual moves to a new assisted unit.

The family's assistance is prorated in the following manner:

1. Find the prorated housing assistance payment (HAP) by dividing the HAP by the total number of family members, and then multiplying the result by the number of eligible family members.
2. Obtain the prorated family share by subtracting the prorated HAP from the gross rent (contract rent plus utility allowance).
3. The prorated tenant rent equals the prorated family share minus the full utility allowance.

11.6 UTILITY ALLOWANCE

The Housing Authority maintains a utility allowance schedule for all tenant-paid utilities (except telephone), for cost of tenant-supplied refrigerators and ranges, and for other tenant-paid housing services (e.g., trash collection (disposal of waste and refuse).

The utility allowance schedule is determined based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type in the same locality. In developing the schedule, the Housing Authority uses normal patterns of consumption for the community as whole and current utility rates.

The Housing Authority reviews the utility allowance schedule annually, and revises any allowance for a utility category if there has been a change of 10% or more in the utility rate since the last time the utility allowance schedule was revised. The Housing Authority maintains information supporting the annual review of utility allowances, and any revisions made in its utility allowance schedule. Participants may review this information at any time by making an appointment with the Section 8 Department.

WHA will use the lesser of the size of dwelling unit actually leased by the family or the family unit size as determined under WHA subsidy standards. As a reasonable accommodation WHA will use the appropriate utility allowance for the size of the dwelling unit actually leased by the family.

The Housing Authority uses the appropriate utility allowance for the size of dwelling unit actually leased by the family (rather than the family unit size as determined under the Housing Authority subsidy standards).

At each reexamination, the Housing Authority applies the utility allowance from the most current utility allowance schedule.

The utility allowance will be subtracted from the family's share to determine the amount of the Tenant Rent. The Tenant Rent is the amount the family owes each month to the owner. The amount of the utility allowance is then still available to the family to pay the cost of their utilities. Any utility cost above the allowance is the responsibility of the tenant. Any savings resulting from utility costs below the amount of the allowance belong to the tenant.

11.7 Distribution of Housing Assistance Payment

The Housing Authority pays the owner (the lessor) of housing assisted property housing assistance payments (rent to owner) by the first of each month. Housing assistance payments are considered late to the owner if not postmarked by the fifth of the month. If payments are not made when due (the first through the fifth of each month), the owner may request of Waco Housing Authority & Affiliates a one time late fee payment in the amount of \$25.00. Late fees will not be paid when the reason for the lateness is attributable to factors beyond the control of Waco Housing Authority & Affiliates such as weather, postal services or incorrect mailing address.

11.8 CHANGE OF OWNERSHIP

Waco Housing Authority & Affiliates requires a written request by the owner who executed the HAP contract in order to make changes regarding who is to receive the Waco Housing Authority & Affiliates' rent payment, or the address as to where the rent payment should be sent.

In addition, Waco Housing Authority & Affiliates requires a written request from the new owner to process a change of ownership. The following documents must accompany the written request:

- A. Deed of Trust or Warranty Deed showing the transfer of title; and
- B. Tax Identification Number or Social Security Number.

New owners will be required to execute IRS form W-9. Waco Housing Authority & Affiliates may withhold the rent payment until the taxpayer identification number is received.

12.0 INSPECTION POLICIES, HOUSING QUALITY STANDARDS

Waco Housing Authority & Affiliates will inspect all units to ensure that they meet Housing Quality Standards (HQS). No unit will be initially placed on the Section 8 Existing Program unless the HQS is met. Units will be inspected at least annually, and at other times as needed, to determine if the units meet HQS.

Waco Housing Authority & Affiliates must be allowed to inspect the dwelling unit at reasonable times with reasonable notice. The family and owner will be notified of the inspection appointment by first class mail. If the family cannot be at home for the scheduled inspection appointment, the family must call and reschedule the inspection.

If the family misses the scheduled inspection and fails to reschedule the inspection, Waco Housing Authority & Affiliates will only schedule one more inspection. If the family misses two inspections; Waco Housing Authority & Affiliates will consider the family to have violated a Family Obligation and their assistance will be terminated.

In certain complaint generated inspections, the Housing Authority will inspect the property for fraud and lease violations. These inspections may be done without notice.

12.1 Types of Inspections

There are seven types of inspections Waco Housing Authority & Affiliates will perform:

- A. Initial Inspection: An inspection that must take place to insure that the unit passes HQS before assistance can begin.
- B. Annual Inspection: An inspection to determine that the unit continues to meet HQS.
- C. Complaint Inspection: An inspection caused by the Authority receiving a complaint on the unit by anyone.
- D. Special Inspection: An inspection caused by a third party, i.e., HUD, needing to view the unit.
- E. Emergency: An inspection that takes place in the event of a perceived emergency. These will take precedence over all other inspections.
- F. Move Out Inspection (if applicable): An inspection required for units in service before October 2, 1995, and optional after that date. These inspections document the condition of the unit at the time of the move-out.
- G. Quality Control Inspection: Supervisory inspections on at least 1 to 5% of the total number of units that were under lease during the Housing Authority's previous fiscal year.

12.2 OWNER AND FAMILY RESPONSIBILITY

- A. Owner Responsibility for HQS
 - 1. The owner must maintain the unit in accordance with HQS.
 - 2. If the owner fails to maintain the dwelling unit in accordance with HQS, Waco Housing Authority & Affiliates will take prompt and vigorous action to enforce the owner obligations. Waco Housing Authority & Affiliates' remedies for such breach of the HQS include termination, suspension or reduction of housing assistance payments and termination of the HAP contract.
 - 3. Waco Housing Authority & Affiliates will not make any housing assistance payments for a dwelling unit that fails to meet the HQS, unless the owner corrects the defect within the period specified by Waco Housing Authority & Affiliates and Waco Housing Authority & Affiliates verifies the correction. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects the owner must correct the defect within no more than 30 calendar days (or any Waco Housing Authority & Affiliates approved extension).
 - 4. The owner is not responsible for a breach of the HQS that is not caused by the owner, and for which the family is responsible. Furthermore, Waco Housing Authority & Affiliates may terminate assistance to a family because of the HQS breach caused by the family.

- B. Family Responsibility for HQS
 - 1. The family is responsible for a breach of the HQS that is caused by any of the following:
 - a. The family fails to pay for any utilities that the owner is not required to pay for, but which are to be paid by the tenant;
 - b. The family fails to provide and maintain any appliances that the owner is not required to provide, but which are to be provided by the tenant; or
 - c. Any member of the household or a guest damages the dwelling unit or premises (damage beyond ordinary wear and tear).
 - 2. If an HQS breach caused by the family is life threatening, the family must correct the defect within no more than 24 hours. For other family-caused defects, the family must correct the defect within no more than 30 calendar days (or any Waco Housing Authority & Affiliates approved extension).
 - 3. If the family has caused a breach of the HQS, Waco Housing Authority & Affiliates will take prompt and vigorous action to enforce the family obligations. Waco Housing Authority & Affiliates may terminate assistance for the family in accordance with 24 CFR 982.552.
 - 4. Any family member 18 years of age can be present at the HQS if Head of Household is unable to be there due to employment, school schedule or emergency.

12.3 Housing Quality Standards (HQS) 24 CFR 982.401

This Section states performance and acceptability criteria for these key aspects of the following housing quality standards:

- A. Sanitary Facilities
 - 1. Performance Requirement

The dwelling unit must include sanitary facilities located in the unit. The sanitary facilities must be in proper operating condition, and adequate for personal cleanliness and the disposal of human waste. The sanitary facilities must be usable in privacy.
 - 2. Acceptability Criteria
 - a. The bathroom must be located in a separate private room, and have a flush toilet in proper operating condition.
 - b. The dwelling unit must have a fixed basin in proper operating condition, with a sink trap and hot and cold running water.
 - c. The dwelling unit must have a shower or a tub in proper operating condition with hot and cold running water.
 - d. The facilities must utilize an approvable public or private disposal system (including a locally approvable septic system).
- B. Food Preparation and Refuse Disposal
 - 1. Performance Requirements
 - a. The dwelling unit must have suitable space and equipment to store, prepare, and serve foods in a sanitary manner.
 - b. There must be adequate facilities and services for the sanitary disposal of food wastes and refuse, including facilities for temporary storage where necessary (e.g., garbage cans).
 - 2. Acceptability Criteria
 - a. The dwelling unit must have an oven, a stove or range, and a refrigerator of appropriate size for the family. All of the equipment must be in proper operating condition. Either the owner or the family may supply the equipment. A microwave oven may be substituted for a tenant-supplied oven and stove or range. A microwave oven may be substituted for an owner-supplied oven and stove or range if the tenant agrees and microwave ovens are furnished instead of an oven and stove or range to both subsidized and unsubsidized tenants in the building or premises.

- b. The dwelling unit must have a kitchen sink in proper operating condition, with a sink trap and hot and cold running water. The sink must drain into an approvable public or private system.
 - c. The dwelling unit must have space for the storage, preparation, and serving of food.
 - d. There must be facilities and services for the sanitary disposal of food waste and refuse, including temporary storage facilities where necessary (e.g., garbage cans).
- C. Space and Security
 - 1. Performance Requirement

The dwelling unit must provide adequate space and security for the family.
 - 2. Acceptability Criteria
 - a. At a minimum, the dwelling unit must have a living room, a kitchen area, and a bathroom.
 - b. The dwelling unit must have at least one bedroom or living/ sleeping room for each two persons. Children of opposite sex, other than very young children, may not be required to occupy the same bedroom or living/sleeping room.
 - c. Dwelling unit windows that are accessible from the outside, such as basement, first floor, and fire escape windows, must be lockable (such as window units with sash pins or sash locks and combination windows with latches). Windows that are nailed shut are acceptable only if these windows are not needed for ventilation, or as an alternate exit in case of fire.
 - d. The exterior doors of the dwelling unit must be lockable. Exterior doors are doors by which someone can enter or exit the dwelling unit.
- D. Thermal Environment
 - 1. Performance Requirement

The dwelling unit must have and be capable of maintaining a thermal environment healthy for the human body.
 - 2. Acceptability Criteria
 - a. There must be a safe system for heating the dwelling unit (and a safe cooling system, where present). The system must be in proper operating condition. The system must be able to provide adequate heat (and cooling, if applicable), either directly or indirectly, to each room, in order to assure a healthy living environment appropriate to the climate.
 - b. The dwelling unit must not contain unvented room heaters that burn gas, oil, or kerosene. Electric heaters are acceptable.
- E. Illumination and Electricity
 - 1. Performance Requirement

Each room must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants. The dwelling unit must have sufficient electrical sources so occupants can use essential electrical appliances. The electrical fixtures and wiring must ensure safety from fire.
 - 2. Acceptability Criteria
 - a. There must be at least one window in the living room and in each sleeping room.
 - b. The kitchen area and the bathroom must have a permanent ceiling or wall light fixture in proper operating condition. The kitchen area must also have at least one electrical outlet in proper operating condition.
 - c. The living room and each bedroom must have at least two electrical outlets in proper operating condition. Permanent overhead or wall-mounted light fixtures may count as one of the required electrical outlets.
- F. Structure and Materials

1. Performance Requirement

The dwelling unit must be structurally sound. The structure must not present any threat to the health and safety of the occupants and must protect the occupants from the environment.
 2. Acceptability Criteria
 - a. Ceilings, walls, and floors must not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts, or other serious damage.
 - b. The roof must be structurally sound and weather tight.
 - c. The exterior wall structure and surface must not have any serious defects such as serious leaning, buckling, sagging, large holes, or defects that may result in air infiltration or vermin infestation.
 - d. The condition and equipment of interior and exterior stairs, halls, porches, walkways, etc., must not present a danger of tripping and falling. For example, broken or missing steps or loose boards are unacceptable.
 - e. Elevators must be working and safe.
- G. Interior Air Quality
1. Performance Requirement

The dwelling unit must be free of pollutants in the air at levels that threaten the health of the occupants.
 2. Acceptability Criteria
 - a. The dwelling unit must be free from dangerous levels of air pollution from carbon monoxide, sewer gas, fuel gas, dust, and other harmful pollutants.
 - b. There must be adequate air circulation in the dwelling unit.
 - c. Bathroom areas must have one window that can be opened or other adequate exhaust ventilation.
 - d. Any room used for sleeping must have at least one window. If the window is designed to be opened, the window must work.
- H. Water Supply
1. Performance Requirement

The water supply must be free from contamination.
 2. Acceptability Criteria

The dwelling unit must be served by an approvable public or private water supply that is sanitary and free from contamination.
- I. Lead-based Paint
1. Definitions
 - a. Chewable surface: Protruding painted surfaces up to five feet from the floor or ground that are readily accessible to children under six years of age; for example, protruding corners, window sills and frames, doors and frames, and other protruding woodwork.
 - b. Component: An element of a residential structure identified by type and location, such as a bedroom wall, an exterior window sill, a baseboard in a living room, a kitchen floor, an interior window sill in a bathroom, a porch floor, stair treads in a common stairwell, or an exterior wall.
 - c. Defective paint surface: A surface on which the paint is cracking, scaling, chipping, peeling, or loose.
 - d. Elevated blood level (EBL): Excessive absorption of lead. Excessive absorption is a confirmed concentration of lead in whole blood of 20 ug/dl (micrograms of lead per deciliter) for a single test or of 15-19 ug/dl in two consecutive tests three – four (3-4) months apart.
 - e. HEPA: A high efficiency particle accumulator as used in lead abatement vacuum cleaners.

- f. Lead-based paint: A paint surface, whether or not defective, identified as having a lead content greater than or equal to 1 milligram per centimeter squared (mg/cm²), or 0.5 % by weight or 5000 parts per million (PPM).
2. Performance Requirements
- a. The purpose of this paragraph of this Section is to implement Section 302 of the Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. 4822, by establishing procedures to eliminate as far as practicable the hazards of lead-based paint poisoning for units assisted under this part. This paragraph is issued under 24 CFR 35.24(b) (4) and supersedes, for all housing to which it applies, the requirements of subpart C of 24 CFR part 35.
 - b. The requirements of this paragraph of this Section do not apply to 0-bedroom units, units that are certified by a qualified inspector to be free of lead-based paint, or units designated exclusively for the elderly. The requirements of subpart A of 24 CFR part 35 apply to all units constructed prior to 1978 covered by a HAP contract under part 982.
 - c. If a dwelling unit constructed before 1978 is occupied by a family that includes a child under the age of six years, the initial and each periodic inspection (as required under this part) must include a visual inspection for defective paint surfaces. If defective paint surfaces are found, such surfaces must be treated in accordance with paragraph k of this Section.
 - d. The Housing Authority may exempt from such treatment defective paint surfaces that are found in a report by a qualified lead-based paint inspector not to be lead-based paint, as defined in paragraph 1(f) of this Section. For purposes of this Section, a qualified lead-based paint inspector is a State or local health or housing agency, a lead-based paint inspector certified or regulated by a State or local health or housing agency, or an organization recognized by HUD.
 - e. Treatment of defective paint surfaces required under this Section must be completed within 30 calendar days of Housing Authority notification to the owner. When weather conditions prevent treatment of the defective paint conditions on exterior surfaces within the 30-day period, treatment as required by paragraph k of this Section may be delayed for a reasonable time.
 - f. The requirements in this paragraph apply to:
 - i. All painted interior surfaces within the unit (including ceilings but excluding furniture);
 - ii. The entrance and hallway providing access to a unit in a multi-unit building; and
 - iii. Exterior surfaces up to five feet from the floor or ground that are readily accessible to children under six years of age (including walls, stairs, decks, porches, railings, windows and doors, but excluding outbuildings such as garages and sheds).
 - g. In addition to the requirements of paragraph c of this Section, for a dwelling unit constructed before 1978 that is occupied by a family with a child under the age of six years with an identified EBL condition, the initial and each periodic inspection (as required under this part) must include a test for lead-based paint on chewable surfaces. Testing is not required if previous testing of chewable surfaces is negative for lead-based paint or if the chewable surfaces have already been treated.
 - h. Testing must be conducted by a State or local health or housing agency, an inspector certified or regulated by a State or local health or housing agency, or an organization recognized by HUD. Lead content must be tested by using an X-ray fluorescence analyzer (XRF) or by laboratory analysis of paint samples. Where lead-based paint on chewable surfaces is identified, treatment of the paint surface in accordance with paragraph

- k of this Section is required, and treatment shall be completed within the time limits in paragraph c of this Section.
- i. The requirements in paragraph g of this Section apply to all protruding painted surfaces up to five feet from the floor or ground that are readily accessible to children under six years of age:
 - i. Within the unit;
 - ii. The entrance and hallway providing access to a unit in a multi-unit building; and
 - iii. Exterior surfaces (including walls, stairs, decks, porches, railings, windows and doors, but excluding outbuildings such as garages and sheds).
 - j. In lieu of the procedures set forth in paragraph g of this Section, the Housing Authority may, at its discretion, waive the testing requirement and require the owner to treat all interior and exterior chewable surfaces in accordance with the methods set out in paragraph k of this Section.
 - k. Treatment of defective paint surfaces and chewable surfaces must consist of covering or removal of the paint in accordance with the following requirements:
 - i. A defective paint surface shall be treated if the total area of defective paint on a component is:
 - (1) More than ten (10) square feet on an exterior wall;
 - (2) More than two (2) square feet on an interior or exterior component with a large surface area, excluding exterior walls and including, but not limited to, ceilings, floors, doors, and interior walls;
 - (3) More than 10% of the total surface area on an interior or exterior component with a small surface area, including, but not limited to, windowsills, baseboards and trim.
 - ii. Acceptable methods of treatment are the following: removal by wet scraping, wet sanding, chemical stripping on or off site, replacing painted components, scraping with infra-red or coil type heat gun with temperatures below 1100 degrees, HEPA vacuum sanding, HEPA vacuum needle gun, contained hydro blasting or high pressure wash with HEPA vacuum, and abrasive sandblasting with HEPA vacuum. Surfaces must be covered with durable materials with joint edges sealed and caulked as needed to prevent the escape of lead contaminated dust.
 - iii. Prohibited methods of removal are the following: open flame burning or torching, machine sanding or grinding without a HEPA exhaust, uncontained hydro blasting or high pressure wash, and dry scraping except around electrical outlets or except when treating defective paint spots no more than two square feet in any one interior room or space (hallway, pantry, etc.) or totaling no more than twenty square feet on exterior surfaces.
 - iv. During exterior treatment soil and playground equipment must be protected from contamination.
 - v. All treatment procedures must be concluded with a thorough cleaning of all surfaces in the room or area of treatment to remove fine dust particles. Cleanup must be accomplished by wet washing surfaces with a lead solubilizing detergent such as trisodium phosphate or an equivalent solution.
 - vi. Waste and debris must be disposed of in accordance with all applicable Federal, State, and local laws.

- (1) The owner must take appropriate action to protect residents and their belongings from hazards associated with treatment procedures. Residents must not enter spaces undergoing treatment until cleanup is completed. Personal belongings that are in work areas must be relocated or otherwise protected from contamination.
 - l. Prior to execution of the HAP contract, the owner must inform the Housing Authority and the family of any knowledge of the presence of lead-based paint on the surfaces of the residential unit.
 - m. The Housing Authority must attempt to obtain annually from local health agencies the names and addresses of children with identified EBLs and must annually match this information with the names and addresses of participants under this part. If a match occurs, the Housing Authority must determine whether local health officials have tested the unit for lead-based paint. If the unit has lead-based paint, the Housing Authority must require the owner to treat the lead-based paint. If the owner does not complete the corrective actions required by this Section, the family must be issued a voucher to move.
 - n. The Housing Authority must keep a copy of each inspection report for at least three years. If a dwelling unit requires testing, or if the dwelling unit requires treatment of chewable surfaces based on the testing, the Housing Authority must keep the test results indefinitely and, if applicable, the owner certification and treatment. The records must indicate which chewable surfaces in the dwelling units have been tested and which chewable surfaces were tested or tested and treated in accordance with the standards prescribed in this Section, such chewable surfaces do not have to be tested or treated at any subsequent time.
- J. Access
- 1. Performance Requirement
The dwelling unit must be able to be used and maintained without unauthorized use of other private properties. The building must provide an alternate means of exit in case of fire (such as fire stairs or egress through windows).
- K. Site and Neighborhood
- 1. Performance Requirement
The site and neighborhood must be reasonably free from disturbing noises and reverberations, and other dangers to the health, safety, and general welfare of the occupants.
 - 2. Acceptability Criteria
The site and neighborhood may not be subject to serious adverse environmental conditions, natural or manmade, such as dangerous walks or steps; instability; flooding, poor drainage, septic tank back-ups or sewage hazards; mudslides; abnormal air pollution, smoke or dust; excessive noise, vibration or vehicular traffic; excessive accumulations of trash; vermin or rodent infestation; or fire hazards.
- L. Sanitary Condition
- 1. Performance Requirement
The dwelling unit and its equipment must be in sanitary condition.
 - 2. Acceptability Criteria
The dwelling unit and its equipment must be free of vermin and rodent infestation.
- M. Smoke Detectors
- 1. Performance Requirements
 - a. Except as provided in paragraph b below of this Section, each dwelling unit must have at least one battery-operated or hard-wired smoke detector, in proper operating condition, on each level of the dwelling unit, including basements but excepting crawl spaces and unfinished

attics. Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standard (NFPA) 74 (or its successor standards). If the dwelling unit is occupied by any hearing-impaired person, smoke detectors must have an alarm system, designed for hearing-impaired persons as specified in NFPA 74 (or successor standards).

- b. For units assisted prior to April 24, 1993, owners who installed battery-operated or hard-wired smoke detectors prior to April 24, 1993, in compliance with HUD's smoke detector requirements, including the regulations published on July 30, 1992 (57 FR 33846), will not be required subsequently to comply with any additional requirements mandated by NFPA 74 (i.e., the owner would not be required to install a smoke detector in a basement not used for living purposes, nor would the owner be required to change the location of the smoke detectors that have already been installed on the other floors of the unit).

12.4 EXCEPTIONS TO THE HQS ACCEPTABILITY CRITERIA

Waco Housing Authority & Affiliates will utilize the acceptability criteria as outlined above with applicable State and local codes. Additionally, Waco Housing Authority & Affiliates has received HUD approval to require the following additional criteria:

Adequate heat shall be considered to be 68 degrees.

12.5 Time Frames and Corrections of HQS Fail Items

- A. **Correcting Initial HQS Fail Items**
Waco Housing Authority & Affiliates will schedule a timely inspection of the unit on the date the owner indicates that the unit will be ready for inspection, or as soon as possible thereafter (within three (3) working days) upon receipt of a Request for Tenancy Approval. The owner and participant will be notified in writing of the results of the inspection. If the unit fails HQS again, the owner and the participant will be advised to notify Waco Housing Authority & Affiliates to reschedule a re-inspection when the repairs have been properly completed.
- B. **HQS Fail Items for Units under Contract**
The owner or participant will be given time to correct the failed items cited on the inspection report for a unit already under contract. If the failed items endanger the family's health or safety (using the emergency item in Section 12.6), the owner or participant will be given 24 hours to correct the violations. For less serious failures, the owner or participant will be given up to 30 days to correct the failed item(s). The housing authority then has the discretion to determine if the tenant will relocate to a different landlord considering landlord previous response to deadlines for repairs. The tenant does not have to remain housed with the same landlord.

If the owner fails to correct the HQS failed items after proper notification has been given, Waco Housing Authority & Affiliates will abate payment and terminate the contract in accordance with Sections 12.7 and 17.0(B)(3).

If the participant fails to correct the HQS failed items that are family-caused after proper notification has been given, Waco Housing Authority & Affiliates will terminate assistance for the family in accordance with Sections 12.2(B) and 17.0(B)(3).
- C. **Time Frames for Corrections**
 - 1. Emergency repair items must be abated within 24 hours.
 - 2. Repair of refrigerators, range and oven, or a major plumbing fixture supplied by the owner must be abated within 72 hours.
 - 3. Non-emergency items must be completed within ten (10) days of the initial inspection.

4. For major repairs, the owner will have up to 30 days to complete.

D. Extensions

At the sole discretion of Waco Housing Authority & Affiliates, extensions of up to 30 days may be granted to permit an owner to complete repairs if the owner has made a good faith effort to initiate repairs. If repairs are not completed within 60 days after the initial inspection date, Waco Housing Authority & Affiliates will abate the rent and cancel the HAP contract for owner noncompliance. Appropriate extensions will be granted if a severe weather condition exists for such items as exterior painting and outside concrete work for porches, steps, and sidewalks.

12.6 EMERGENCY FAIL ITEMS

The following items are to be considered examples of emergency items that need to be abated within 24 hours:

- A. No hot or cold water
- B. No electricity
- C. Inability to maintain adequate heat
- D. Major plumbing leak
- E. Natural gas leak
- F. Broken lock(s) on first floor doors or windows
- G. Broken windows that unduly allow weather elements into the unit
- H. Electrical outlet smoking or sparking
- I. Exposed electrical wires which could result in shock or fire
- J. Unusable toilet when only one toilet is present in the unit
- K. Security risks such as broken doors or windows that would allow intrusion
- L. Other conditions which pose an immediate threat to health or safety

12.7 ABATEMENT

When a unit fails to meet HQS and the owner has been given an opportunity to correct the deficiencies, but has failed to do so within the required timeframe, the rent for the dwelling unit will be abated.

When the deficiencies are corrected, Waco Housing Authority & Affiliates will end the abatement the day the unit passes inspection. Rent will resume the following day and be paid the first day of the next month.

For tenant caused HQS deficiencies, the owner will not be held accountable and the rent will not be abated. The tenant is held to the same standard and timeframes for correction of deficiencies as owners. If repairs are not completed by the deadline, Waco Housing Authority & Affiliates will send a notice of termination to both the tenant and the owner. The tenant will be given the opportunity to request an informal hearing.

13.0 OWNER CLAIMS FOR DAMAGES, UNPAID RENT, AND VACANCY LOSS AND PARTICIPANT'S ENSUING RESPONSIBILITIES

Effective October 2, 1995, no damage claims will be paid under the Housing Choice Voucher Program.

13.1 VACATED TENANT DAMAGES

A landlord who feels a tenant has vacated their premises with damages must send a letter detailing the cost of repair to the vacated tenant. In addition, a copy of the repair bill with pictures must be sent to the housing authority. Evaluated on a case by case basis, the Housing Authority reserves the right to review for fairness and consider adjustment of the damage claim for tenant repayment based on those amounts we see as customary and fair. Notice to the tenant with subsequent copy to the housing authority must be done within seven (7) business days of tenant vacating property for Waco Housing Authority & Affiliates review.

13.2 DAMAGE CLAIM

Tenants are allowed two damage claims. If any one of the two allowed damage claims exceeds \$2,000.00, assistance will be terminated for a period of three years. Amounts owed must be paid in full before admittance to the Section 8 program. A damage claim exists if damages exceeds the security deposit.

14.0 RECERTIFICATION

14.1 CHANGES IN LEASE OR RENT

If the participant and owner agree to any changes in the lease, all changes must be in writing, and the owner must immediately give Waco Housing Authority & Affiliates a copy of the changes. The lease, including any changes, must be in accordance with this Administrative Plan.

Owners must notify Waco Housing Authority & Affiliates of any changes in the amount of the rent at least sixty (60) days before the changes go into effect. Requests for increase in rent in excess of \$50.00 must be supported by paid receipt documentation of improvements to the unit. Any such changes are subject to Waco Housing Authority & Affiliates determining them to be reasonable.

Assistance shall not be continued unless Waco Housing Authority & Affiliates has approved a new tenancy in accordance with program requirements and has executed a new HAP contract with the owner if any of the following changes are made:

- A. Requirements governing participant or owner responsibilities for utilities or appliances;
- B. In the lease terms governing the term of the lease;
- C. If the participant moves to a new unit, even if the unit is in the same building or complex.

The approval of Waco Housing Authority & Affiliates is not required for changes other than those specified in A, B, or C above.

14.2 ANNUAL REEXAMINATION – ALL INCOME WILL BE REVIEWED USING EIV & IVT

At least annually Waco Housing Authority & Affiliates will conduct a reexamination of family income and circumstances. The results of the reexamination determine (1) the rent the family will pay, and (2) whether the family subsidy is correct based on the family unit size.

Waco Housing Authority & Affiliates will send a notification letter to the family letting them know that it is time for their annual reexamination and scheduling an appointment. The letter includes forms for the family to complete in preparation for the interview. The letter includes instructions permitting the family to reschedule the interview if necessary. The letter tells families, who may need to make alternate arrangements due to a disability, that they may contact staff to request an accommodation of their needs.

During the interview, the family will provide all information regarding income, assets, expenses, and other information necessary to determine the family's share of rent. The family will sign the HUD consent form and other consent forms that later will be mailed to the sources that will verify the family circumstances.

Upon receipt of verification, Waco Housing Authority & Affiliates will determine the family's annual income and will calculate their family share.

14.2.1 EFFECTIVE DATE OF RENT CHANGES FOR ANNUAL REEXAMINATIONS

The new family share will generally be effective upon the anniversary date with 30 days notice of any rent increase to the family.

If the rent determination is delayed due to a reason beyond the control of the family, then any rent increase will be effective the first of the month after the month in which the family receives a 30-day notice of the amount. If the new rent is a reduction and the delay is beyond the control of the family, the reduction will be effective as scheduled on the anniversary date.

If the family caused the delay, then any increase will be effective on the anniversary date. Any reduction will be effective the first of the month after the rent amount is determined.

14.2.2 MISSED APPOINTMENTS

If the family fails to respond to the letter and fails to attend the interview, a second letter will be mailed. The second letter will advise of a new time and date for the interview, allowing for the same considerations for rescheduling and accommodation as above. The letter will also advise that failure by the family to attend the second scheduled interview will result in Waco Housing Authority & Affiliates taking action to terminate the family's assistance.

14.3 INTERIM REEXAMINATIONS

During an interim reexamination all income will be reviewed and verified using EIV & IVT.

Families will be required to report any increase in income or decreases in allowable expenses within 8 business days.

Families are required to report the following changes to Waco Housing Authority & Affiliates between regular reexaminations. These changes will trigger an interim reexamination.

- A. A member has been added to the family through birth, adoption, or court-awarded custody.
- B. A household member is leaving or has left the family unit.
- C. Family break-up.

In circumstances of a family break-up, Waco Housing Authority & Affiliates will make a determination of which family member will retain the voucher, taking into consideration the following factors:

- To whom the voucher was issued.
 - The interest of minor children or of ill, elderly, or disabled family members.
 - Whether the assistance should remain with the family members remaining in the unit.
 - Whether family members were forced to leave the unit as a result of actual or threatened physical violence by a spouse or other member(s) of the household.
- D. When the head of household dies during tenancy and the remaining household members are minors, Waco Housing Authority will allow a temporary adult guardian who meets screening criteria to reside in the unit. Once guardianship is established, an interim re-examination will be processed using their income and adding them as head of household.

If a court determines the disposition of property between members of the assisted family in a divorce or separation under a settlement of judicial decree, Waco Housing Authority & Affiliates will be bound by the court's determination of which family members continue to receive assistance in the program.

Because of the number of possible different circumstances in which a determination will have to be made, Waco Housing Authority & Affiliates will make determinations on a case by case basis.

Waco Housing Authority & Affiliates will issue a determination within ten (10) business days of the request for a determination. The family member requesting the determination may request an informal hearing in compliance with the informal hearings in Section 16.3.

In order to add a household member other than through birth or adoption (including a live-in aide) the family must request that the new member be added to the lease. Before adding the new member to the lease, the

individual must provide their income, assets, and all other information required of an applicant. The individual must provide their Social Security Card and must verify their citizenship/eligible immigrant status (Their housing will not be delayed due to delays in verifying eligible immigrant status other than delays caused by the family). The new family member will go through the screening process similar to the process for applicants. Waco Housing Authority & Affiliates will determine the eligibility of the individual before allowing them to be added to the lease. If the individual is found to be ineligible or does not pass the screening criteria, they will be advised in writing and given the opportunity for an informal review. If they are found to be eligible and do pass the screening criteria, Waco Housing Authority & Affiliates will grant approval to add their name to the lease. At the same time, the family's annual income will be recalculated taking into account the income and circumstances of the new family member. The effective date of the new rent will be in accordance with paragraph below 14.2.2.

Families are not required to, but may at any time, request an interim reexamination based on a decrease in income, an increase in allowable expenses, or other changes in family circumstances. Upon such request, Waco Housing Authority & Affiliates will take timely action to process the interim reexamination and recalculate the family share.

14.3.1 SPECIAL REEXAMINATIONS

Housing Assistance is based on all participations working a minimum of 20 hours a week or being enrolled as a full time student (twelve hours or more) or give verifiable justification for carrying a lesser number of hours. If a family's income is too unstable to project for 12 months, including families that temporarily have no income or have temporary decrease in income, Waco Housing Authority & Affiliates may schedule special reexaminations every 60 days until the income stabilizes and an annual income can be determined. Will be used as a regular gift or contribution.

They will also be required to provide three months of current utility bills which includes electricity, gas, telephone, cell phone, water, cable, internet, etc.

A total of 120 days will be given to adjust for income variance. If income has not stabilized by the end of 120 days, tenant may be ineligible for continued housing assistance.

Participants on the "zero" income list, will be restricted from relocating until income has been gained. They must be off of "zero" income status for (12) months. Exceptions to this are a unit being in a failed status or relocation due to the VAWA Act.

The following adult family members of resident families are exempt from this requirement:

- A. Family member who is 62 or older
- B. Family member who is disabled
- C. Family member who is the primary care-giver for a child

14.3.2 RELOCATING TENANT

A relocating tenant will be responsible for repayment to a vacated landlord for those damages left in a rental property, which Waco Housing Authority & Affiliates finds customary and fair. Tenants will be mailed a letter by the vacated landlord listing these expenses within seven (7) days of moving. Waco Housing Authority & Affiliates reserves the right to review and consider the damage claim for what is customary and fair. Waco Housing Authority & Affiliates will hold the relocating tenant accountable for repayment of those charges found to be customary and fair. The repayment agreement will be determined by Waco Housing Authority & Affiliates on a case by case basis. Should the tenant fail to pay as required in the repayment agreement established, their Section 8 housing assistance will be terminated when the lease ends with their current landlord.

1. Relocating Tenant will be required to attend a Mover's Briefing
3. Relocating Tenant will be required to do a walk thru with Landlord/Agent
- 4.

14.4 EFFECTIVE DATE OF RENT CHANGES DUE TO INTERIM OR SPECIAL REEXAMINATIONS

Unless there is a delay in reexamination processing caused by the family, any rent increase will be effective the first of the second month after the month in which the family receives notice of the new rent amount. If the family causes a delay; then the rent increase will be effective on the date it would have been effective had the process not been delayed (even if this means a retroactive increase).

If the new rent is a reduction and any delay is beyond the control of the family, the reduction will be effective the first of the month after the interim reexamination should have been completed.

If the new rent is a reduction and the family caused the delay or did not report the change in a timely manner, the change will be effective the first of the month after the rent amount is determined.

15.0 TERMINATION OF ASSISTANCE TO THE FAMILY BY WACO HOUSING AUTHORITY & AFFILIATES

The Housing Authority may at any time terminate program assistance for a participant because of any of the following actions or inactions by the household:

- A. If the family violates any family obligations under the program.
- B. If a family member fails to sign and submit consent forms.
- C. If Waco Housing Authority & Affiliates determines that a family member has knowingly permitted an ineligible noncitizen (other than any ineligible noncitizens listed on the lease) to permanently reside in their Section 8 unit, the family's assistance will be terminated. Such family will not be eligible to be readmitted to Section 8 for a period of 24 months from the date of termination.
- D. If any member of the family has been evicted from Public Housing in the last five (5) years.
- E. If the Housing Authority has ever terminated assistance under the Voucher Program for any member of the family.
- F. If any member of the family, friends or visitors to tenant is convicted/prosecuted for drug-related, violent or any type of criminal activity regardless of whether the family member has been arrested or convicted or if any family member fails to cooperate with the police.
- G. If any member of the family commits fraud, bribery or any other corrupt or criminal act.
- H. If the family currently owes rent or other amounts to the Housing Authority or to another Housing Authority in connection with Section 8 or Public Housing assistance under the 1937 Act.
- I. If the family has not reimbursed any Housing Authority for amounts paid to an owner under a HAP contract for rent, damages to the unit, or other amounts owed by the family under the lease.
- J. If the family breaches an agreement with the Housing Authority to pay amounts owed to a Housing Authority or amounts paid to an owner by a Housing Authority. (The Housing Authority, at its discretion, may offer a family the opportunity to enter an agreement to pay amounts owed to a Housing Authority or amounts paid to an owner by a Housing Authority. The Housing Authority may prescribe the terms of the agreement.)

- K. If a family participating in the FSS program fails to comply, without good cause, with the family's FSS contract of participation.
- L. This would include abusive language inclusive of derogatory or discriminatory remarks. If tenants cannot conduct themselves in a cooperative, courteous, or non-threatening manner with staff, disruptive or uncooperative behavior can result in termination of Section 8 Rental Assistance.
- M. If any household member is subject to a lifetime registration requirement under a State sex offender registration program.
- N. If a household member's illegal use (or pattern of illegal use) of a controlled substance, or whose abuse (or pattern of abuse) of alcohol, is determined by Waco Housing Authority & Affiliates to interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.
- O. Engaged in fraud to any other government agency by the Head of Household or any family member.
- P. Tenants are allowed two damage claims. If any one of the two allowed damage claims exceeds \$2,000.00, assistance will be terminated for a period of three years. Amounts owed must be paid in full before admittance to the Section 8 program. A damage claim exists if damages exceeds the security deposit.

16.0 COMPLAINTS, INFORMAL REVIEWS FOR APPLICANTS, INFORMAL HEARINGS FOR PARTICIPANTS

16.1 COMPLAINTS

Waco Housing Authority & Affiliates will investigate and respond to complaints by participant families, owners, and the general public. Waco Housing Authority & Affiliates may require that complaints other than HQS violations be put in writing. Anonymous complaints are investigated whenever possible.

16.2 INFORMAL REVIEW FOR THE APPLICANT

- A. Informal Review for the Applicant
Waco Housing Authority & Affiliates will give an applicant for participation in the Section 8 Existing Program prompt notice of a decision denying assistance to the applicant. The notice will contain a brief statement of the reasons for Waco Housing Authority & Affiliates' decision. The notice will state that the applicant may request an informal review within eight (8) business days of the denial and will describe how to obtain the informal review.
- B. When an Informal Review is not required
Waco Housing Authority & Affiliates will not provide the applicant an opportunity for an informal review for any of the following reasons:
 1. A determination of the family unit size under Waco Housing Authority & Affiliates subsidy standards.
 2. A Waco Housing Authority & Affiliates determination not to approve an extension or suspension of a voucher term.
 3. A Waco Housing Authority & Affiliates determination not to grant approval to lease a unit under the program or to approve a proposed lease.
 4. A Waco Housing Authority & Affiliates determination that a unit selected by the applicant is not in compliance with HQS.
 5. A Waco Housing Authority & Affiliates determination that the unit is not in accordance with HQS because of family size or composition.
 6. General policy issues or class grievances.
 7. Discretionary administrative determinations by Waco Housing Authority & Affiliates.

8. Per CFR 966.51 (a)(2) "Except in cases involving eviction where state law provides due process in accordance with 24 CFR 966.54, any resident with an individual dispute relative to a Housing Authority act or failure to act in accordance with the dwelling lease or adopted regulations, shall be given an informal hearing 24 CFR 966.54 and, if requested, a formal hearing before a selective hearing (24.CFT 966.55) officer or hearing panel. The following exceptions are:

1. Any criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises or other residents or employees of the Authority, or
2. Any violent or drug related criminal activity on or near such premises."

C. Informal Review Process

Waco Housing Authority & Affiliates will give an applicant an opportunity for an informal review of Waco Housing Authority & Affiliates' decision denying assistance to the applicant. The procedure is as follows:

1. The review will be conducted by any person or persons designated by Waco Housing Authority & Affiliates other than the person who made or approved the decision under review or a subordinate of this person.
2. The applicant will be given an opportunity to present written or oral objections to Waco Housing Authority & Affiliates' decision.
3. Waco Housing Authority & Affiliates will notify the applicant of Waco Housing Authority & Affiliates' decision after the informal review within 14 calendar days. The notification will include a brief statement of the reasons for the final decision.

D. Considering Circumstances

The Housing Authority will consider circumstances surrounding a termination of assistance for illegal use or possession for personal use of a controlled substance, or pattern of alcohol abuse because of action or inaction by members of a family. The Housing Authority, at its discretion, will make a determination as to whether this review may include imposing rules on the family for continued assistance. These include, but are not limited to, limiting household members to those who did not participate in the action or were not culpable in the act.

If the Housing Authority seeks to terminate assistance due to illegal use or possession for personal use, of a controlled substance, a participant will be ineligible for re-admission to the Section 8 program for a three (3) year period beginning on the date of such eviction or termination. This length of time may be waived or reduced at the Housing Authority's discretion if:

- A person demonstrates successful completion of a rehabilitation program approved by the agency.
- If the circumstances leading to the eviction no longer exist. (i.e. The individual involved in drugs is no longer a household member because of incarceration or leaves voluntarily.

The Housing Authority has the right to deny a change of household composition should the Head of Household wish to change the composition to include a member whose illegal use or possession for personal use of a controlled substance or pattern of alcohol abuse. The Housing Authority, at its discretion, will consider whether or not the person being added to the household has, within twelve (12) months prior to the Head of Household's request, demonstrated completion of a rehabilitation program approved by the agency.

E. Informal Review Procedures for Denial of Assistance on the Basis of Ineligible Immigration Status

The applicant family may request that Waco Housing Authority & Affiliates provide for an informal review after the family has notification of the INS decision on appeal, or in

lieu of request of appeal to the INS. The applicant family must make this request within 30 days of receipt of the *Notice of Denial or Termination of Assistance*, or within 30 days of receipt of the INS appeal decision.

For applicant families, the Informal Review Process above will be utilized with the exception that the applicant family will have up to 30 days of receipt of the *Notice of Denial or Termination of Assistance*, or of the INS appeal decision to request the review.

16.3 Informal Hearings for Participants

- A. When a Hearing is required
1. Waco Housing Authority & Affiliates will give a participant family an opportunity for an informal hearing to consider whether the following Waco Housing Authority & Affiliates decisions relating to the individual circumstances of a participant family are in accordance with the law, HUD regulations, and Waco Housing Authority & Affiliates policies:
 - a. A determination of the family's annual or adjusted income, and the use of such income to compute the housing assistance payment.
 - b. A determination of the appropriate utility allowance (if any) for tenant-paid utilities from the Waco Housing Authority & Affiliates' utility allowance schedule.
 - c. A determination of the family unit size under the Waco Housing Authority & Affiliates' subsidy standards.
 - d. A determination that a Voucher Program family is residing in a unit with a larger number of bedrooms than appropriate for the family unit size under the Waco Housing Authority & Affiliates' subsidy standards, or Waco Housing Authority & Affiliates determination to deny the family's request for an exception from the standards.
 - e. A determination to terminate assistance for a participant family because of the family's action or failure to act.
 - f. A determination to terminate assistance because the participant family has been absent from the assisted unit for longer than the maximum period permitted under Waco Housing Authority & Affiliates' policy and HUD rules.
 2. In cases described in paragraphs 16.3(A)(1)(d), (e), and (f) of this Section, Waco Housing Authority & Affiliates will give the opportunity for an informal hearing before Waco Housing Authority & Affiliates terminates housing assistance payments for the family under an outstanding HAP contract.
- B. When a Hearing is not required
- Waco Housing Authority & Affiliates will not provide a participant family an opportunity for an informal hearing for any of the following reasons:
1. Discretionary administrative determinations by Waco Housing Authority & Affiliates.
 2. General policy issues or class grievances.
 3. Establishment of Waco Housing Authority & Affiliates' schedule of utility allowances for families in the program.
 4. A Waco Housing Authority & Affiliates determination not to approve an extension or suspension of voucher term.
 5. A Waco Housing Authority & Affiliates determination not to approve a unit or lease.
 6. A Waco Housing Authority & Affiliates determination that an assisted unit is not in compliance with HQS. (However, Waco Housing Authority & Affiliates will provide the opportunity for an informal hearing for a decision to terminate assistance for a breach of the HQS caused by the family.)
 7. A Waco Housing Authority & Affiliates determination that the unit is not in accordance with HQS because of the family size.
 8. A determination by Waco Housing Authority & Affiliates to exercise or not exercise any right or remedy against the owner under a HAP contract.

9. Hearings will not be held for an issue that has been previously appealed.
- C. Informational Meeting
1. WHA will ask tenant to come in and discuss topic for termination consideration. Documentation including regulations will be shared with tenant at that time. If the determination is to terminate tenant, WHA will notify family with instructions on how to request an informal hearing.
 2. In the cases described in paragraphs 16.3(A)(1)(d), (e), and (f) of this Section, Waco Housing Authority & Affiliates will give the family prompt written notice that the family may request a hearing within eight (8) business days of the notification. The notice will:
 - a. Contain a brief statement of the reasons for the decision; and
 - b. State if the family does not agree with the decision, the family may request an informal hearing on the decision within eight (8) business days of the notification.
- D. Hearing Procedures
- Waco Housing Authority & Affiliates and participants will adhere to the following procedures:
1. Discovery
 - a. The family will be given the opportunity to examine before the hearing any Waco Housing Authority & Affiliates documents that are directly relevant to the hearing. The family will be allowed to copy any such document at the family's expense. (15 cents per copy) If Waco Housing Authority & Affiliates does not make the document(s) available for examination on request of the family, Waco Housing Authority & Affiliates may not rely on the document at the hearing.
 - b. Waco Housing Authority & Affiliates will be given the opportunity to examine, at the Waco Housing Authority & Affiliates' offices before the hearing, any family documents that are directly relevant to the hearing. Waco Housing Authority & Affiliates will be allowed to copy any such document at Waco Housing Authority & Affiliates' expense. If the family does not make the document(s) available for examination on request of the Waco Housing Authority & Affiliates, the family may not rely on the document(s) at the hearing.
Note: The term document includes records and regulations.
 2. Counsel of the Family
At its own expense, the family may be counseled by an attorney or other representative. Attorney representation requires referral to WHA Attorney on a case by case basis per WHA guidelines.
 3. Hearing Officer
 - a. The hearing will be conducted by any person or persons designated by Waco Housing Authority & Affiliates, other than a person who made or approved the decision under review or a subordinate of this person.
 - b. The person who conducts the hearing will regulate the conduct of the hearing in accordance with Waco Housing Authority & Affiliates' hearing procedures.
 4. Evidence
Waco Housing Authority & Affiliates and the family must have the opportunity to present evidence and may question any witnesses. Evidence may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.
 5. Issuance of Decision
The person who conducts the hearing must issue a written decision within 14 calendar days from the date of the hearing, stating briefly the reasons for the decision. Factual determinations relating to the individual circumstances of the family shall be based on a preponderance of the evidence presented at the hearing.

If the decision to terminate assistance is upheld participant has the right to appeal further. Request must be made in writing within 8 business days. After the second appeal, if the decision to terminate assistance is upheld, participant has the right for a third and final appeal to the Sr. Vice President/COO within 8 business days, provided a written request is made

6. Effect of the Decision

Waco Housing Authority & Affiliates is not bound by a hearing decision:

- a. Concerning a matter for which Waco Housing Authority & Affiliates is not required to provide an opportunity for an informal hearing under this Section, or that otherwise exceeds the authority of the person conducting the hearing under the Waco Housing Authority & Affiliates' hearing procedures.
- b. Contrary to HUD regulations or requirements, or otherwise contrary to Federal, State, or local law.
- c. If Waco Housing Authority & Affiliates determines that it is not bound by a hearing decision, Waco Housing Authority & Affiliates will notify the family within fourteen (14) calendar days of the determination, and of the reasons for the determination.

E. Considering Circumstances

In deciding whether to terminate assistance because of action or inaction by members of the family, the Housing Authority may consider all of the circumstances in each case, including the seriousness of the case, the extent of participation or culpability of individual family members, and the effects of denial or termination of assistance on other family members who were not involved in the action or failure.

The Housing Authority may impose, as a condition of continued assistance for other family members, a requirement that family members who participated in or were culpable for the action or failure will not reside in the unit. The Housing Authority may permit the other members of a participant family to continue receiving assistance.

If the Housing Authority seeks to terminate assistance because of illegal use, or possession for personal use, of a controlled substance, or pattern of abuse of alcohol, such use or possession or pattern of abuse must have occurred within one year before the date that the Housing Authority provides notice to the family of the Housing Authority determination to deny or terminate assistance. In determining whether to terminate assistance for these reasons Waco Housing Authority & Affiliates will consider evidence of whether the household member:

1. Has successfully completed a supervised drug or alcohol rehabilitation program (as applicable) immediately after possession and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol; or
2. Has otherwise been rehabilitated successfully since time of notification and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol; or
3. Is participating in a supervised drug or alcohol rehabilitation program, and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol.

F. Informal Hearing Procedures for Denial of Assistance on the Basis of Ineligible Immigration Status

The participant family may request that Waco Housing Authority & Affiliates provide for an informal hearing after the family has notification of the INS decision on appeal, or in lieu of request of appeal to the INS. This request must be made by the participant family within 30 days of receipt of the *Notice of Denial or Termination of Assistance*, or within 30 days of receipt of the INS appeal decision.

For the participant families, the Informal Hearing Process above will be utilized with the exception that the participant family will have up to 30 days of receipt of the *Notice of Denial or Termination of Assistance*, or of the INS appeal decision.

17.0 TERMINATION OF THE LEASE AND CONTRACT

The term of the lease and the term of the HAP contract are the same. They begin on the same date and they end on the same date. The lease may be terminated by the owner, by the tenant, or by the mutual agreement of both. The owner may only terminate the contract by terminating the lease. The HAP contract may be terminated by Waco Housing Authority & Affiliates. Under some circumstances the contract automatically terminates:

- A. Termination of the Lease
 - 1. By the Family

The family may terminate the lease without cause upon proper notice to the owner and to Waco Housing Authority & Affiliates after the initial lease term. The length of the notice that is required is stated in the lease (generally 30 days).
 - 2. By the Owner
 - a. The owner may terminate the lease during its term on the following grounds:
 - i. Serious or repeated violations of the terms and conditions of the lease;
 - ii. Violation of applicable Federal, State, or local law that imposes obligations on the tenant in connection with the occupancy or use of the unit and its premises;
 - iii. Criminal activity by the household, a guest, or another person under the control of the household that threatens the health, safety, or right to peaceful enjoyment of the premises by other persons residing in the immediate vicinity of the premises;
 - iv. Any drug-related or violent criminal activity on or near the premises;
 - v. Other good cause. Other good cause may include, but is not limited to:
 - (1) Failure by the family to accept the offer of a new lease;
 - (2) Family history of disturbances of neighbors or destruction of property, or living or housekeeping habits resulting in damage to the property or unit;
 - (3) The owner's desire to utilize the unit for personal or family use or for a purpose other than use as a residential rental unit;
 - (4) A business or economic reason such as sale of the property, renovation of the unit, desire to rent at a higher rental amount.
 - (5) Foreclosure (982.310)
 - b. During the first year the owner may not terminate tenancy for other good cause unless the reason is because of something the household did or failed to do.
 - c. The owner may only evict the tenant by instituting court action after or simultaneously providing written notice to the participant specifying the grounds for termination. The owner must give Waco Housing Authority & Affiliates a copy of any owner eviction notice to the tenant at the same time that the owner gives the notice to the tenant.
 - d. The owner may terminate the contract at the end of the initial lease term, or any extension of the lease term without cause by providing notice to the family that the lease term will not be renewed.
 - 3. By Mutual Agreement

The family and the owner may at any time mutually agree to terminate the lease.
- B. Termination of the Contract
 - 1. Automatic termination of the contract
 - a. If Waco Housing Authority & Affiliates terminates assistance to the family, the contract terminates automatically.

- b. If the family moves out of the unit, the contract terminates automatically.
 - c. 180 calendar days after the last housing assistance payment to the owner.
2. Termination of the contract by the owner
The owner may only terminate tenancy in accordance with lease and State and local law.
3. Termination of the HAP contract by Waco Housing Authority & Affiliates
The Housing Authority may terminate the HAP contract because:
- a. The Housing Authority has terminated assistance to the family.
 - b. The unit does not meet HQS space standards because of an increase in family size or change in family composition.
 - c. The unit is larger than appropriate for the family size or composition under the regular Voucher Program.
 - d. When the family breaks up and Waco Housing Authority & Affiliates determines that the family members who move from the unit will continue to receive the assistance.
 - e. Waco Housing Authority & Affiliates determines that there is insufficient funding in their contract with HUD to support continued assistance for families in the program.
 - f. The owner has breached the contract in any of the following ways:
 - i. If the owner has violated any obligation under the HAP contract for the dwelling unit, including the owner's obligation to maintain the unit in accordance with the HQS.
 - ii. If the owner has violated any obligation under any other housing assistance payments contract under Section 8 of the 1937 Act.
 - iii. If the owner has committed fraud, bribery, or any other corrupt or criminal act in connection with any Federal housing program.
 - iv. For projects with mortgages insured by HUD or loans made by HUD, if the owner has failed to comply with the regulations for the applicable mortgage insurance or loan program, with the mortgage or mortgage note, or with the regulatory agreement.
 - v. If the owner has engaged in drug-related criminal activity or any violent criminal activity.
 - g. If a welfare-to-work family fails to fulfill its obligations under the welfare-to-work voucher program.
4. Final HAP payment to owner
The HAP payment stops when the lease terminates. The owner may keep the payment for the month in which the family moves out. If the owner has begun eviction proceedings and the family continues to occupy the unit, the Housing Authority will continue to make payments until the owner obtains a judgment or the family moves out.

18.0 QUALITY CONTROL OF SECTION 8 PROGRAM

In order to maintain the appropriate quality standards for the Section 8 program, Waco Housing Authority & Affiliates will annually review files and records to determine if the work documented in the files or records conforms to program requirements. This shall be accomplished by a supervisor or another qualified person other than the one originally responsible for the work or someone subordinate to that person. The number of files and/or records checked shall be at least equal to the number specified in the Section 8 Management Assessment Program for our size housing authority.

18.1 SECTION 8 ADMINISTRATIVE FEE RESERVE CHARGES AND EXPENDITURES:

Waco Housing Authority & Affiliates will comply with procurement policy requirements in regards to approval of any charges and expenditures of Section 8 Administrative Fee Reserves.

A Public Information form will be mailed if an applicant/tenant makes a request. There is no charge for the first twenty pages. WHA will charge fifteen cents per page over twenty pages.

20.0 SECTION 8 HOMEOWNERSHIP PROGRAM

20.1 General

As an addition to Waco Housing Authority & Affiliates' Homeownership Program as stated in the Waco Housing Authority & Affiliates' Agency Plan, Waco Housing Authority & Affiliates will offer a Section 8 Homeownership Option to assist families to purchase a single family home, townhouse, or condominium owned by one or more members of the family.

- A. A family assisted under the homeownership option may be a newly admitted or existing participant in the Waco Housing Authority & Affiliates' Section 8 Program.
- B. Waco Housing Authority & Affiliates will approve a live in aide, if it is determined by the Authority that the aide is needed as a reasonable accommodation for persons with disabilities under this program.
- C. Waco Housing Authority & Affiliates will require that financing for the purchase of a dwelling as defined in this program as a single family home, townhouse or condominium must comply with secondary mortgage market underwriting requirements.
- D. Homeowner down payment requirements will be established in accordance with the secondary mortgage market requirements on an individual family case by case basis.

20.2 Homeownership Option/Initial Requirements

All homeownership option applicants must meet the following initial requirements.

- A. The family must be employed a minimum of 30 hours per week, and must continue employment at a minimum of 30 hours per week for the duration of the loan. This requirement is not applicable if the household member with the income becomes disabled.
- B. The family is income eligible under the Section 8 assistance program.
- C. The dwelling is inspected and meets the uniform housing quality standards. The family has satisfactorily completed the homeownership counseling and training program jointly administered by Waco Housing Authority & Affiliates Family Self-Sufficiency (FSS) staff and Neighborhood Housing Services (NHS). NHS conducts a ten to twelve hour homeownership training course at its Neighborhood Works training facility, which is a HUD approved housing counseling agency.
- D. Any additional Waco Housing Authority & Affiliates requirements will be discussed in our PHA Administrative Plan or Homeownership Option Procedures.
- E. Waco Housing Authority & Affiliates will require homeowner compliance with all environmental requirements of local and regional authorities regarding flood and other hazard insurances.

20.3 Homeownership Option/Eligibility Requirements for Families

A family must meet the following eligibility requirements to receive homeownership option assistance:

- A. Family must be added or transferred to a homeownership option voucher program.
- B. Family must be a first time homebuyer or no member of the family has owned a home or interest in a home for three years
- C. Family satisfies the minimum income requirement of not less than the federal minimum hourly wage multiplied by 2000 hours.
- D. Family satisfies the employment requirements of continuous employment of one year prior to the commencement of homeownership assistance. This employment must be full time employment of at least 30 hours per week. Family must continue employment on a

- yearly basis of not less than 30 hours per week for the duration of the mortgage loan. There is an exception to this employment requirement for the elderly and the disabled.
- E. The family has not defaulted on a previous mortgage securing the debt to purchase a home under the homeownership option program.
- F. The family satisfies all other initial requirements established by Waco Housing Authority & Affiliates in its administrative plan or procedures.

20.4 Homeownership Option/Eligible Units

Waco Housing Authority & Affiliates will determine that the unit satisfies all the following requirements.

- A. The unit must be under construction and at a stage where unit can be completed and sold to the homeownership option buyer within the remaining time on their homeownership voucher (maximum 180 days), or the unit can be an existing unit. In either case, the unit must be available or soon to be available at the time Waco Housing Authority & Affiliates determines the family is eligible for homeownership assistance.
- B. The unit is either a single family home, a townhouse or a condominium.
- C. The unit must be inspected by a Waco Housing Authority & Affiliates inspector and an independent inspector designated by the family.
- D. The unit must satisfy uniform housing quality standards. The seller of the unit must not be a person or entity debarred or suspended from participation in HUD programs. The seller must sign a certification that they are not on HUD's debarred or suspended list prior to Waco Housing Authority & Affiliates' final approval of homeownership assistance.

20.5 Homeownership Option/Additional Waco Housing Authority & Affiliates Requirements for Family Search and Purchase

- A. Waco Housing Authority & Affiliates establishes a maximum time of 180 days for a family to locate a home and to purchase the home. If a homebuyer's time expires, Waco Housing Authority & Affiliates will exercise the option to extend the timeframe if substantial progress has been made and sales closing can be accomplished in 30 days. If sale's closing is not eminent, Waco Housing Authority & Affiliates may offer the buyer a rental voucher or an opportunity to be placed on the rental voucher waiting list.
- B. Waco Housing Authority & Affiliates will require periodic progress reports on the family's ability to find and purchase a home. These update reports will be required at a minimum of 60 days and 120 days. However, they may be more frequent dependent on a family's circumstances.

20.6 Homeownership Option/Homeownership Counseling

All families must attend and satisfactorily complete the pre-assistance housing counseling program conducted by Neighborhood Housing Services of Waco and Waco Housing Authority & Affiliates Family Self Sufficiency staff prior to the commencement of homeownership assistance.

This housing counseling program will include:

- A. Home and grounds maintenance
- B. Budgeting and money management
- C. Credit counseling
- D. Negotiating the purchase of a home
- E. Different types of financing and how to obtain pre-approval
- F. Information on fair housing
- G. Information about closing and settlement
- H. Additional financing counseling can be provided by a HUD approved lender/agency

20.7 Homeownership Option/Home Inspections

All units presented for homeownership assistance must pass a uniform housing quality standards inspection conducted by a Waco Housing Authority & Affiliates inspector. There must also be an independent inspection by an independent professional inspector commissioned by the homeownership assistance family. Although the unit may pass the Authority's HQS inspection, the Authority may disapprove the unit based on information contained in the independent inspection. The independent inspector must provide a copy of the inspection report to the family and the housing authority.

20.8 Homeownership Option/Contract of Sale

The family must enter into a contract of sale with the seller prior to assistance approval.

The family must provide Waco Housing Authority & Affiliates a copy of the contract of sale.

The contract of sale must contain the following:

- A. Price and terms of sale
- B. Provide that purchaser will commission independent inspection
- C. Provide that purchaser is not obligated to purchase unit unless the inspection is satisfactory to the purchaser
- D. Purchaser is not obligated to pay for any necessary repairs
- E. Purchaser is not obligated to purchase should voucher assistance fail to be approved
- F. Contain a certification from the seller that the seller has not been debarred, suspended or subject to a limited denial of participation under Part 24 of the Code of Federal Regulations (CFR)

20.9 Homeownership Option/Affordability of Purchase

Waco Housing Authority & Affiliates, in conjunction with Neighborhood Housing Services will pre-qualify a family as to what price range home they will qualify. Waco Housing Authority & Affiliates prohibits seller financing, balloon payment mortgages and other types of mixed rate mortgages. Waco Housing Authority & Affiliates reserves the right to disapprove assistance based on any financing or debts to secure the home that may have an adverse effect on the family's homeownership rights in the future.

20.10 Homeownership Option/Family Obligations

The Section 8 Homeownership Option program is for Section 8 qualified first time homebuyers that reside in the home for which they are receiving assistance. Therefore, assistance may not continue after the month the family vacates the home. Neither the family nor the lender is obligated to refund any assistance received the month the family vacates.

The family is obligated to the following:

- A. Pre-assistance counseling during the search for a home
- B. Periodic progress updates
- C. Annual ongoing counseling during annual income status reviews
- D. The family must comply with the terms of the mortgage that secures the debt on the home
- E. Prohibited against selling the home receiving assistance without notifying and receiving approval from Waco Housing Authority & Affiliates
- F. Prohibited from refinancing the home receiving assistance without notification and approval from Waco Housing Authority & Affiliates
- G. Family must immediately report any change in family composition or income of family due to death, loss of job, or any other circumstance that will affect the family's ability to maintain the home
- H. Family must supply required information to Waco Housing Authority & Affiliates
- I. Family must notify Waco Housing Authority & Affiliates of any default

- on their mortgage payments that remains delinquent in excess of 60 days.
- J. Prohibition of any ownership interest in a second residence while receiving assistance under this program
- K. Family must certify that they will abide by the family obligations prior to the commencement of assistance.
- L. Family is responsible for eight – ten (8 – 10) hours of post purchase counseling through a HUD approved lender/agency

20.11 Homeownership Option/Maximum Term of Assistance

The maximum terms for assistance are as follows:

- A. Fifteen years for mortgages of 20 years or more
- B. Ten years for all other mortgages
- C. There is no term limitation for elderly or disabled families

There is an elderly/disabled exception where a family that received their initial assistance under the elderly or disabled term status and that family's status changes by the loss of the elderly or disabled person in the family. The family's status will change to the appropriate maximum term from the time the initial assistance commenced. However, this family will be provided assistance six months after the maximum term has expired.

20.12 Homeownership Option/Distribution of Homeownership Assistance Payment

All assistance payments on behalf of the family will be made directly to the Lender. Waco Housing Authority & Affiliates will pay a monthly homeownership assistance payment on behalf of the family that is equal to the lower of:

- A. The payment standard minus the total tenant payment (TTP), or
- B. The family's homeownership monthly expenses minus the total tenant payment

20.13 Homeownership Option/Portability

A family determined eligible for homeownership assistance by an initial housing authority may purchase a home outside the initial housing authority's jurisdiction provided that the receiving Authority is administering a homeownership program and is accepting new homeownership families.

20.14 Homeownership Option/Move with continued Tenant-based Assistance

- A. A family may move with continued tenant-based or homeownership option assistance as long as they have fulfilled all of their homebuyer obligations, including prior notification to Waco Housing Authority & Affiliates.
- B. Waco Housing Authority & Affiliates may not commence tenant-based assistance for occupancy of a new unit as long as the family has any title or interest in the prior home.
- C. Waco Housing Authority & Affiliates may deny permission for the family to move based on unfulfilled obligations, affordability, and any other issues that violate this homeownership rule.

20.15 Purchasing Another Home

Family will be able to sell its home and purchase another home. However, the balance of the term for assistance on the second home remains the same as it was for the first home. i.e. First home – 20 years with eligible assistance up to 15 years. If the family sells the first home at year ten (10), the maximum balance of assistance is for five (5) years on the second loan.

20.16 Homeowners Option/Termination of Assistance

Termination of assistance may occur because of mortgage default, failure to comply with family obligations, and any other addendums to homeownership option policy.

Federal Register – Page 55167:

- (d) *Mortgage default. The PHA must terminate voucher homeownership assistance for any member of family receiving homeownership assistance that is dispossessed from the home pursuant to a judgment or order of foreclosure on any mortgage (whether FHA-insured or non FHA) securing debt incurred to purchase the home, or any refinancing of such debt. The PHA, in its discretion, may permit the family to move to a new unit with continued voucher rental assistance. However, the PHA must deny such permission, if:*
- (1) *The family defaulted on an FHA-insured mortgage; and*
 - (2) *The family fails to demonstrate that:*
 - (i.) *The family has conveyed title to the home, as required by HUD, to HUD or HUD's designee; and*
 - (ii) *The family has moved from the home within the period established or approved by HUD.*

20.17 Homeownership Option/Recapture of Homeownership Assistance

Waco Housing Authority & Affiliates will recapture a percentage of the homeownership assistance provided to a family upon the family's sale or refinancing of the home. This recapture percentage decreases 10% per year of all applicable assistance and costs. The recapture amount is zero once a family has lived in the home for ten (10) years.

20.18 Homeownership Option/Size of Homeownership Option Program

The size of Waco Housing Authority & Affiliates' Homeownership Program will be determined by the response and demand of our client/families and the available funds remaining in our Section 8 voucher allocation at any given time.

20.19 Homeownership Option Preferences

The Homeownership Option will follow the preferences for the Section 8 Voucher Programs with the addition of the Pre-Paid Mortgage Loan preference. The Homeownership Option Program will be offered to all existing Section 8 voucher rental assistance clients in our first phase.

In phase two, all current Section 8 clients holding search packages and clients currently receiving orientation for the rental assistance program will be informed of their opportunity to take advantage of the Section 8 Homeownership Option Program.

In phase three, all new applicants and persons invited off the waiting list for orientation will be informed of their option to participate in the Homeownership Option Program.

20.20 Homeownership Option Ten Year Asset Exclusion

PIH 2012-3 Exemptions terminate after a family's tenth year of participation in the program.

21.0 Section 8 Homeownership Voucher Option Program Procedures

A. Eligibility for Admission

The eligibility for admission to the Homeownership Voucher Program will be the same verification and income requirements as the tenant-based voucher rental assistance program. However, there will be additional eligibility requirements for this program as follows:

1. Family must be a first time homebuyer (or no family member can have had current interest in a residence in the past three years).
2. Family must meet income requirement of the minimum wage x 2000 hours.
3. Family must meet the employment requirement of working on a full time job for at least one year prior to receiving assistance under this program (Full time employment is defined as working at least 30 hours per week on a job).
4. Family must not have defaulted on a mortgage securing debt to purchase a home under the homeownership voucher program.
5. Although all income is included when determining eligibility under the Section 8 rental assistance or public housing rental assistance programs, welfare

assistance income must be excluded when determining for homeownership voucher assistance for all applicants with the exception of elderly or handicapped applicants.

- B. Application Waiting List
The Section 8 Homeownership Voucher Program's initial implementation date will be December 2000 or January 2001. The waiting list for this program will not be separate and apart from the tenant based rental assistance waiting list.
- C. Selection from the Waiting List
Selection from the waiting list will be based on date and time of application.
- D. Homeownership Counseling
Family will be required to attend homeownership counseling administered by NeighborWorks Waco or another qualified agency that conducts Homeownership training prior to the final approval of homeownership voucher assistance approval. This homeownership counseling shall be scheduled upon the issuance of the search and purchase authorization.
- E. Size of Home
The housing authority will not determine the size of home a family can purchase; however, the housing authority does reserve the right to deny assistance due to the affordability of the home selected by the family.
- F. Inspections
The housing authority will conduct an initial HQS inspection to qualify or disqualify a home selected for homeownership voucher assistance.
However, the homebuyer must contract for a second independent professional inspection at the homebuyer's expense. The housing authority will not conduct additional inspections after the home is purchased.
- G. Schedule for Search and Purchase
The prospective homebuyer will have a maximum of 180 days to select a home, secure financing, and close the sale on a home once eligibility assistance is approved. If little progress is made within this timeframe, assistance approval will be terminated and the applicant will retain their current rental assistance, if a current Section 8 resident, or have the option to be placed on the Section 8 rental assistance waiting list if not a current Section 8 rental assistance client.
- H. Portability
The family can purchase a home outside Waco Housing Authority & Affiliates' jurisdiction under the Homeownership Voucher Program as long as the PHA in the new jurisdiction administers a Homeownership Voucher Assistance Program and is accepting new families in their program.
- I. Calculations of Assistance
The housing authority shall pay a monthly homeownership assistance payment on behalf of the family that is equal to the lower of:
The monthly homeownership assistance payment shall be calculated by the annual income of head(s) of household. The annual gross income will be subject to allowances for utility cost (WHA Utility Allowance Sheet), dependent allowance, elderly, and/or head of household receiving disability benefits. For each minor \$480 and \$400 elderly/disability allowance for the head of household and other applicable adult household member(s) whose income is included as household income.
The housing authority shall pay a monthly homeownership assistance payment on behalf of the family that is equal to the lower of (1) the payment standard minus 30% of the adjusted monthly income or (2) homeownership expenses minus 30% of the adjusted monthly income.

Example:	1200	gross monthly income
	<u>x 12</u>	months
	14,400	annual income

14,400	
- 480	dependent allowance
<u>- 480</u>	dependent allowance
13,440	
13,440	
<u>÷ 12</u>	months
1,120	Adjusted Monthly Income
1,120	
<u>x 30%</u>	
336	TTP (Total Tenant Payment)
615	three bedroom payment standard
<u>- 336</u>	TTP
279	Maximum Subsidy
500	mortgage payment
<u>- 279</u>	Maximum Subsidy
221	Tenant Mortgage Payment

- J. Maximum Term of Assistance
The maximum term of assistance is fifteen (15) years for all initial mortgages of twenty (20) years or longer. All other mortgages have a ten-year maximum term. The only exception to this rule is that elderly or disabled applicants have no maximum term.
- K. Payment of Assistance
All assistance payments will be made directly to the lender.
- L. Annual Review
All annual reviews will be conducted on the homeowner's anniversary date for family income change only.
- M. Quality Control & Review
Quality Control of each tenant file will be done at the time of annual recertification. Quality Control of the Program happens annually at the time of annual plan submission to make any necessary plan changes. As always, Waco Housing Authority & Affiliates will comply with all changes in regulations as they occur throughout the year.
- N. Program Goals
Program goals will be set each year at the time of development of the annual plan for submission. 2003-2004 goals for the program are that we will have a minimum of 5 homeowners prior to year end.
Section 8 Budget is annually approved by HUD. This amount is used for all elements within Section 8, including homeownership program expenses.

22.0 VIOLENCE AGAINST WOMEN'S ACT COMPLIANCE

22.1. Admissions and Screening

- A. Non - Denial of Assistance. Waco Housing Authority & Affiliates will not deny admission to public housing or to the Section 8 rental assistance program to any person because that person is or has been a victim of domestic violence, dating violence, or stalking, provided that such person is otherwise qualified for such admission.
- B. Admissions Preference – Applicants for housing assistance from Waco Housing Authority & Affiliates will receive a preference in admissions by virtue of their status as victims of domestic violence (dating violence, stalking).

- C. Mitigation of Disqualifying Information. When so requested in writing by an applicant for assistance whose history includes incidents in which the applicant was a victim of domestic violence, Waco Housing Authority & Affiliates may, but shall not be obligated to, take such information into account in mitigation of potentially disqualifying information, such as poor credit history or previous damage to a dwelling. If requested by an applicant to take such mitigating information into account, Waco Housing Authority & Affiliates shall be entitled to conduct such inquiries as are reasonably necessary to verify the claimed history of domestic violence and its probable relevance to the potentially disqualifying information. Waco Housing Authority & Affiliates will not disregard or mitigate potentially disqualifying information if the applicant household includes a perpetrator of a previous incident or incidents of domestic violence.

22.2. Termination of Tenancy or Assistance

- A. VAWA Protections. Under VAWA, public housing residents and persons assisted under the Section 8 rental assistance program have the following specific protections, which will be observed by Waco Housing Authority & Affiliates:
1. An incident or incidents of actual or threatened domestic violence, dating violence, or stalking will not be considered to be a “serious or repeated” violation of the lease by the victim or threatened victim of that violence and will not be good cause for terminating the tenancy or occupancy rights of or assistance to the victim of that violence.
 2. In addition to the foregoing, tenancy or assistance will not be terminated by Waco Housing Authority & Affiliates as a result of criminal activity, if that criminal activity is directly related to domestic violence, dating violence or stalking engaged in by a member of the assisted household, a guest or another person under the tenant’s control, and the tenant or an immediate family member is the victim or threatened victim of this criminal activity. However, the protection against termination of tenancy or assistance described in this paragraph is subject to the following limitations:
 - a. Nothing contained in this paragraph shall limit any otherwise available authority of Waco Housing Authority & Affiliates or a Section 8 owner or manager to terminate tenancy, evict, or to terminate assistance, as the case may be, for any violation of a lease or program requirement not premised on the act or acts of domestic violence, dating violence, or stalking in question against the tenant or a member of the tenant’s household. However, in taking any such action, neither Waco Housing Authority & Affiliates nor a Section 8 manager or owner may apply a more demanding standard to the victim of domestic violence, dating violence or stalking than that applied to the other tenants.
 - b. Nothing contained in this paragraph shall be construed to limit the authority of Waco Housing Authority & Affiliates or a Section 8 owner or manager to evict or terminate from assistance any tenant or lawful applicant if the owner, manager or Waco Housing Authority & Affiliates, as the case may be, can demonstrate an actual and imminent threat to other tenants or to those employed at or providing service to the property, if the tenant is not evicted or terminated from assistance.
- B. Removal of Perpetrator. Further, notwithstanding anything in paragraph VI.A.2. or Federal, State or local law to the contrary, Waco Housing Authority & Affiliates or a Section 8 owner or manager, as the case may be, may bifurcate a lease, or remove a household member from a lease, without regard to whether a household member is a signatory to a lease, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a tenant or lawful occupant and who engages in acts of physical violence against family members or others. Such action against the perpetrator of such physical violence may be taken without evicting, removing, terminating assistance to, or otherwise penalizing the victim of such violence who is also the tenant or a lawful occupant. Such eviction, removal, termination of occupancy rights,

or termination of assistance shall be effected in accordance with the procedures prescribed by law applicable to terminations of tenancy and evictions by Waco Housing Authority & Affiliates. Leases used for all public housing operated by Waco Housing Authority & Affiliates and, at the option of Section 8 owners or managers, leases for dwelling units occupied by families assisted with Section 8 rental assistance administered by Waco Housing Authority & Affiliates, shall contain provisions setting forth the substance of this paragraph.

22.3. Verification of Domestic Violence, Dating Violence, Sexual assault or Stalking

Requirement for Verification. The law allows, but does not require, Waco Housing Authority & Affiliates or a Section 8 owner or manager to verify that an incident or incidents of actual or threatened domestic violence, dating violence, or stalking claimed by a tenant or other lawful occupant is bonafide and meets the requirements of the applicable definitions set forth in this policy. Subject only to waiver as provided in paragraph IV.C., Waco Housing Authority & Affiliates shall require verification in all cases where an individual claims protection against an action involving such individual proposed to be taken by Waco Housing Authority & Affiliates. Section 8 owners or managers receiving rental assistance administered by Waco Housing Authority & Affiliates may elect to require verification, or not to require it as permitted under applicable law.

Verification of a claimed incident or incidents of actual or threatened domestic violence, dating violence, sexual assault or stalking may be accomplished in one of the following three ways:

- A. HUD-approved form – by providing to Waco Housing Authority & Affiliates or to the requesting Section 8 owner or manager a written certification, on a form approved by the U.S. Department of Housing and Urban Development (HUD), that the individual is a victim of domestic violence, dating violence, sexual assault or stalking that the incident or incidents in question are bona fide incidents of actual or threatened abuse meeting the requirements of the applicable definition(s) set forth in this policy. The incident or incidents in question must be described in reasonable detail as required in the HUD-approved form, and the completed certification must include the name of the perpetrator.
- B. Other documentation – by providing to Waco Housing Authority & Affiliates or to the requesting Section 8 owner or manager documentation signed by an employee, agent, or volunteer of a victim service provider, an attorney, or a medical professional, from whom the victim has sought assistance in addressing the domestic violence, dating violence, sexual assault or stalking, or the effects of the abuse, described in such documentation. The professional providing the documentation must sign and attest under penalty of perjury (28 U.S.C. 1746) to the professional's belief that the incident or incidents in question are bona fide incidents of abuse meeting the requirements of the applicable definition(s) set forth in this policy. The victim of the incident or incidents of domestic violence, dating violence, sexual assault or stalking described in the documentation must also sign and attest to the documentation under penalty of perjury.
- C. Police or court record – by providing to Waco Housing Authority & Affiliates or to the requesting Section 8 owner or manager a Federal, State, tribal, territorial, or local police or court record describing the incident or incidents in question.
- D. Time allowed to provide verification/failure to provide. An individual who claims protection against adverse action based on an incident or incidents of actual or threatened domestic violence, dating violence, sexual assault or stalking, and who is requested by Waco Housing Authority & Affiliates, or a Section 8 owner or manager to provide verification, must provide such verification within 14 business days (i.e., 14 calendar days, excluding Saturdays, Sundays, and federally-recognized holidays) after receipt of the request for verification. Failure to provide verification, in proper form within such time will result in loss of protection under VAWA and this policy against a proposed adverse action.
- E. Waiver of verification requirement. The President/CEO of Waco Housing Authority & Affiliates, or a Section 8 owner or manager, may, with respect to any specific case, waive

the above-stated requirements for verification and provide the benefits of this policy based on the victim's statement or other corroborating evidence. Such waiver may be granted in the sole discretion of the Executive Director, owner or manager. Any such waiver must be in writing. Waiver in a particular instance or instances shall not operate as precedent for, or create any right to, waiver in any other case or cases, regardless of similarity in circumstances.

22.4. Confidentiality

- A. Right of confidentiality. All information (including the fact that an individual is a victim of domestic violence, dating violence, sexual assault or stalking) provided to Waco Housing Authority & Affiliates or to a Section 8 owner or manager in connection with a verification required under Section IV of this policy or provided in lieu of such verification where a waiver of verification is granted, shall be retained by the receiving party in confidence and shall neither be entered in any shared database nor provided to any related entity, except where disclosure is:
 - 1. requested or consented to by the individual in writing, or
 - 2. required for use in a public housing eviction proceeding, or in connection with termination of Section 8 assistance, as permitted in VAWA, or
 - 3. otherwise required by applicable law.
- B. Notification of rights. All tenants of public housing and tenants participating in the Section 8 rental assistance program administered by Waco Housing Authority & Affiliates shall be notified in writing concerning their right to confidentiality and the limits on such rights to confidentiality.

22.5. Transfer to a New Residence

- A. Application for transfer. In situations that involve significant risk of violent harm to an affiliated individual as a result of previous incidents or threats of domestic violence, dating violence, sexual assault or stalking, Waco Housing Authority & Affiliates will, if an approved unit size is available at a location that may reduce the risk of harm, approve transfer by a public housing or Section 8 tenant to a different unit in order to reduce the level of risk to the individual. A tenant who requests transfer must attest in such application that the requested transfer is necessary to protect the health or safety of the tenant or another member of the household who is or was the victim of domestic violence, dating violence, sexual assault or stalking and who reasonably believes that the affiliated individual will be imminently threatened by harm from further violence if the individual remains in the present dwelling unit. Any tenant who allows the perpetrator to live in the unit without prior approval from WHA will be grounds for termination of assistance for a period of three years.
- B. Action on application. Waco Housing Authority & Affiliates will act upon such an application promptly within 14 days.
- C. Waco Housing Authority & Affiliates will make every effort to accommodate requests for transfer when suitable alternative vacant units are available and the circumstances warrant such action. However, except with respect to portability of Section 8 assistance as provided in paragraph E. below, the decision to grant or refuse to grant a transfer shall lie within the sole discretion of Waco Housing Authority & Affiliates, and this policy does not create any right on the part of any applicant to be granted a transfer.
- D. Family rent obligations. If a family occupying Waco Housing Authority & Affiliates public housing moves before the expiration of the lease term in order to protect the health or safety of a household member, the family will remain liable for the rent during the remainder of the lease term unless released by Waco Housing Authority & Affiliates. In cases where Waco Housing Authority & Affiliates determines that the family's decision to move was reasonable under the circumstances, Waco Housing Authority & Affiliates may wholly or partially waive rent payments and any rent owed shall be reduced by the amounts of rent collected for the remaining lease term from a tenant subsequently occupying the unit.

- E. Portability. Notwithstanding the foregoing, a Section 8 assisted tenant will not be denied portability to a unit located in another jurisdiction (notwithstanding the term of the tenant's existing lease has not expired, or the family has not occupied the unit for 12 months) so long as the tenant has complied with all other requirements of the Section 8 program and has moved from the unit in order to protect the health and safety of an affiliated individual who is or has been the victim of domestic violence, dating violence, sexual assault or stalking and who reasonably believes that the affiliated individual will be imminently threatened by harm from further violence if the individual remains in the present dwelling unit.

22.6. Court Orders/Family Break-up

- A. Court orders. It is Waco Housing Authority & Affiliates' policy to honor orders entered by courts of competent jurisdiction affecting individuals assisted by Waco Housing Authority & Affiliates and their property. This includes cooperating with law enforcement authorities to enforce civil protection orders issued for the protection of victims and addressing the distribution of personal property among household members in cases where a family breaks up.
- B. Family break-up. Other Waco Housing Authority & Affiliates policies regarding family break-up are contained in Waco Housing Authority & Affiliates' Public Housing Admissions and Continuing Occupancy Plan (ACOP) and its Section 8 Administrative Plan.

22.7. Relationships with Service Providers

It is the policy of Waco Housing Authority & Affiliates to cooperate with organizations and entities, both private and governmental that provide shelter and/or services to victims of domestic violence. If Waco Housing Authority & Affiliates staff becomes aware that an individual assisted by Waco Housing Authority & Affiliates is a victim of domestic violence, dating violence or stalking, Waco Housing Authority & Affiliates will refer the victim to such providers of shelter or services as appropriate. Notwithstanding the foregoing, this Policy does not create any legal obligation requiring Waco Housing Authority & Affiliates either to maintain a relationship with any particular provider of shelter or services to victims or domestic violence or to make a referral in any particular case. Waco Housing Authority & Affiliates' annual public housing agency plan shall describe providers of shelter or services to victims of domestic violence with which Waco Housing Authority & Affiliates has referral or other cooperative relationships.

22.8 Notification

Waco Housing Authority & Affiliates shall provide written notification to applicants, tenants, and Section 8 owners and managers, concerning the rights and obligations created under VAWA relating to confidentiality, denial of assistance and termination of tenancy or assistance.

In accordance with VAWA Reauthorization Act of 2013 (FR 11/16/16) Notification of Occupancy Rights under the VAWA (Form HUD – 5380) and Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and alternate Documentation (Form HUD – 5382) will be provided to all applicants and/or tenants as required.

22.9 Relationship with Other Applicable Laws

Neither VAWA nor this Policy implementation shall preempt or supersede any provision of Federal, State or local law that provides greater protection than that provided under VAWA for victims of domestic violence, dating violence or stalking.

22.10 Amendment

This policy may be amended from time to time by Waco Housing Authority & Affiliates as approved by Waco Housing Authority & Affiliates Board of Commissioners

In accordance with the VAWA Reauthorization Act of 2013 (FR 11/16/16), WHA has implemented the following internal and external Emergency Transfer Plan:

- A. the Emergency Transfer Plan will be available upon request and, when feasible, publically available.
- B. The **Waco Housing** Authority will retain record of all emergency transfer requests and the outcome and retain this information for a period of three years.
- C. WHA will provide request and outcomes to HUD annually

Emergency Transfer Plan for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking

Emergency Transfers

WACO HOUSING AUTHORITY ~~is~~ **AUTHORITY** is concerned about the safety of its tenants, and such concern extends to tenants who are victims of domestic violence, dating violence, sexual assault, or stalking. In accordance with the Violence Against Women Act (VAWA),¹ Waco Housing Authority allows tenants who are victims of domestic violence, dating violence, sexual assault, or stalking to request an emergency transfer from the tenant's current unit to another unit or to port to another Housing Authority's jurisdiction under portability. The ability to request a transfer is available regardless of sex, gender identity, or sexual orientation.² The ability of WHA to honor such request for tenants currently receiving assistance, however, may depend upon a preliminary determination that the tenant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking.

This plan identifies tenants who are eligible for an emergency transfer, the documentation needed to request an emergency transfer, confidentiality protections, how an emergency transfer may occur, and guidance to tenants on safety and security. This plan is based on a model emergency transfer plan published by the U.S. Department of Housing and Urban Development (HUD), the Federal agency that oversees that **Section 8** is in compliance with VAWA.

Eligibility for Emergency Transfers

A tenant who is a victim of domestic violence, dating violence, sexual assault, or stalking, as provided in HUD's regulations at 24 CFR part 5, subpart L is eligible for an emergency transfer, if: the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant remains within the same unit. If the tenant is a victim of sexual assault, the tenant may also be eligible to transfer if the sexual assault occurred on the premises within the 90-calendar-day period preceding a request for an emergency transfer.

A tenant requesting an emergency transfer must expressly request the transfer in accordance with the procedures described in this plan. Tenants who are not in good standing may still request an emergency transfer if they meet the eligibility requirements in this section.

¹ Despite the name of this law, VAWA protection is available to all victims of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, or sexual orientation.

² Housing providers cannot discriminate on the basis of any protected characteristic, including race, color, national origin, religion, sex, familial status, disability, or age. HUD-assisted and HUD-insured housing must be made available to all otherwise eligible individuals regardless of actual or perceived sexual orientation, gender identity, or marital status.

Emergency Transfer Request Documentation

To request an emergency transfer, the tenant shall notify their Section 8 Counselor and submit a written request for a transfer to another unit or Housing Authority's jurisdiction. WHA will provide reasonable accommodations to this policy for individuals with disabilities. The tenant's written request for an emergency transfer should include either:

1. A statement expressing that the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant were to remain in the same dwelling unit assisted under WHA program; OR
2. A statement that the tenant was a sexual assault victim and that the sexual assault occurred on the premises during the 90-calendar-day period preceding the tenant's request for an emergency transfer.

Confidentiality

WHA will keep confidential any information that the tenant submits in requesting an emergency transfer, and information about the emergency transfer, unless the tenant gives WHA written permission to release the information on a time limited basis, or disclosure of the information as required by law or required for use in an eviction proceeding or hearing regarding termination of assistance from the covered program.

This includes keeping confidential the new location of the dwelling unit of the tenant, if one is provided, from the person(s) that committed an act(s) of domestic violence, dating violence, sexual assault, or stalking against the tenant. See the Notice of Occupancy Rights under the Violence Against Women Act for All Tenants for more information about WHA's responsibility to maintain the confidentiality of information related to incidents of domestic violence, dating violence, sexual assault, or stalking.

Emergency Transfer Timing and Availability

WHA cannot guarantee that a transfer request will be approved or how long it will take to process a transfer request. WHA will, however, act as quickly as possible to move a tenant who is a victim of domestic violence, dating violence, sexual assault, or stalking to another unit, or to another Housing Authority's jurisdiction under portability.

At the tenant's request, WHA will also assist tenants in contacting the local organizations offering assistance to victims of domestic violence, dating violence, sexual assault, or stalking that are attached to this plan.

Safety and Security of Tenants

Pending processing of the transfer and the actual transfer, if it is approved and occurs, the tenant is urged to take all reasonable precautions to be safe.

Tenants who are or have been victims of domestic violence are encouraged to contact the:

National Domestic Violence Hotline at 1-800-799-7233, or a local domestic violence shelter, for assistance in creating a safety plan.

For persons with hearing impairments, that hotline can be accessed by calling 1-800-787-3224 (TTY).

Tenants who have been victims of sexual assault may call the Rape, Abuse & Incest National Network's National Sexual Assault Hotline at 800-656-HOPE, or visit the online hotline at <https://ohl.rainn.org/online/>.

Tenants who are or have been victims of stalking seeking help may visit the National Center for Victims of Crime's Stalking Resource Center at <https://www.victimsofcrime.org/our-programs/stalking-resource-center>.

WHA will provide a local resource guide, this guide will provide contact info for and information on organizations offering assistance to victims of domestic violence, dating violence, sexual assault, or stalking.

23.0 Emergency Procedures for Natural Disasters within the State of Texas

In the event of a natural disaster within the state of Texas, Waco Housing Authority & Affiliates will accept applications from residents within the state of Texas for both Public Housing and Section 8. The event must be declared a disaster by the Governor of the state of Texas. These applications will receive priority status due to the disaster and will move to the top of the Waiting List for both Public Housing and Section 8.

24.0. Emergency Procedures for Natural Disasters within the United States

In the event of a natural disaster within the United States, Waco Housing Authority & Affiliates will accept applications from residents within the United States for both Public Housing and Section 8. The event must be declared a disaster by the President of the United States. These applications will receive priority status due to the disaster and will move to the top of the Waiting List for both Public Housing and Section 8.

25.0. Project Based Rental Assistance

The owners referred to in 24 CFR 5.903 (d) are owners participating in the Section 8 project-based program, not the Section 8 tenant based program.

[The PHA will operate a PBV program in accordance with HUD guidelines](#)

GLOSSARY

1937 Housing Act: The United States Housing Act of 1937 [42 U.S.C. 1437 et seq.]

Absorption: In portability, the point at which a receiving PHA starts making assistance payments with funding under its consolidated Annual Contribution Contract. [24 CFR 982.4]

Adjusted Annual Income: The amount of household income, after deductions for specified allowances, on which tenant rent is based.

Administrative fee: Fee paid by HUD to the housing authority for the administration of the program.

Administrative Plan: The plan that describes housing authority policies for the administration of the tenant-based programs.

Admission: The point when the family becomes a participant in the program. In a tenant-based program, the date used for this purpose is the effective date of the first HAP Contract for a family (first day of initial lease term).

Adult: A household member who is 18 years or older or who is the head of the household, or spouse, or co-head. An adult must have the legal capacity to enter a lease under State and local law or who has been convicted of a crime as an adult under any deferral, State or Tribal Law.

Affiliated Individual: means, with respect to an individual: A spouse, parent, brother, sister, or child of that individual, or an individual to whom that individual stands in the place of a parent or guardian; or Any other individual, tenant, or lawful occupant living in the household of that individual.

Allowances: Amounts deducted from the household's annual income in determining adjusted annual income (the income amount used in the rent calculation). Allowances are given for elderly families, dependents, medical expenses for elderly families, disability expenses, and child care expenses for children under 13 years of age. Other allowances can be given at the discretion of the housing authority.

Amortization Payment: In a manufactured home space rental: The monthly debt service payment by the family to amortize the purchase price of the manufactured home. If furniture was included in the purchase price, the debt service must be reduced by 15% to exclude the cost of the furniture. The amortization cost is the initial financing, not refinancing. Set-up charges may be included in the monthly amortization payment.

Annual Contributions Contract (ACC): The written contract between HUD and a housing authority under which HUD agrees to provide funding for a program under the 1937 Act, and the housing authority agrees to comply with HUD requirements for the program.

Annual Income: All amounts, monetary or not, that:

- a. Go to (or on behalf of) the family head or spouse (even if temporarily absent) or to any other family member, and
- b. Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- c. Are not specifically excluded from Annual Income; and
- d. Annual Income also includes amounts derived (during the 12-month period) from assets to which any member of the family has access.

Applicant (applicant family): A family that has applied for admission to a program but is not yet a participant in the program.

Assets: see net family assets.

Asset Income: Income received from assets held by household members. If assets total more than \$5,000, income from the assets is "imputed" and the greater of actual asset income and imputed asset income is counted in annual income.

Assisted lease (lease): A written agreement between an owner and a family for the leasing of a dwelling unit to the family. The lease establishes the conditions for occupancy of the dwelling unit by a family with housing assistance payments under a HAP contract between the owner and the housing authority.

Bifurcate: Means, with respect to a public housing or Section 8 lease, to divide a lease as a matter of law such that certain tenants can be evicted or removed while the remaining family members' lease and occupancy rights are allowed to remain intact.

Certification: The examination of a household's income, expenses, and family composition to determine the household's eligibility for program participation and to calculate the household's rent for the following 12 months. (No longer issued after October 1, 1999)

Child: For purposes of citizenship regulations, a member of the family other than the family head or spouse who is under 18 years of age.

Child care expenses: Amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which annual income is computed, but only where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for child care. In the case of childcare necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income.

Citizen: A citizen or national of the United States.

Common space: In shared housing: Space available for use by the assisted family and other occupants of the unit.

Congregate housing: Housing for elderly or persons with disabilities that meets the HQS for congregate housing.

Consent form: Any consent form approved by HUD to be signed by assistance applicants and participants for the purpose of obtaining income information from employers and SWICAs, return information from the Social Security Administration, and return information for unearned income from the Internal Revenue Service. The consent forms may authorize the collection of other information from assistance applicants or participants to determine eligibility or level of benefits.

Contiguous MSA: In portability, an MSA that shares a common boundary with the MSA in which the jurisdiction of the initial housing authority is located.

Continuously assisted: An applicant is continuously assisted under the 1937 Housing Act if the family is already receiving assistance under any 1937 Housing Act program when the family is admitted to the Voucher Program.

Cooperative: Housing owned by a non-profit corporation or association, and where a member of the corporation or association has the right to reside in a particular apartment, and to participate in management of the housing.

Covered Housing – Includes Section 8 tenant based housing

Credible Evidence – Includes evidence provided by police and the court system, such as drug raids, drugs found in the dwelling unit, evidence which is tied to the activity, arrest warrant issued, etc. evidence may also combine testimony from neighbors with other credit evidence.

Dating Violence: Violence committed by a person:

(A) who is or has been in a social relationship of a romantic or intimate nature with the victim; and

(b) where the existence of such a relationship shall be determined based on a consideration of the following factors:

(i) the length of the relationship; (ii) the type of relationship; and (iii) the frequency of interaction between the persons involved in the relationship.

Domestic Violence: Includes felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, by a person with whom the victim share a child in common, by a person who is cohabitated with or has cohabited with the victim as a spouse, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.

Domicile: The legal residence of the household head or spouse as determined in accordance with State and local law.

Decent, safe, and sanitary: Housing is decent, safe, and sanitary if it satisfies the applicable housing quality standards.

Department: The Department of Housing and Urban Development.

Dependent: A member of the family (except foster children and foster adults) other than the family head or spouse, who is under 18 years of age, or is a person with a disability, or is a full-time student.

Disability assistance expenses: Reasonable expenses that are anticipated, during the period for which annual income is computed, for attendant care and auxiliary apparatus for a disabled family member and that are necessary to enable a family member (including the disabled member) to be employed, provided that the expenses are neither paid to a member of the family nor reimbursed by an outside source.

Disabled family: A family whose head, spouse, or sole member is a person with disabilities; or two or more persons with disabilities living together; or one or more persons with disabilities living with one or more live-in aides.

Disabled person: See "person with disabilities."

Displaced family: A family in which each member, or whose sole member, is a person displaced by governmental action (such as urban renewal), or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.

Displaced person: A person displaced by governmental action (such as urban renewal), or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.

Drug-related criminal activity: Illegal use or personal use of a controlled substance, and the illegal manufacture, sale, distribution, use or possession with intent to manufacture, sell, distribute or use, of a controlled substance.

Drug trafficking: The illegal manufacture, sale, or distribution, or the possession with intent to manufacture, sell, or distribute, of a controlled substance.

Elderly family: A family whose head, spouse, or sole member is a person who is at least 62 years of age; or two or more persons who are at least 62 years of age living together; or one or more persons who are at least 62 years of age living with one or more live-in aides.

Elderly person: A person who is at least 62 years of age.

Evidence of citizenship or eligible status: The documents that must be submitted to evidence citizenship or eligible immigration status.

Exception rent: An amount that exceeds the published fair market rent.

Extremely low-income families: A very low-income family whose annual income does not exceed the higher of: The poverty guideline established by the Department of Health & Human Services applicable to the size involved or Thirty (30) percent of the median income for the areas as determined by HUD with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 30 percent of the area median income for the area if HUD finds that such variations are necessary because of unusually high or low family incomes. (added 3/28)

Fair Housing Act: Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988 (42 U.S.C. 3601 et seq.).

Fair market rent (FMR): The rent, including the cost of utilities (except telephone), as established by HUD for units of varying sizes (by number of bedrooms), that must be paid in the housing market area to rent privately-owned existing, decent, safe and sanitary rental housing of modest (non-luxury) nature with suitable amenities. FMRs are published periodically in the Federal Register.

Family includes but is not limited to:

- a. A family with or without children (the temporary absence of a child from the home due to placement in foster care shall not be considered in determining family composition and family size);
- b. An elderly family;
- c. A near-elderly family;
- d. A disabled family;
- e. A displaced family;
- f. The remaining member of a tenant family; and
- g. A single person who is not an elderly or displaced person, or a person with disabilities, or the remaining member of a tenant family.
- h. Gender identity and sexual orientation

Family members: include all household members except live-in aides, foster children and foster adults. All family members permanently reside in the unit, though they may be temporarily absent. All family members are listed on the HUD-50058 form. WHA may approve to add foster adults and foster children to the household if it does not result in overcrowding (foster children are defined as children in the legal guardianship of a state, county, or private adoption or foster care agency, yet are cared for by foster parents in their own homes, under some kind of short-term or long-term foster care arrangement with the custodial agency).

An emancipated minor may be designated as a cohead

Family Rent to Owner: In the voucher program, the portion of rent to owner paid by the family.

Family self-sufficiency program (FSS program): The program established by a housing authority to promote self-sufficiency of assisted families, including the coordination of supportive services (42 U.S.C. 1437u).

Family share: The portion of rent and utilities paid by the family or the gross rent minus the amount of the housing assistance payment.

Family unit size: The appropriate number of bedrooms for a family as determined by the housing authority under the housing authority's subsidy standards.

50058 Form: The HUD form that housing authorities are required to complete for each assisted household in public housing to record information used in the certification and re-certification process, and at the option of the housing authority, for interim reexaminations.

FMR/exception rent limit: The Section 8 existing housing fair market rent published by HUD headquarters, or any exception rent. For a tenancy in the Voucher Program, the housing authority may adopt a payment standard up to the FMR/exception rent limit.

Full-time student: A person who is carrying a subject load that is considered full-time for day students under the standards and practices of the educational institution attended. An educational institution includes a vocational school with a diploma or certificate program, as well as an institution offering a college degree.

Gender identity: Identity means actual or perceived gender-related characteristics and actual or perceived sexual orientation or marital status

Gross rent: The sum of the rent to the owner plus any utilities.

Group Home: A dwelling unit that is licensed by a State as a group home for the exclusive residential use of two to twelve persons who are elderly or persons with disabilities (including any live-in aide).

Head of household: The adult member of the family who is the head of the household for purposes of determining income eligibility and rent.

Household members: include all individuals who reside or will reside in the unit and who are listed on the lease, including live-in aides, foster children and foster adults.

Housing Assistance Payment (HAP): The monthly assistance by a housing authority, which includes (1) a payment to the owner for rent to the owner under the family's lease, and (2) an additional payment to the family if the total assistance payment exceeds the rent to owner.

Housing quality standards (HQS): The HUD minimum quality standards for housing assisted under the Section 8 program.

Housing voucher: A document issued by a housing authority to a family selected for admission to the Voucher Program. This document describes the program and the procedures for housing authority approval of a unit selected by the family. The voucher also states the obligations of the family under the program.

Housing voucher holder: A family that has an unexpired housing voucher.

Imputed income: For households with net family assets of more than \$5,000, the amount calculated by multiplying net family assets by a HUD-specified percentage. If imputed income is more than actual income from assets, the imputed amount is used in determining annual income.

Income category: Designates a family's income range. There are three categories: low income, very low income and extremely low income.

Independent Student: Those who were an orphan, in foster care, or ward of court at the age of 13 or who are or were emancipated or in legal guardianship; unaccompanied youths who are homeless or at risk of homelessness or at risk of homelessness.

Incremental income: The increased portion of income between the total amount of welfare and earnings of a family member prior to enrollment in a training program, and welfare and earnings of the family member after enrollment in the training program. All other amounts, increases and decreases, are treated in the usual manner in determining annual income.

Initial Housing Authority: In portability, both: (1) a housing authority that originally selected a family that later decides to move out of the jurisdiction of the selecting housing authority; and (2) a housing authority that absorbed a family that later decides to move out of the jurisdiction of the absorbing housing authority.

Initial payment standard: The payment standard at the beginning of the HAP contract term.

Initial rent to owner: The rent to owner at the beginning of the initial lease term.

Interim (examination): A reexamination of a household's income, expenses, and household status conducted between the annual recertifications when a change in a household's circumstances warrant such a reexamination.

Jurisdiction: The area in which the housing authority has authority under State and local law to administer the program.

Law enforcement agency: *the National Crime Information Center (NCIC), police departments, and other law enforcement agencies that hold criminal conviction records. (NCIC) is a division within the Federal Bureau of Investigations (FBI).*

Lease: A written agreement between an owner and tenant for the leasing of a dwelling unit to the tenant. The lease establishes the conditions for occupancy of the dwelling unit by a family with housing assistance payments under a HAP Contract between the owner and the housing authority.

Legal capacity: The participant is bound by the terms of the lease and may enforce the terms of the lease against the owner.

Live-in aide: A person who resides with one or more elderly persons, or near-elderly persons, or persons with disabilities, and who:

- a. Is determined to be essential to the care and well-being of the persons;
- b. Is not obligated for the support of the persons; and
- c. Would not be living in the unit except to provide the necessary supportive services.

Low-income families: Those families whose incomes do not exceed 80% of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families. [1937Act]

Manufactured home: A manufactured structure that is built on a permanent chassis, is designed for use as a principal place of residence, and meets the HQS.

Manufacture home space: In manufactured home space rental: A space leased by an owner to a family. A manufactured home owned and occupied by the family is located on the space.

Medical expenses: Medical expenses, including medical insurance premiums that are anticipated during the period for which annual income is computed, and that are not covered by insurance.

Mixed family: A family whose members include those with citizenship or eligible immigration status, and those without citizenship or eligible immigration status.

Moderate rehabilitation: Rehabilitation involving a minimum expenditure of \$1000 for a unit, including its prorated share of work to be accomplished on common areas or systems, to:

- a. upgrade to decent, safe and sanitary condition to comply with the Housing Quality Standards or other standards approved by HUD, from a condition below these standards (improvements being of a modest nature and other than routine maintenance); or
- b. repair or replace major building systems or components in danger of failure.

Monthly adjusted income: One twelfth of adjusted income.

Monthly income: One twelfth of annual income.

Mutual housing: included in the definition of "cooperative".

National: A person who owes permanent allegiance to the United States, for example, as a result of birth in a United States territory or possession.

Near-elderly family: A family whose head, spouse, or sole member is a person who is at least 50 years of age but below the age of 62; or two or more persons who are at least 50 years of age but below the age of 62 living together; or one or more persons who are at least 50 years of age but below the age of 62 living with one or more live-in aides.

Net family assets:

- a. Net cash value after deducting reasonable costs that would be incurred in disposal of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and excluding equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded.
- b. In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining annual income.
- c. In determining net family assets, housing authorities or owners, as applicable, shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or reexamination, as applicable, in excess of the consideration received therefore. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

Noncitizen: A person who is neither a citizen nor national of the United States.

Notice Of Funding Availability (NOFA): For budget authority that HUD distributes by competitive process, the Federal Register document that invites applications for funding. This document explains how to apply for assistance and the criteria for awarding the funding.

Occupancy standards: The standards that the housing authority establishes for determining the appropriate number of bedrooms needed to house families of different sizes or composition.

Other adult: A family member, other than the head, spouse, or cohead, who is 18 years of age or older excludes foster adults and live in aides

Owner: Any person or entity, including a cooperative, having the legal right to lease or sublease existing housing.

Participant (participant family): A family that has been admitted to the housing authority's program and is currently assisted in the program. The family becomes a participant on the effective date of the first HAP contract executed by the housing authority for the family (first day of initial lease).

Payment standard: In a voucher tenancy, the maximum monthly assistance payment for a family (before deducting the total tenant payment by family contribution). For a voucher tenancy, the housing authority sets a payment standard in the range from 90% to 110% of the current FMR.

Person with disabilities: A person who:

- a. Has a disability as defined in Section 223 of the Social Security Act,

"Inability to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months, or

In the case of an individual who attained the age of 55 and is blind and unable by reason of such blindness to engage in substantial, gainful activity requiring skills or ability comparable to those of any gainful activity in which he has previously engaged with some regularity and over a substantial period of time."

- b. Is determined, pursuant to regulations issued by the Secretary, to have a physical, mental, or emotional impairment that:
 - (1) Is expected to be of long-continued and indefinite duration,
 - (2) Substantially impedes his or her ability to live independently, and
 - (3) Is of such a nature that such ability could be improved by more suitable housing conditions, or
- c. Has a developmental disability as defined in Section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act.

"Severe chronic disability that:

- (1) is attributable to a mental or physical impairment or combination of mental and physical impairments;
- (2) Is manifested before the person attains age 22;
- (3) Is likely to continue indefinitely;
- (4) results in substantial functional limitation in three or more of the following areas of major life activity: (1) self care, (2) receptive and responsive language, (3) learning, (4) mobility, (e) self-direction, (6) capacity for independent living, and (7) economic self-sufficiency; and
- (5) Reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated."

This definition does not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome.

No individual shall be considered to be a person with disabilities for purposes of eligibility solely based on any drug or alcohol dependence.

Portability: Renting a dwelling unit with Section 8 tenant-based assistance outside the jurisdiction of the initial housing authority.

Premises: The building or complex in which the dwelling unit is located, including common areas and grounds.

Private space: In shared housing: The portion of a contract unit that is for the exclusive use of an assisted family.

Preservation: This program encourages owners of eligible multifamily housing projects to preserve low-income housing affordability and availability while reducing the long-term cost of providing rental assistance. The program offers several approaches to restructuring the debt of properties developed with project-based Section 8 assistance whose HAP contracts are about to expire.

Preponderance of Evidence – Evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is evidence which as a whole shows that the fact sought to be proved is more probable than not. Preponderance of the evidence may not be determined by the number of witnesses, but by the greater weight of all evidence.

Project Based Rental Assistance: Assistance that is attached to the structure

Proration of assistance: The reduction in a family's housing assistance payment to reflect the proportion of family members in a mixed family who are eligible for assistance.

Public Housing Agency: A State, county, municipality or other governmental entity or public body (or agency or instrumentality thereof) authorized to engage in or assist in the development or operation of low-income housing.

Reasonable Accommodation:

Reasonable rent: A rent to owner that is not more than charged: (a) for comparable units in the private unassisted market; and (b) for a comparable unassisted unit in the premises.

Receiving Housing Authority: In portability, a housing authority that receives a family selected for participation in the tenant-based program of another housing authority. The receiving housing authority issues a voucher, and provides program assistance to the family.

Re-certification: A reexamination of a household's income, expenses, and family composition to determine the household's rent for the following 12 months.

Remaining member of a tenant family: A member of the family listed on the lease who continues to live in an assisted household after all other family members have left.

Rent to owner: The monthly rent payable to the owner under the lease. Rent to owner covers payment for any housing services, maintenance, and utilities that the owner is required to provide and pay for.

Responsible entity – a PHA administering a Section 8 program under an annual contributions contract with HUD.

Set-up charges: In a manufactured home space rental, charges payable by the family for assembly, skirting and anchoring the manufactured home.

Sexual Assault: Any nonconsensual sexual act proscribed by federal, tribal, or state law, including when the victim lacks the capacity to consent.

Sexual Orientation: Homosexuality, heterosexuality or bisexuality.

Shared housing:

A single housing unit occupied by an assisted family and another resident or residents.

The shared unit consists of both common space for use by all the occupant of the unit and separate private space for each assisted family.

Shelter allowance: That portion of a welfare benefit (e.g., TANF) that the welfare agency designates to be used for rent and utilities.

Single person: Someone living alone or intending to live alone who does not qualify as an elderly person, a person with disabilities, a displaced person, or the remaining member of a tenant family.

Single room occupancy housing (SRO): A unit for occupancy by a single eligible individual capable of independent living that contains no sanitary facilities or food preparation facilities, or contains either, but not both, types of facilities.

Small area FMR's (SAFMRs): *Are U.S. Postal or ZIP code areas within certain designated metropolitan areas that meet criteria outlined at 24 CFR 888.113(c)*

Special admission: Admission of an applicant that is not on the housing authority waiting list, or admission without considering the applicant's waiting list position.

Special housing types: Special housing types include: SRO housing, congregate housing, group homes, shared housing, cooperatives (including mutual housing), and manufactured homes (including manufactured home space rental).

Stalking: Engaging in a course of conduct directed at a specific person that would cause a reasonable person to: Fear for the person's individual safety or the safety of others or Suffer substantial emotional distress..

State Wage Information Collection Agency (SWICA): The State agency receiving quarterly wage reports from employers in the State, or an alternative system that has been determined by the Secretary of Labor to be as effective and timely in providing employment-related income and eligibility information.

Statement of family responsibility: An agreement in the form prescribed by HUD, between the housing authority and a family to be assisted under the Moderate Rehabilitation Program, stating the obligations and responsibilities of the family.

Subsidy standards: Standards established by a housing authority to determine the appropriate number of bedrooms and amount of subsidy for families of different sizes and compositions.

Suspension: Stopping the clock on the term of a family's voucher, for such period as determined by the housing authority, from the time when the family submits a request for housing authority approval to lease a unit, until the time when the housing authority approves or denies the request. Also referred to as tolling.

Tenant: The person or persons (other than a live-in aide) who executes the lease as lessee of the dwelling unit.

Tenant Based Rental Assistance: Assistance : Assistance follows the family.

Tuition: The amount of money charged to students for instructional services which may be charged per term, per course, or per credit. The amount of tuition and required fees covering a full academic year most frequently charged to students.

Third-party (verification): Oral or written confirmation of a household's income, expenses, or household composition provided by a source outside the household, such as an employer, doctor, school official, etc.

Tolling: see suspension.

Total tenant payment (TTP):

- (1) Total tenant payment is the amount calculated under Section 3(a) (1) of the 1937 Act which is the higher of:
 - a. 30% of the family's monthly adjusted income;
 - b. 10% of the family's monthly income;
 - c. Minimum rent; or
 - d. If the family is receiving payments for welfare assistance from a public agency and a part of such payments, adjusted in accordance with the family's actual housing costs, is specifically designated by such agency to meet the family's housing costs, the portion of such payments which is so designated.
- (2) If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under Section 3(a) (1) shall be the amount resulting from one application of the percentage.

Utility allowance: If the cost of utilities (except telephone) and other housing services for an assisted unit is not included in the tenant rent but is the responsibility of the family occupying the unit, an amount equal to the estimate made or approved by a housing authority or HUD of the monthly cost of a reasonable consumption of such utilities and other services for the unit by an energy-conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful living environment.

Utility hook-up charge: In a manufactured home space rental, costs payable by a family for connecting the manufactured home to utilities such as water, gas, electrical and sewer lines.

Utility reimbursement: In the voucher program, the portion of the housing assistance payment that exceeds the amount of the rent to owner. It is only paid when the housing assistance payment exceeds the rent to owner. In the certificate program, if the cost of utilities (except telephone) and other housing services for an assisted unit is not included in the tenant rent but is the responsibility of the family occupying the unit, an amount equal to the estimate made or approved by a PHA or HUD of the monthly cost of a reasonable consumption of such utilities and other services for the unit by an energy-conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful living environment.

VAWA – Violence Against Women Act - Federal law that went into effect in 2006 protects individuals who are victims of domestic violence, dating violence, sexual assault and stalking.

Verification:

- a. The process of obtaining statements from individuals who can attest to the accuracy of the amounts of income, expenses, or household member status (e.g., employers, public assistance agency staff, doctors).
- b. The three types of verification are:
 - (1) Third-party verification, either written or oral, obtained from employers, public assistance agencies, schools, etc.
 - (2) Documentation such as a copy of a birth certificate or bank statement
 - (3) Family certification or declaration (only used when third-party or documentation verification is not available)

Very low income families: Low income families whose incomes do not exceed 50% of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families. [1937 Act]

Violent criminal activity: Any illegal criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force against the person or property of another.

Voucher (rental voucher): A document issued by a housing authority to a family selected for admission to the Housing Choice Voucher Program. This document describes the program and the procedure for housing authority approval of a unit selected by the family, and states the obligations of the family under the program.

Voucher holder: A family holding a voucher with unexpired search time.

Waiting list admission: An admission from the housing authority waiting list. [24 CFR 982.4]

Welfare assistance: Welfare or other payments to families or individuals, based on need, that are made under programs funded by Federal, State or local governments. [24 CFR 5.603(d)]

Welfare rent: In "as-paid" welfare programs, the amount of the welfare benefit designated for shelter and utilities.

Welfare -to-Work (MTW) families: Families assisted with voucher funding awarded under the HUD welfare-to-work voucher program.

ACRONYMS

ACC	Annual Contributions Contract
CACC	Consolidated Annual Contributions Contract
CFR	Code of Federal Regulations
FMR	Fair Market Rent
FSS	Family Self Sufficiency (program)
HA	Housing Authority
HAP	Housing Assistance Payment
HCDA	Housing and Community Development Act
HQS	Housing Quality Standards
HUD	Department of Housing and Urban Development
INS (U.S.)	Immigration and Naturalization Service
IVT	Income Validation Tool
NAHA	(Cranston-Gonzalez) National Affordable Housing Act
NOFA	Notice of Funding Availability
OMB	(U.S.) Office of Management and Budget
PBC	Project-Based Certificate (program)
QHWRA	Quality Housing and Work Responsibility Act of 1998
PHA	Public Housing Agency
TTP	Total Tenant Payment

WACO HOUSING AUTHORITY
& AFFILIATES

PROJECT BASED VOUCHERS
(PBV)

UNDER RENTAL ASSISTANCE
DEMONSTRATION (RAD)
PROGRAM

Chapter 1

PROJECT BASED VOUCHERS (PBV) UNDER THE RENTAL ASSISTANCE DEMONSTRATION (RAD) PROGRAM

INTRODUCTION

This chapter is for the Waco Housing Authority & Affiliates for South Terrace Apartments at 100 Kennedy Circle, Waco, Texas 76706, is including to the Annual Plan 250 units (188 RAD 62 PBV).. WHA may pursue disposition of 62 units under Section 18, as permitted in HUD Notice H-2019-09/PIH-2019-23, Rental Assistance Demonstration REV-4-Final implementation and PIH 2018-04, Demolition and/or disposition of public housing property, eligibility for tenant protection vouchers and associated requirements. This chapter describes HUD regulations and PHA policies related to the Project-Based Voucher (PBV) program under the Rental Assistance Demonstration (RAD) program in eight parts:

Part I: General Requirements. This part describes general provisions of the PBV program, including maximum budget authority requirements, relocation requirements, and equal opportunity requirements.

Part II: PBV Project Selection. This part describes the cap on assistance at projects receiving PBV assistance, ownership and control, and site selection standards.

Part III: Dwelling Units. This part describes requirements related to housing quality standards, the type and frequency of inspections, and housing accessibility for persons with disabilities.

Part IV: Housing Assistance Payments Contract. This part discusses HAP contract requirements and policies including the execution and term of the HAP contract.

Part V: Selection of PBV Program Participants. This part describes the requirements and policies governing how the PHA and the owner will select a family to receive PBV assistance.

Part VI: Occupancy. This part discusses occupancy requirements related to the lease and describes under what conditions families are allowed or required to move. In addition, exceptions to the occupancy cap (which has no limit for RAD PBV) are also discussed.

Part VII: Determining Contract Rent. This part describes how the initial rent to owner is determined, and how rent will be redetermined throughout the life of the HAP contract.

Part VIII: Payments to Owner. This part describes the types of payments owners may receive under this program.

PART I: GENERAL REQUIREMENTS

18-I.A. OVERVIEW AND HISTORY OF THE RAD PROGRAM

The Rental Assistance Demonstration (RAD) program was authorized in 2012 in order to assess the effectiveness of converting public housing, moderate rehabilitation properties, and units under the rent supplement and rental assistance payments programs to long-term, project-based Section 8 rental assistance. The program's four primary objectives are to:

- Preserve and improve public and other assisted housing.
- Standardize the administration of the plethora of federally subsidized housing programs and rules. The conversions are intended to promote operating efficiency by using a Section 8 project-based assistance model that has proven successful and effective for over 30 years. In other words, RAD aligns eligible properties more closely with other affordable housing programs.
- Attract private market capital for property renovations. Through the use of this model, properties may be able to leverage private debt and equity to make capital repairs.
- Increase tenant mobility opportunities.
- Under the first component, a PHA with public housing units may submit an application to HUD to convert some or all of their public housing units to long-term, project-based Section 8 HAP contracts under either:
 - Project-based rental assistance (PBRA) under HUD's Office of Multifamily Housing Programs
 - Project-based vouchers (PBVs) under HUD's Office of Public and Indian Housing (PIH)

This chapter will focus on public housing conversions to the PBV program under RAD. In order to distinguish between requirements for public housing conversion under RAD and PBV units under the standard PBV program, we will refer to the standard PBV program and the RAD PBV program.

18-I.B. APPLICABLE REGULATIONS

On the whole, the regulations for both the standard and RAD PBV programs generally follow the regulations for the tenant-based HCV program found at 24 CFR Part 982. However, important parts of the tenant-based regulations do not apply to the project-based program. 24 CFR Part 983 outlines the sections of 24 CFR Part 982 that are not applicable to the project-based program.

For the RAD PBV program, Congress authorized HUD to waive certain statutory and regulatory provisions or establish alternative requirements from the standard PBV program. These provisions are identified in Notice PIH 2012-32, REV-4. Otherwise, all regulatory and statutory requirements for the standard PBV program in 24 CFR Part 983 and Section 8(o)(13) of the Housing Act of 1937, and all applicable standing and subsequent Office of Public and Indian Housing (PIH) guidance, including related handbooks, apply to RAD PBV. This includes environmental review, Davis-Bacon, and fair housing requirements.

RAD is authorized by the Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55, approved November 18, 2011), as amended by the Consolidated Appropriations Act of 2014 (Public Law 113-76, approved January 17, 2014), and the Consolidated and Further Continuing Appropriations Act of 2015 (Public Law 113-235, approved December 6, 2014), collectively, the “RAD Statute.” Requirements specific to the RAD program may be found in:

- Notice PIH 2012-32, REV-4, RAD – Final Implementation, Revision 4
- RAD Quick Reference Guide for Public Housing Converting to PBV Assistance (10/14)
- RAD Welcome Guide for New Awardees: RAD 1st Component (3/15)
- Notice PIH 2014-17, Relocation Requirements under the RAD Program, Public Housing in the First Component
- RAD FAQs (<http://www.radresource.net/search.cfm>)

In other words, the standard PBV program follows many of the same regulations as the tenant-based HCV program, but not all of them, and the RAD PBV program follows many of the same regulations as the standard PBV program, but not all of them.

MTW agencies are able to apply activities impacting the PBV program that are approved in the MTW Plan to properties converting under RAD, provided they do not conflict with RAD requirements.

18-I.C. TENANT-BASED VS. PROJECT-BASED VOUCHER ASSISTANCE [24 CFR 983.2]

Much of the tenant-based voucher program regulations also apply to the PBV program. Consequently, many of the PHA policies related to tenant-based assistance also apply to RAD PBV assistance. The provisions of the tenant-based voucher regulations that do not apply to the PBV program are listed at 24 CFR 983.2.

PHA Policy

Except as otherwise noted in this chapter, or unless specifically prohibited by PBV program regulations, the PHA policies for the tenant-based voucher program contained in this administrative plan also apply to the RAD PBV program and its participants. This chapter is intended to address requirements specific to the RAD PBV program only.

18-I.D. RELOCATION REQUIREMENTS [Notice PIH 2014-17]

In some developments, in-place residents may need to be relocated as a result of properties undergoing repairs, being demolished and rebuilt, or when assistance is transferred from one site to another. RAD program rules prohibit the permanent, involuntary relocation of residents as a result of conversion. Residents that are temporarily relocated retain the right to return to the project once it has been completed.

Relocation assistance provided to residents will vary depending on the length of time relocation is required. Residents must be properly notified in advance of relocation requirements in accordance with RAD program rules and Uniform Relocation Act (URA) requirements. Sample informing notices are provided in Appendices 2–5 of Notice PIH 2014-17. While the PHA is not required to have a written relocation plan, HUD strongly encourages PHAs to prepare one. Appendix I of Notice PIH 2014-17 contains recommended contents for a relocation plan.

In addition, PHAs must undertake a planning process that complies with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), although not all relocations under RAD will trigger requirements under URA. URA statute and implementing regulations may be found at 49 CFR Part 24.

Any residents that may need to be temporarily relocated to facilitate rehabilitation or construction will have a right to return to an assisted unit at the development once rehabilitation or construction is completed. Where the transfer of assistance to a new site is warranted and approved, residents of the converting development will have the right to reside in an assisted unit at the new site once rehabilitation or construction is complete. Residents of a development undergoing conversion of assistance may voluntarily accept a PHA or owner's offer to permanently relocate to another assisted unit, and thereby waive their right to return to the development after rehabilitation or construction is completed.

18-I.E. EQUAL OPPORTUNITY REQUIREMENTS [24 CFR 983.8; Notice PIH 2012-32, REV-4]

RAD conversions are governed by the same civil rights authorities that govern HUD-assisted activities in general. PHAs must comply with all applicable fair housing and civil rights laws, including but not limited to the Fair Housing Act, Title VI of the Civil Rights Act of 1964, and Section 504 of the Rehabilitation Act of 1973, when conducting relocation planning and providing relocation assistance. For example, persons with disabilities returning to the RAD project may not be turned away or placed on a waiting list due to a lack of accessible units. Their need for an accessible unit must be accommodated.

PART II: PBV PROJECT SELECTION

18-II.A. OVERVIEW

Unlike in the standard PBV program where the PHA typically selects the property through an owner proposal selection process, projects selected for assistance under RAD PBV are selected in accordance with the provisions in Notice PIH 2012-32, REV-4. Therefore, 24 CFR 983.51 does not apply since HUD selects RAD properties through a competitive selection process.

18-II.B. OWNERSHIP AND CONTROL [Notice PIH 2012-32, REV-4]

During both the initial term and renewal terms of the HAP contract, ownership must be either of the following:

- A public or nonprofit entity that has legal title to the property. The entity must have the legal authority to direct the financial, legal, beneficial, and other interests of the property; or
- A private entity, if the property has low-income tax credits. The PHA must maintain control via a ground lease.

18-II.C. PHA-OWNED UNITS [24 CFR 983.59 and Notice PIH 2012-32, REV-4]

If the project is PHA-owned, rent-setting and inspection functions set out in 24 CFR 983.59 must be conducted by an independent entity approved by HUD.

The independent entity that performs these program services may be the unit of general local government for the PHA jurisdiction (unless the PHA is itself the unit of general local government or an agency of such government), or another HUD-approved public or private independent entity.

The PHA may compensate the independent entity from PHA ongoing administrative fee income (including amounts credited to the administrative fee reserve). The PHA may not use other program receipts to compensate the independent entity for its services. The PHA, and the independent entity, may not charge the family any fee for the services provided by the independent entity.

WHA will act as the independent entity for properties that have converted through RAD securing tax credits and/or Bonds.

18-II.D. SUBSIDY LAYERING REQUIREMENTS [Notice PIH 2012-32, REV-4]

In the case of a PHA that is converting all of its ACC units, there is no restriction on the amount of public housing funds that may be contributed to the covered project at closing; the PHA may convey all program funds to the covered project. HUD will recapture any public housing funds that a PHA has not expended once it no longer has units under ACC. In the case where the PHA will continue to maintain other units in its inventory under a public housing ACC, a contribution of operating funds to the covered project that exceeds the average amount the project has held in operating reserves over the past three years will trigger a subsidy layering review under 24 CFR 4.13. Similarly, any contribution of capital funds, including Replacement Housing Factor (RHF) or Demolition Disposition Transitional Funding (DDTF), will trigger a subsidy layering review. Notwithstanding the subsidy layering review, PHAs should be mindful of how the capital funds or operating reserves used in the financing of its RAD properties may impact the physical and financial health of properties that will remain in its public housing inventory.

18-II.E. CAP ON NUMBER OF PBV UNITS IN EACH PROJECT [Notice PIH 2012-32, REV-4]

There is no cap on the number of units that may receive RAD PBV assistance in each project. Under the HOTMA Implementation Notice, certain formerly assisted properties are excepted from the project cap. For any Covered Projects not covered under the HOTMA Implementation Notice, including transfers of assistance to a new location, HUD is waiving section 8(o)(13)(D) of the Act, as well as related provisions of 24 CFR §§ 983.56, 983.257(b), 983.262(a) and (d). Accordingly, units under the contract may not be “excepted” for a specified purpose. The limitation on the number of units receiving assistance has been omitted for the RAD PBV projects. Therefore, a project converting under RAD may have 100% of units subsidized by PBV.

Promoting Partially Assisted Projects [24 CFR 983.56(c)]

A PHA may establish local requirements designed to promote PBV assistance in partially assisted projects. A *partially assisted project* is a project in which there are fewer units covered by a HAP contract than residential units [24 CFR 983.3].

A PHA may establish a per-project cap on the number of units that will receive PBV assistance or other project-based assistance in a multifamily project containing excepted units, or in a single-family building. A PHA may also determine not to provide PBV assistance for excepted units, or the PHA may establish a per-project cap of less than 100 percent.

PHA Policy:

The PHA will not impose any further cap on the number of PBV units assisted per project in projects with excepted units.

18-II.F. SITE SELECTION STANDARDS

Site selection requirements set forth in 24 CFR 983.57 apply to RAD PBV, with the exception of 983.57(b)(1) and (c)(2). HUD waives the provisions regarding deconcentration of poverty and expanding housing and economic opportunity for existing housing sites. If units are transferred to a different housing site, then the deconcentration rule applies.

HUD will conduct a front-end civil rights review of RAD PBV conversions that involve new construction located in an area of minority concentration (whether on the existing public housing site or on a new site) to determine whether they meet one of the conditions that would allow for new construction in an area of minority concentration.

The PHA must ensure that its RAD PBV conversion, including any associated new construction, is consistent with its certification to affirmatively further fair housing and complies with civil rights laws.

18-II.G. ENVIRONMENTAL REVIEW

HUD can neither accept nor approve an applicant's Financing Plan submission unless and until the required environmental review has been completed for the applicant's proposed conversion project and found to meet environmental review requirements. Environmental documents must be submitted as part of the Financing Plan. HUD will not issue a RAD Conversion Commitment (RCC) if the project plan does not meet the environmental review requirements described in Attachment 1A of Notice PIH 2012-32, REV-4.

PART III: DWELLING UNITS

18-III.A. OVERVIEW

This part identifies the special housing quality standards that apply to the PBV program, housing accessibility for persons with disabilities, and special procedures for conducting housing quality standards inspections.

18-III.B. HOUSING QUALITY STANDARDS [24 CFR 983.101]

The housing quality standards (HQS) for the tenant-based program generally apply to the PBV program. HQS requirements for shared housing, manufactured home space rental, and the homeownership option do not apply because these housing types are not assisted under the PBV program.

The physical condition standards at 24 CFR 5.703 do not apply to the PBV program.

Lead-based Paint [24 CFR 983.101(c)]

The lead-based paint requirements for the tenant-based voucher program do not apply to the PBV program. Instead, The Lead-based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at 24 CFR part 35, subparts A, B, H, and R, apply to the PBV program.

18-III.C. HOUSING ACCESSIBILITY FOR PERSONS WITH DISABILITIES

The housing must comply with program accessibility requirements of section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR part 8. The PHA must ensure that the percentage of accessible dwelling units complies with the requirements of section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), as implemented by HUD's regulations at 24 CFR 8, subpart C.

Housing first occupied after March 13, 1991, must comply with design and construction requirements of the Fair Housing Amendments Act of 1988 and implementing regulations at 24 CFR 100.205, as applicable. (24 CFR 983.102)

18-III.D. INSPECTING UNITS

Initial Inspection [Notice PIH 2012-32, REV-4]

The PHA enters into the HAP contract when financing closes for the property. All units that are undergoing rehabilitation must meet HQS by dates set in the conversion commitment with HUD.

Turnover Inspections [24 CFR 983.103(c)]

Before providing assistance to a new family in a contract unit, the PHA must inspect the unit. The PHA may not provide assistance on behalf of the family until the unit fully complies with HQS.

Annual/Biennial Inspections [24 CFR 983.103(d) and FR Notice 6/25/14]

At least once every 24 months during the term of the HAP contract, the PHA must inspect a random sample consisting of at least 20 percent of the contract units in each building, to determine if the contract units and the premises are maintained in accordance with HQS. Turnover inspections are not counted toward meeting this inspection requirement.

PHA Policy

The PHA will inspect on an annual basis a random sample consisting of at least 20 percent of the contract units in each building to determine if the contract units and the premises are maintained in accordance with HQS.

Note: On substantially rehabilitated properties, the annual inspections will begin a year AFTER the unit has been rehabilitated vs. a year after the effective date of the HAP contract. (i.e South Terrace Development will undergo substantial rehabilitation upon RAD conversion, the project is anticipated to be completed 18 months from construction completion. Therefore, annual inspections will begin on RAD units a year after the construction completion. Inspections will occur on the AHAP units at the time of construction completion)

If more than 20 percent of the sample of inspected contract units in a building fail the initial inspection, the PHA must reinspect 100 percent of the contract units in the building.

Other Inspections [24 CFR 983.103(e)]

The PHA must inspect contract units whenever needed to determine that the contract units comply with HQS and that the owner is providing maintenance, utilities, and other services in accordance with the HAP contract. The PHA must take into account complaints and any other

information coming to its attention in scheduling inspections.

The PHA must conduct follow-up inspections needed to determine if the owner (or, if applicable, the family) has corrected an HQS violation, and must conduct inspections to determine the basis for exercise of contractual and other remedies for owner or family violation of HQS.

In conducting PHA supervisory quality control HQS inspections, the PHA should include a representative sample of both tenant-based and project-based units.

Inspecting PHA-Owned Units [24 CFR 983.103(f)]

In the case of PHA-owned units, the inspections must be performed by an independent agency designated by the PHA and approved by HUD. The independent entity must furnish a copy of each inspection report to the PHA and to the HUD field office where the project is located. The PHA must take all necessary actions in response to inspection reports from the independent agency, including exercise of contractual remedies for violation of the HAP contract by the PHA-owner.

For the purposes of the PHA units that the PHA or affiliates are a part of the tax credit ownership structure, WHA will act as the Independent Entity.

PART IV: HOUSING ASSISTANCE PAYMENTS (HAP) CONTRACT

18-IV.A. OVERVIEW

Public housing projects converting under RAD do not employ the PBV Agreement to Enter into a Housing Assistance Payments (AHAP) contract, with exception to a RAD PBV/ Section 18 Disposition Blend. Instead, following the execution of all requirements contained in the Commitment to Enter into a HAP (CHAP) contract and the RAD Conversion Commitment (RCC), a project is converted immediately to the RAD PBV HAP contract following the closing of any construction financing. Owners of public housing projects converted to PBV assistance via RAD enter into a HAP contract with the PHA that will administer the PBV assistance. Units assisted under a RAD PBV HAP contract must be subject to long-term, renewable use and affordability restrictions. For the purposes of the South Terrace Development conversion. The PHA will enter into a HAP for 188 units and a AHAP initially for 62 units that approved through the Section 18 Disposition program. The HAP will be entered into for the 62 units upon construction completion.

18-IV.B. HAP CONTRACT REQUIREMENTS

Contract Information [PBV Quick Reference Guide (10/14)]

The RAD PBV program uses the PBV HAP contract for new construction or rehabilitated housing (Form HUD-52530A), as modified by the RAD rider (Form HUD-52621). The distinction between “existing housing” and “rehabilitated and newly constructed housing” is overridden by RAD requirements. The RAD rider must be attached to the PBV HAP contract and effectuates the conversion of public housing to PBV under RAD PBV. The project must also have an initial RAD use agreement. All public housing RAD conversion properties financed with LIHTC are also required to include a LIHTC rider.

Execution and Effective date of the HAP Contract [*RADBlast!* 7/11/16]

RAD PBV projects do not employ an Agreement to Enter into a Housing Assistance Payments (AHAP) contract like in the standard PBV program, with exception to a RAD/ Section 19 Disposition Blend. Rather, when the conditions of the CHAP and the RCC are met and the conversion has closed, the PHA executes the HAP contract. Project owners may select the effective date of the HAP contract as the first day of either of the two months following the completed closing. For the conversion of the South Terrace Development, the PHA will enter into a HAP contract for 188 units and a AHAP for 62 units at RAD closing.

Term of HAP Contract [Notice PIH 2012-32, REV-4]

The initial term of the HAP contract may not be for less than 15 years, and may be for a term of up to 20 years upon request of the owner and with approval of the administering voucher agency. Upon expiration of the initial term of the contract, and upon each renewal term of the contract, the owner must accept each offer to renew the contract, subject to the terms and conditions applicable at the time of each offer, and further subject to the availability of appropriations for each year of each such renewal. To implement this provision, HUD is waiving section 8(o)(13)(F) of The United States Housing Act of 1937, which established a maximum term of 15 years, as well as 24 CFR 983.205(a), which governs the contract term.

Agreement to Enter into a HAP (AHAP) Contract [Notice PIH 2012-32, REV-4]

For public housing conversions to PBV, there will be no agreement to enter into a Housing Assistance Payments (AHAP) contract, unless the transaction includes a RAD/Section 18 Disposition Blend that involves new construction or substantial rehabilitation. For the purposes of the South Terrace Development the conversion will include an AHAP for a portion of the units that were approved under the Section 18 Disposition program. Therefore, all regulatory references to the Agreement (AHAP), including regulations under 24 CFR Part 983 Subpart D, are applicable. The definitions for proposal selection date, new construction, rehabilitation, and existing housing are subject to the applicable CFR and RAD Notice PIH 2012-32, REV-4.

Mandatory Contract Renewal [Notice PIH 2012-32, REV-44]

By statute, upon contract expiration, the agency administering the vouchers will offer, and the PHA will accept, renewal of the contract subject to the terms and conditions applicable at the time of renewal and the availability of appropriations each year for such renewal. Consequently 24 CFR 983.205(b), governing the PHA discretion to renew the contract for term of up to 15 years, will not apply.

In the event that the HAP contract is removed due to breach, non-compliance or insufficiency of appropriations, for all units previously covered under the HAP contract, new tenants must have incomes at or below 80 percent of the area median income at the time of admission and rents may not exceed 30 percent of 80 percent of median income for an appropriate size unit for the remainder of the term of the RAD use agreement.

Remedies for HQS Violations [24 CFR 983.208(b)]

The PHA may not make any HAP payment to the owner for a contract unit during any period in which the unit does not comply with HQS. If the PHA determines that a contract does not comply with HQS, the PHA may exercise any of its remedies under the HAP contract, for any or all of the contract units. Available remedies include termination of housing assistance payments,

abatement or reduction of housing assistance payments, reduction of contract units, and termination of the HAP contract.

PHA Policy

The PHA will abate and terminate PBV HAP contracts for noncompliance with HQS in accordance with the policies used in the tenant-based voucher program. These policies are contained in Section 8-II.G., Enforcing Owner Compliance.

18-IV.C. AMENDMENTS TO THE HAP CONTRACT

Floating Units [Notice PIH 2012-32, REV-4]

In certain mixed-finance projects, the PHA may ask HUD permission to have assistance float among unoccupied units within the project that are the same bedroom size. The unit to which assistance is floated must be comparable to the unit being replaced in quality and amenities.

If the PHA chooses to float units, units are not specifically identified on the HAP contract, rather the HAP contract must specify the number and type of units in the property that are RAD PBV units, including any excepted units. The property must maintain the same number and type of RAD units from the time of the initial HAP contract execution forward.

PHA Policy

The PHA will not float assistance among unoccupied units within the project.

Reduction in HAP Contract Units [Notice PIH 2012-32, REV-4]

Project owners are required to make available for occupancy by eligible tenants the number of assisted units under the terms of the HAP contract.

The PHA may not reduce the number of assisted units without HUD approval. Any HUD approval of a PHA's request to reduce the number of assisted units under contract is subject to conditions that HUD may impose. MTW agencies may not alter this requirement.

If units are removed from the HAP contract because a new admission's TTP comes to equal or exceed the gross rent for the unit and if the project is fully assisted, the PHA must reinstate the unit after the family has vacated the property. If the project is partially assisted, the PHA may substitute a different unit for the unit on the HAP contract in accordance with 24 CFR 983.207, or where "floating" units have been permitted.

18-IV.D. HAP CONTRACT YEAR AND ANNIVERSARY DATES [24 CFR 983.302(e)]

The HAP contract year is the period of 12 calendar months preceding each annual anniversary of the HAP contract during the HAP contract term. The initial contract year is calculated from the first day of the first calendar month of the HAP contract term.

The annual anniversary of the HAP contract is the first day of the first calendar month after the end of the preceding contract year. There is a single annual anniversary date for all units under a particular HAP contract.

18-IV.E. OWNER RESPONSIBILITIES UNDER THE HAP CONTRACT [24 CFR 983.210]

When the owner executes the HAP contract, he or she certifies that at such execution and at all times during the term of the HAP contract:

- All contract units are in good condition and the owner is maintaining the premises and contract units in accordance with HQS;
- The owner is providing all services, maintenance, equipment, and utilities as agreed to under the HAP contract and the leases;
- Each contract unit for which the owner is receiving HAP is leased to an eligible family referred by the PHA, and the lease is in accordance with the HAP contract and HUD requirements;
- To the best of the owner's knowledge, the family resides in the contract unit for which the owner is receiving HAP, and the unit is the family's only residence;
- The owner (including a principal or other interested party) is not the spouse, parent, child, grandparent, grandchild, sister, or brother of any member of a family residing in a contract unit;
- The amount of the HAP the owner is receiving is correct under the HAP contract;
- The rent for contract units does not exceed rents charged by the owner for comparable unassisted units;
- Except for HAP and tenant rent, the owner has not received and will not receive any other payment or consideration for rental of the contract unit;
- The family does not own or have any interest in the contract unit (this does not apply to the family's membership in a cooperative); and
- Repair work on the project selected as an existing project that is performed after HAP contract execution within such post-execution period as specified by HUD may constitute development activity, and if determined to be development activity, the repair work undertaken shall be in compliance with Davis-Bacon wage requirements.

18-IV.F. VACANCY PAYMENTS [24 CFR 983.352(b)]

At the discretion of the PHA, the HAP contract may provide for vacancy payments to the owner for a PHA-determined period of vacancy extending from the beginning of the first calendar month after the move-out month for a period not exceeding two full months following the move-out month. The amount of the vacancy payment will be determined by the PHA and cannot exceed the monthly rent to owner under the assisted lease, minus any portion of the rental payment received by the owner, including amounts available from the tenant's security deposit.

PHA Policy

The PHA will provide vacancy payments to the owner. The HAP contract with the owner will contain the amount of the vacancy payment and the period for which the owner will qualify for these payments.

PART V: SELECTION OF PBV PROGRAM PARTICIPANTS

18-V.A. OVERVIEW

Many of the provisions of the tenant-based voucher regulations [24 CFR 982] also apply to the PBV program. This includes requirements related to determining eligibility and selecting applicants from the waiting list. Even with these similarities, there are requirements that are unique to the PBV program. This part describes the requirements and policies related to eligibility and admission to the PBV program.

18-V.B. PROHIBITED RESCREENING OF EXISTING TENANTS UPON CONVERSION [Notice PIH 2012-32, REV-4]

Current households are not subject to rescreening, income eligibility, or income targeting provisions. Consequently, current households will be grandfathered for conditions that occurred prior to conversion but will be subject to any ongoing eligibility requirements for actions that occur after conversion. For example, a unit with a household that was over-income at time of conversion would continue to be treated as an assisted unit. Thus, 24 CFR 982.201, concerning eligibility and targeting, will not apply for current households. Once that remaining household moves out, the unit must be leased to an eligible family.

Existing residents at the time of conversion may not be rescreened for citizenship status or have their social security numbers reverified.

For the RAD PBV program, *in-place family* means a family who lived in a pre-conversion property at the time assistance was converted from public housing to PBV under RAD.

18-V.C. ELIGIBILITY FOR PBV ASSISTANCE [24 CFR 983.251(a) and (b)]

Applicants for PBV assistance must meet the same eligibility requirements as applicants for the tenant-based voucher program. Applicants must qualify as a family as defined by HUD and the PHA, have income at or below HUD-specified income limits, and qualify on the basis of citizenship or the eligible immigration status of family members [24 CFR 982.201(a) and 24 CFR 983.2(a)]. In addition, an applicant family must provide social security information for family members [24 CFR 5.216 and 5.218] and consent to the PHA's collection and use of family information regarding income, expenses, and family composition [24 CFR 5.230]. The PHA may also not approve a tenancy if the owner (including a principal or other interested party) of the unit is the parent, child, grandparent, grandchild, sister, or brother of any member of the family, unless needed as a reasonable accommodation. An applicant family must also meet HUD requirements related to current or past criminal activity.

PHA Policy

The PHA will determine an applicant family's eligibility for the RAD PBV program in accordance with the policies in Chapter 3.

18-V.D. ORGANIZATION OF THE WAITING LIST [24 CFR 983.251(c) and Notice PIH 2012-32, REV-4]

The standard PBV regulations at 24 CFR 983.251 set out program requirements related to establishing and maintaining a voucher-wide, PBV program-wide, or site-based waiting list from which residents will be admitted. These provisions will apply unless the project is covered by a remedial order or agreement that specifies the type of waiting list and other waiting list policies.

PHA Policy.

The PHA will establish and manage separate waiting lists for individual projects or buildings that are receiving RAD PBV assistance. The PHA currently has waiting lists for the following RAD PBV projects:

South Terrace Development will begin a new PBV waiting list at the time of conversion.

The PHA will maintain the project-specific waiting list in accordance with all applicable civil rights and fair housing regulations found at 24 CFR 903.7(b)(2)(ii)-(iv). The PHA will provide applicants full information about each development, including an estimate of the wait time, location, occupancy, number and size of accessible units, and amenities like day care, security, transportation, and training programs at each development with a site-based waiting list. The system for selection will be consistent with all applicable civil rights and fair housing laws and regulations and may not be in conflict with any imposed or pending court order, settlement agreement, or complaint brought by HUD.

The PHA will assess any changes in racial, ethnic or disability-related tenant composition at each PHA site that may have occurred during the implementation of the site-based waiting list, based on confirmed and accurate PIC occupancy data. At least every three years, the PHA will use independent testers to assure that the site-based system is not being implemented in a discriminatory manner.

18-V.E. SELECTION FROM THE WAITING LIST [24 CFR 983.251(c)]

After conversion to RAD PBV, applicants who will occupy units with RAD PBV assistance must be selected from the PHA's waiting list. The PHA may establish selection criteria or preferences for occupancy of particular PBV units.

Income Targeting [24 CFR 983.251(c)(6) and Notice PIH 2012-32, REV-4]

At least 75 percent of the families admitted to the PHA's tenant-based and project-based voucher programs during the PHA fiscal year from the waiting list must be extremely-low income families. The income targeting requirement applies to the total of admissions to both programs.

Families in place at the time of the conversion are exempt from income targeting requirements. New admissions follow standard PBV requirements.

Units with Accessibility Features [24 CFR 983.251(c)(7)]

When selecting families to occupy PBV units that have special accessibility features for persons with disabilities, the PHA must first refer families who require such features to the owner.

Preferences [24 CFR 983.251(d), FR Notice 11/24/08, and Notice PIH 2012-32, REV-4]

The PHA may use the same selection preferences that are used for the tenant-based voucher program, establish selection criteria or preferences for the PBV program as a whole, or for occupancy of particular PBV developments or units.

Although the PHA is prohibited from granting preferences to persons with a specific disability, the PHA may give preference to disabled families who need services offered at a particular project or site if the preference is limited to families (including individuals):

- With disabilities that significantly interfere with their ability to obtain and maintain themselves in housing
- Who, without appropriate supportive services, will not be able to obtain or maintain themselves in housing
- For whom such services cannot be provided in a non-segregated setting

In advertising such a project, the owner may advertise the project as offering services for a particular type of disability; however, the project must be open to all otherwise eligible persons with disabilities who may benefit from services provided in the project. In these projects, residents with disabilities may not be required to accept the particular services offered as a condition of occupancy.

If the PHA has projects with more than 50 percent of the units receiving project-based assistance because those projects include “excepted units” (i.e., units specifically made available for elderly or disabled families, or families receiving supportive services), the PHA must give preference to such families when referring families to these units [24 CFR 983.261(b)]. WHA is converting 100% PBV under the RAD program, therefore the 50% CAP is WAIVED and the above paragraph does not apply to South Terrace Development.

PHA Policy

The PHA currently does not offer preferences for the PBV program or for particular PBV projects or units.

In the event, WHA will select families based on the following preferences within each bedroom size category. Each preference will be assigned a point value as indicated.

Preference No. 1 (3 points)

A preference for the elderly over any other single people.

Preference No.2 (1 point)

A preference for applicants that reside in South Terrace at the time of application (local preference).

Preference No.3 (2 points)

A preference for applicants living in South Terrace with a good rental history, who have been displaced by a landlord for reasons beyond their control.

Preference No.4 (1 point)

A preference for homeless people (1 point)

18-V.F. OFFER OF PBV ASSISTANCE

Refusal of Offer [24 CFR 983.251(e)(3)]

The PHA is prohibited from taking any of the following actions against a family who has applied for, received, or refused an offer of PBV assistance:

- Refusing to list the applicant on the waiting list for tenant-based voucher assistance
- Denying any admission preference for which the applicant qualifies
- Changing the applicant's place on the waiting list based on preference, date, and time of application, or other factors affecting selection under the PHA's selection policy
- Removing the applicant from the tenant-based voucher waiting list

Disapproval by Landlord [24 CFR 983.251(e)(2)]

If a PBV owner rejects a family for admission to the owner's units, such rejection may not affect the family's position on the tenant-based voucher waiting list.

Acceptance of Offer [24 CFR 983.252]

Family Briefing

When a family accepts an offer for PBV assistance, the PHA must give the family an oral briefing. The briefing must include information on how the program works and the responsibilities of the family and owner. In addition to the oral briefing, the PHA must provide a briefing packet that explains how the PHA determines the total tenant payment for a family, the family obligations under the program, and applicable fair housing information.

Persons with Disabilities

If an applicant family's head or spouse is disabled, the PHA must assure effective communication, in accordance with 24 CFR 8.6, in conducting the oral briefing and in providing the written information packet. This may include making alternative formats available (see Chapter 2). In addition, the PHA must have a mechanism for referring a family that includes a member with a mobility impairment to an appropriate accessible PBV unit.

Persons with Limited English Proficiency

The PHA should take reasonable steps to assure meaningful access by persons with limited English proficiency in accordance with Title VI of the Civil Rights Act of 1964 and Executive Order 13166 (see Chapter 2).

18-V.G. OWNER SELECTION OF TENANTS

The owner is responsible for developing written tenant selection procedures that are consistent with the purpose of improving housing opportunities for very low-income families and reasonably related to program eligibility and an applicant's ability to fulfill their obligations under the lease. An owner must promptly notify in writing any rejected applicant of the grounds for any rejection [24 CFR 983.253(a)(2) and (a)(3)].

Leasing [24 CFR 983.253(a)]

During the term of the HAP contract, the owner must lease contract units to eligible families that are selected and referred by the PHA from the PHA's waiting list. The contract unit leased to the family must be the appropriate size unit for the size of the family, based on the PHA's subsidy standards.

Filling Vacancies [24 CFR 983.254(a)]

The owner or management agent must promptly notify the PHA of any vacancy or expected vacancy in a contract unit. After receiving such notice, the PHA must make every reasonable effort to promptly refer a sufficient number of families for the owner to fill such vacancies. The PHA and the owner must make reasonable efforts to minimize the likelihood and length of any vacancy.

PHA Policy

The owner/management agent must notify the PHA in writing (mail, fax, or e-mail) within five business days of learning about any vacancy or expected vacancy.

The PHA will make every reasonable effort to refer families to the owner within 10 business days of receiving such notice from the owner.

18-V.H. TENANT SCREENING [24 CFR 983.255]

PHA Responsibility

The PHA is not responsible or liable to the owner/management agent or any other person for the family's behavior or suitability for tenancy. However, the PHA may opt to screen applicants for family behavior or suitability for tenancy and may deny applicants based on such screening.

PHA Policy

The PHA will not conduct screening to determine a PBV applicant family's suitability for tenancy.

The PHA must provide the owner with an applicant family's current and prior address (as shown in PHA records) and the name and address (if known by the PHA) of the family's current landlord and any prior landlords.

In addition, the PHA may offer the owner other information the PHA may have about a family, including information about the tenancy history of family members or about drug trafficking and criminal activity by family members. The PHA must provide applicant families a description of the PHA policy on providing information to owners, and the PHA must give the same types of information to all owners.

The PHA may not disclose to the owner any confidential information provided in response to a request for documentation of domestic violence, dating violence, sexual assault, or stalking, except at the written request or with the written consent of the individual providing the documentation [24 CFR 5.2007(c)].

PHA Policy

The PHA will inform owners of their responsibility to screen prospective tenants, and will provide owners with the required known name and address information, at the time of the turnover HQS inspection or before. The PHA will provide allowable information to the owner/management agent, such as tenancy history, criminal history, etc. if the PHA has it on record.

Owner Third Party Management Agent Responsibility

The owner is responsible for screening and selection of the family to occupy the owner's unit. When screening families the owner may consider a family's background with respect to the following factors:

- Payment of rent and utility bills
- Caring for a unit and premises
- Respecting the rights of other residents to the peaceful enjoyment of their housing
- Drug-related criminal activity or other criminal activity that is a threat to the health, safety, or property of others
- Compliance with other essential conditions of tenancy

PART VI: OCCUPANCY

18-VI.A. OVERVIEW

After an applicant has been selected from the waiting list, determined eligible by the PHA, referred to an owner/management agent, and determined suitable by the owner, the family will sign the lease along with any applicable RAD PBV riders and occupancy of the unit will begin.

18-VI.B. LEASE [24 CFR 983.256 and Notice PIH 2012-32, REV-4]

The tenant must have legal capacity to enter into a lease under state and local law. *Legal capacity* means that the tenant is bound by the terms of the lease and may enforce the terms of the lease against the owner.

The tenant and the owner must enter into a written lease agreement that is signed by both parties. The tenancy addendum must include, word-for-word, all provisions required by HUD.

Lease Requirements [24 CFR 983.256(c) and Notice PIH 2012-32, REV-4]

The lease for a PBV unit must specify all of the following information:

- The names of the owner and the tenant;
- The unit rented (address, apartment number, if any, and any other information needed to identify the leased contract unit);

- The term of the lease (initial term and any provision for renewal);
- The amount of the tenant rent to owner, which is subject to change during the term of the lease in accordance with HUD requirements;
- A specification of the services, maintenance, equipment, and utilities that will be provided by the owner; and
- The amount of any charges for food, furniture, or supportive services.

The PHA must include resident procedural rights for termination notification and grievance procedures in the owner's lease. These requirements are not part of the regular PBV program but are required under RAD. An example of language that may be included can be found in Attachment-1E of Notice PIH 2012-32, REV-4.

Tenancy Addendum [24 CFR 983.256(d)]

The tenancy addendum in the lease must state:

- The program tenancy requirements
- The composition of the household as approved by the PHA (the names of family members and any PHA-approved live-in aide)

All provisions in the HUD-required tenancy addendum must be included in the lease. The terms of the tenancy addendum prevail over other provisions of the lease.

Initial Term and Lease Renewal [24 CFR 983.256(f) and PBV Quick Reference Guide]

Leases for residents who will remain in place (i.e., who will not be relocated solely as a result of conversion) must have an effective date that coincides with—and must be signed on or before—the effective date of the RAD PBV HAP contract.

The initial lease term must be for at least one year. The lease must provide for automatic renewal after the initial term of the lease in either successive definitive terms (e.g., month-to-month or year-to-year) or an automatic indefinite extension of the lease term. For automatic indefinite extension of the lease term, the lease terminates if any of the following occur:

- The owner terminates the lease for good cause
- The tenant terminates the lease
- The owner and tenant agree to terminate the lease
- The PHA terminates the HAP contract
- The PHA terminates assistance for the family

Changes in the Lease [24 CFR 983.256(e)]

If the tenant and owner agree to any change in the lease, the change must be in writing, and the owner must immediately give the PHA a copy of all changes.

The owner must notify the PHA in advance of any proposed change in the lease regarding the allocation of tenant and owner responsibilities for utilities. Such changes may only be made if approved by the PHA and in accordance with the terms of the lease relating to its amendment.

The PHA must redetermine reasonable rent, in accordance with program requirements, based on any change in the allocation of the responsibility for utilities between the owner and the tenant. The redetermined reasonable rent will be used in calculation of the rent to owner from the effective date of the change.

Owner Termination of Tenancy [24 CFR 983.257 and Notice PIH 2012-32, REV-4]

With two exceptions, the owner of a PBV unit may terminate tenancy for the same reasons an owner may in the tenant-based voucher program (see Section 12-III.B. and 24 CFR 982.310). In the PBV program, terminating tenancy for “good cause” does not include doing so for a business or economic reason, or a desire to use the unit for personal or family use or other non-residential purpose.

Projects converting from public housing to PBV under RAD have additional procedural rights that do not apply to the standard PBV program. These procedural rights must be included in the owner’s lease as well as the PHA’s administrative plan. In addition to the regulations at 24 CFR 983.257 related to project owner termination of tenancy and eviction (which MTW agencies may not alter) the termination procedure for RAD conversions to PBV will require that PHAs provide adequate written notice of termination of the lease which may not be less than:

- A reasonable period of time, but not to exceed 30 days:
 - If the health or safety of other tenants, PHA employees, or persons residing in the immediate vicinity of the premises is threatened; or
 - In the event of any drug-related or violent criminal activity or any felony conviction
- 14 days in the case of nonpayment of rent
- 30 days in any other case, except that if a state or local law provides for a shorter period of time, such shorter period will apply

Unlike in the standard PBV program, residents in converted projects have the right to request an informal hearing for issues that adversely affect the resident’s rights, obligations, welfare, or status with both the PHA and the project owner. See Chapter 16 Part III: Informal Reviews and Hearings for more information.

Noncompliance with Supportive Services Requirement [24 CFR 983.257(c), FR Notice 11/24/08, and Notice PIH 2012-32, REV-4]

Under RAD, the requirement that a family must actually receive services to reside in a unit where families receive supportive services differs. Families living in units that will convert under RAD must be given the option to receive supportive services. If such services are declined by the household, the unit will remain under the HAP contract, the household will not be terminated from the PBV program, and the decision to decline an offer to receive supportive services will not represent a ground for lease termination.

Tenant Absence from the Unit [24 CFR 983.256(g) and 982.312(a)]

The lease may specify a maximum period of family absence from the unit that may be shorter than the maximum period permitted by PHA policy. According to program requirements, the family's assistance must be terminated if they are absent from the unit for more than 180 consecutive days. PHA termination of assistance actions due to family absence from the unit are subject to 24 CFR 982.312, except that the unit is not terminated from the HAP contract if the family is absent for longer than the maximum period permitted.

Continuation of Housing Assistance Payments [24 CFR 983.258 and Notice PIH 2012-32, REV-4]

Current residents living in the property prior to conversion are placed on and remain under the HAP contract when TTP equals or exceeds gross rent. In this case, the family will pay the owner an amount equal to their TTP. The family will continue to pay this amount until/if circumstances change and HAP is paid on their behalf. In other words, assistance may subsequently be reinstated if the tenant becomes eligible for assistance. In such cases, the resident is still considered a program participant. All of the family obligations and protections under RAD and standard PBV apply to the resident. Likewise, all requirements with respect to the unit, such as compliance with the HQS requirements, apply as long as the unit is under HAP contract.

Following conversion, the standard PBV regulations apply to any newly admitted families. For those families, housing assistance payments shall continue until the tenant rent equals the rent to owner. The cessation of housing assistance payments at such point will not affect the family's other rights under its lease, nor will such cessation preclude the resumption of payments as a result of later changes in income, rents, or other relevant circumstances if such changes occur within 180 days following the date of the last housing assistance payment by the PHA. After the 180-day period, the unit shall be removed from the HAP contract pursuant to 24 CFR 983.211.

PHA Policy

If a participating family receiving zero assistance experiences a change in circumstances that would result in a HAP payment to the owner, the family must notify the PHA of the change and request an interim reexamination before the expiration of the 180-day period.

Security Deposits [24 CFR 983.259 and PBV Quick Reference Guide]

Owners are permitted to recognize security deposit amounts that have been previously provided by tenants who are in-place at the time of the RAD conversion. Otherwise the security deposit requirements for standard PBV apply.

The owner may collect a security deposit from the tenant. The PHA may prohibit security deposits in excess of private market practice, or in excess of amounts charged by the owner to unassisted tenants.

PHA Policy

The PHA will allow the owner to collect a security deposit amount the owner determines is appropriate.

When the tenant moves out of a contract unit, the owner, subject to state and local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid tenant rent, damages to the unit, or other amounts owed by the

tenant under the lease.

The owner must give the tenant a written list of all items charged against the security deposit and the amount of each item. After deducting the amount used to reimburse the owner, the owner must promptly refund the full amount of the balance to the tenant.

If the security deposit does not cover the amount owed by the tenant under the lease, the owner may seek to collect the balance from the tenant. The PHA has no liability or responsibility for payment of any amount owed by the family to the owner.

18-VI.C. PUBLIC HOUSING FSS AND ROSS PARTICIPANTS [Notice PIH 2012-32, REV-4]

Current PH FSS participants will continue to be eligible for FSS once their housing is converted under RAD, and PHAs will be allowed to use any PH FSS funds granted previously or pursuant to the current fiscal year (FY) PH FSS notice of funding availability (NOFA), to serve those FSS participants who live in units converted to RAD and who will as a result be moving to the HCV FSS program. A PHA must convert the PH FSS program participants at the covered project to their HCV FSS program.

Residents who were converted from the PH FSS program to the HCV FSS program through RAD may not be terminated from the HCV FSS program or have HCV assistance withheld due to the participant's failure to comply with the contract of participation. Consequently, 24 CFR 984.303(b)(5)(iii) does not apply to FSS participants in converted properties.

Current Resident Opportunities and Self-Sufficiency–Service Coordinators (ROSS–SC) program grantees will be able to finish out their current ROSS–SC grants once their housing is converted under RAD. However, once the property is converted, it will no longer be eligible to be counted towards the unit count for future public housing ROSS–SC grants.

18-VI.D. RESIDENT PARTICIPATION AND FUNDING [Notice PIH 2012-32, REV-4]

Residents of covered projects converting assistance to PBVs will have the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment and be eligible for resident participation funding.

18-VI.E. MOVES

Overcrowded, Under-Occupied, and Accessible Units [24 CFR 983.260 and Notice PIH 2012-32, REV-4]

All in-place tenants at the time of conversion are eligible to remain in the project. Over-housed families should be moved into appropriately sized units if such units are available in the new or rehabbed project. If appropriately sized units are not available, the existing tenants may continue to be over-housed until an appropriately sized unit becomes available or until the tenant leaves the project. Once the unit turns over, it must be leased to an appropriately sized family.

Following conversion, the standard PBV regulations apply. If the PHA determines that a family is occupying a wrong-size unit, based on the PHA's subsidy standards, or a unit with accessibility features that the family does not require, and the unit is needed by a family that does require the features, the PHA must promptly notify the family and the owner of this

determination, and the PHA must offer the family the opportunity to receive continued housing assistance in another unit.

PHA Policy

The PHA will notify the family and the owner of the family's need to move based on the occupancy of a wrong-size or accessible unit within 10 business days of the PHA's determination. The PHA will offer the family the following types of continued assistance in the following order, based on the availability of assistance:

PBV assistance in the same building or project

PBV assistance in another project

Tenant-based voucher assistance, if available

If the PHA offers the family a tenant-based voucher, the PHA must terminate the housing assistance payments for a wrong-size or accessible unit at the earlier of the expiration of the term of the family's voucher, including any extension granted by the PHA, or the date upon which the family vacates the unit. If the family does not move out of the wrong-size unit or accessible unit by the expiration of the term of the family's voucher, the PHA must remove the unit from the HAP contract.

If the PHA offers the family another form of assistance that is not a tenant-based voucher, and the family does not accept the offer, does not move out of the PBV unit within a reasonable time as determined by the PHA, or both, the PHA must terminate the housing assistance payments for the unit at the expiration of a reasonable period as determined by the PHA and remove the unit from the HAP contract.

PHA Policy

When the PHA offers a family another form of assistance that is not a tenant-based voucher, the family will be given 30 days from the date of the offer to accept the offer and move out of the PBV unit. If the family does not move out within this 30-day time frame, the PHA will terminate the housing assistance payments at the expiration of this 30-day period.

The PHA may make exceptions to this 30-day period if needed for reasons beyond the family's control such as death, serious illness, or other medical emergency of a family member.

Family Right to Move [24 CFR 983.261]

The family may terminate the lease at any time after the first year of occupancy. The family must give advance written notice to the owner in accordance with the lease and provide a copy of such notice to the PHA.

Choice Mobility [Notice PIH 2012-32, REV-4]

If the family wishes to move with continued tenant-based assistance, the family must contact the PHA to request the rental assistance prior to providing notice to terminate the lease. If the family terminates the lease in accordance with lease requirements, the PHA is required to offer the family the opportunity for continued tenant-based assistance, in the form of a voucher or other comparable tenant-based rental assistance. If a voucher or other comparable tenant-based assistance is not immediately available, the PHA must give the family priority to receive the next available opportunity for continued tenant-based assistance.

If the family terminates the assisted lease before the end of the first year, the family relinquishes the opportunity for continued tenant-based assistance.

PHA Policy:

Prior to providing notice to the owner to terminate the lease, the family may submit a written request to the PHA for a choice mobility voucher at any time after completing the 12-month occupancy requirement.

The family will remain eligible to request a choice mobility voucher as long as they continue living at the same covered project. If a family moves from one covered project to another covered project prior to completing their 12-month occupancy requirement, their 12-month clock will reset. The family must wait 12 months from the date of move at the new property before they may request another choice mobility voucher. If a family transfers to a different unit within the same covered project, the 12-month clock does not reset.

The PHA will maintain a combined, agency-wide waiting list for all standard PBV and RAD PBV families wishing to exercise mobility after one year of tenancy. This list will be maintained separately from the tenant-based HCV list. Families on the choice mobility waiting list will be given priority over families on the tenant-based waiting list. The choice mobility waiting list will be organized by date and time of the family's written request to exercise choice mobility. The list will also identify whether families live in standard or RAD PBV units.

Turnover Cap

If as a result of RAD, the total number of PBV units (including RAD PBV units) administered by the PHA exceeds 20 percent of the PHA's authorized units under its HCV ACC with HUD, the PHA may establish a turnover cap. The PHA is not required to provide more than three-quarters of its turnover vouchers in any single year to the residents of covered projects. If the PHA chooses to establish a turnover cap and the cap is implemented, the PHA must create and maintain a waiting list in the order requests from eligible households were received.

PHA Policy

As a result of RAD, the total number of PBV units (including RAD PBV units) administered by the PHA exceeds 20 percent of the PHA's authorized units under its HCV ACC with HUD. Therefore, the PHA will establish a choice mobility cap. The PHA will not provide more than three-quarters of its turnover vouchers in a single year to

residents of covered projects.

Families who requested a choice mobility voucher and are denied due to the cap will be given priority the following year when choice mobility vouchers are again issued since the choice mobility list will be organized by the date and time of the family's request.

18-VLF EXCEPTIONS TO THE OCCUPANCY CAP [24 CFR 983.262]

THIS SECTION IS WAIVED FOR RAD-PBV CONVERSIONS. The PHA may not pay housing assistance under a PBV HAP contract for more than 20 percent of the number of dwelling units in a project unless the units are [24 CFR 983.56]:

- In a single-family building;
- Specifically made available for elderly and/or disabled families; or
- Specifically made available for families receiving supportive services as defined by the PHA. At least one member must be receiving at least one qualifying supportive service.

If a family at the time of initial tenancy is receiving and while the resident of an excepted unit has received Family Self-Sufficiency (FSS) supportive services or any other service as defined by the PHA and successfully completes the FSS contract of participation or the supportive services requirement, the unit continues to count as an excepted unit for as long as the family resides in the unit.

A family (or remaining members of a family) residing in an excepted unit that no longer meets the criteria for a "qualifying family" in connection with the 50 percent per project cap exception (e.g., a family that does not successfully complete its FSS contract of participation or supportive services requirements, or a family that is no longer elderly or disabled due to a change in family composition where the PHA does not exercise discretion to allow the family to remain in the excepted unit), must vacate the unit within a reasonable period of time established by the PHA, and the PHA must cease paying housing assistance payments on behalf of the non-qualifying family.

If the family fails to vacate the unit within the established time, the unit must be removed from the HAP contract unless:

- The project is partially assisted and it is possible for the HAP contract to be amended to substitute a different unit in the building in accordance with program requirements; or
- The owner terminates the lease and evicts the family from the unit

The housing assistance payments for a family residing in an excepted unit that is not in compliance with its family obligations to comply with supportive services requirements must be terminated by the PHA.

The PHA may allow a family that initially qualified for occupancy of an excepted unit based on elderly or disabled family status to continue to reside in a unit, where through circumstances beyond the control of the family (e.g., death of the elderly or disabled family member or long-term or permanent hospitalization or nursing care), the elderly or disabled family member no longer resides in the unit. In this case, the unit may continue to be counted as an excepted unit for as long as the family resides in that unit. Once the family vacates the unit, in order to continue as an excepted unit under the HAP contract, the unit must be made available to and occupied by a qualified family.

PHA Policy

The PHA will allow families who initially qualified to live in an excepted unit to remain when circumstances change due to situations beyond the remaining family members' control.

In all other cases, when the PHA determines that a family no longer meets the criteria for a "qualifying family" in connection with the 20 percent per project cap exception, the PHA will provide written notice to the family and owner within 10 business days of making the determination. The family will be given 30 days from the date of the notice to move out of the PBV unit. If the family does not move out within this 30-day time frame, the PHA will terminate the housing assistance payments at the expiration of the 30-day period.

The PHA may make exceptions to this 30-day period if needed for reasons beyond the family's control, such as death, serious illness, or other medical emergency of a family member.

The PHA may refer other eligible families to the excepted units. However, if there are no eligible families on the waiting list and the owner does not refer eligible families to the PHA, the PHA will amend the HAP contract to reduce the total number of units under contract.

18-VI.G. REEXAMINATIONS [PBV Quick Reference Guide (10/14)]

A family living in a unit converted from public housing to RAD PBV may retain its certification date. Unless a family's annual reexamination is due at the same time as the effective date of the RAD PBV HAP contract, the PHA does not need to recertify tenants at the point of conversion. For each family residing in a unit undergoing conversion of assistance under RAD, the administering PHA will have to submit a form HUD-50058 reflecting the family's admission to the voucher program. The effective date of the new admission will be the same as the effective date of the RAD PBV HAP contract. The form should include the same information previously found on the public housing form 50058, including the next annual reexamination date.

18-VI.H. EARNED INCOME DISALLOWANCE [Notice PIH 2012-32, REV-4]

Tenants who are employed and are currently receiving the EID exclusion at the time of conversion will continue to receive the EID after conversion, in accordance with regulations at 24 CFR 5.617. Upon the expiration of the EID for such families, the rent adjustment will not be subject to rent phase-in; instead, the rent will automatically rise to the appropriate rent level based upon tenant income at that time.

Under the HCV program, the EID exclusion is limited to only persons with disabilities [24 CFR 5.617(b)]. In order to allow all tenants (including non-disabled persons) who are employed and currently receiving the EID at the time of conversion to continue to benefit from this exclusion in the PBV project, the provision in section 5.617(b) limiting EID to only persons with disabilities is waived. The waiver and resulting alternative requirement only applies to tenants receiving the EID at the time of conversion. No other tenant, such as tenants who at one time received the EID but are not receiving the EID exclusion at the time of conversion (e.g., due to loss of employment), tenants that move into the property following conversion, etc., is covered by this waiver.

18-VI. RESIDENTS' PROCEDURAL RIGHTS [Notice PIH 2012-32, REV-4]

HUD is incorporating additional termination notification requirements for public housing projects that convert assistance under RAD to PBV beyond those for the standard PBV program. In addition to the regulations at 24 CFR 983.257 related to owner termination of tenancy and eviction (which MTW agencies may not alter) the termination procedure for RAD conversions to PBV require that PHAs provide adequate written notice of termination of the lease, which is no less than:

- A reasonable period of time, but not to exceed 30 days
 - If the health or safety of other tenants, PHA employees, or persons residing in the immediate vicinity of the premises is threatened; or
 - In the event of any drug-related or violent criminal activity or any felony conviction
- 14 days in the case of nonpayment of rent
- 30 days in any other case, except that if a state or local law provides for a shorter period of time, such shorter period shall apply

18-VI.J. INFORMAL REVIEWS AND HEARINGS [Notice PIH 2012-32, REV-4]

Unlike in the standard PBV program, residents in converted projects have the right to request an informal hearing for issues that adversely affect the resident's rights, obligations, welfare, or status with both the PHA and the project owner.

In addition to reasons for an informal hearing listed at 24 CFR 982.555(a)(1)(i)–(vi) (See 16-III.C. Informal Hearings for Participants), an opportunity for an informal hearing must be given to residents for any dispute that a resident may have with respect to an owner action in accordance with the individual's lease or the contract administrator in accordance with RAD PBV requirements that adversely affect the resident's rights, obligations, welfare, or status.

- For any hearing required under 24 CFR 982.555(a)(1)(i)–(vi), the contract administrator will perform the hearing, as is the current standard in the program.
- For any additional hearings required under RAD, the PHA (as owner) will perform the hearing.

An informal hearing will not be required for class grievances or for disputes between residents not involving the PHA (as owner) or contract administrator. This hearing requirement does not apply to and is not intended as a forum for initiating or negotiating policy changes between a group or groups of residents and the PHA (as owner) or contract administrator.

The PHA (as owner) must give residents notice of their ability to request an informal hearing as outlined in 24 CFR 982.555(c)(1) for informal hearings that will address circumstances that fall outside of the scope of 24 CFR 982.555(a)(1)(i)–(vi). (See Chapter 16)

The PHA (as owner) must provide an opportunity for an informal hearing before an eviction.

Noncompliance with Supportive Services Requirement [24 CFR 983.257(c) and FR Notice 11/24/08]

Under RAD, the requirement that a family must actually receive services to reside in a unit

where families receive supportive services differs. Families living in units that will convert under RAD must be given the option to receive supportive services. If such services are declined by the household, the unit shall remain under the HAP contract, the household will not be terminated from the PBV program, and the decision to decline an offer to receive supportive services will not represent a ground for lease termination.

PART VII: DETERMINING CONTRACT RENT

18-VII.A. INITIAL CONTRACT RENTS [Notice PIH 2012-32, REV-4]

RAD conversions are intended to be cost-neutral, and therefore, should not exceed current public housing funding as adjusted for unit size. Since public housing units do not currently have contract rents, HUD provides an estimate of current contract rents for each PHA's public housing units based on current funding as adjusted by bedroom size. Current funding includes operating subsidy, tenant rents, capital funds, replacement housing factor funds (RHF), and demolition disposition transitional funding (DDTF). The funding may limit the amount of initial rent for a property. A detailed explanation of the determination of current funding may be found in Attachment 1C of Notice PIH 2012-32, REV-4. Once the current funding amount is calculated, the amount is adjusted by bedroom size to determine the current funding rent. HUD uses the same bedroom adjustment factors as in the metropolitan FMR schedules where the project is located.

PHAs may adjust subsidy (and contract rents) across multiple projects as long as the PHA does not exceed the aggregate subsidy for all of the projects the PHA has submitted for conversion under RAD. This use, which HUD refers to as "bundled" rents, is permissible when a PHA submits applications for two or more projects. There is no limit to the number of projects that a PHA may bundle.

Notwithstanding the current funding level, the initial rents are set at the lower of:

- 110 percent of the fair market rent (FMR) or the PHA's exception payment standard approved by HUD, or the alternate rent cap in a PHA's MTW agreement
- Reasonable rent in comparison to the unassisted housing market
- An amount determined by current funding
 - Adjusted through rent bundling or reconfiguration of units

18-VII.B. ADJUSTING CONTRACT RENTS [Notice PIH 2012-32, REV-4 and PBV Quick Reference Guide]

Contract rents will be adjusted annually by HUD's operating cost adjustment factor (OCAF) at each anniversary of the HAP contract, subject to the availability of appropriations for each year of the contract term. As such, section 8(o)(13)(I) of the 1937 Act, and 24 CFR 983.301 and 983.302, concerning rent determinations, do not apply when adjusting rents. The rent to owner may at no time exceed the reasonable rent charged for comparable unassisted units in the private market, as determined by the contract administrator in accordance with 24 CFR 983.303.

Contract rents may not exceed the reasonable rent, with the exception that the contract rent for each unit may not be reduced below the initial contract rent under the initial HAP contract.

However, the rent to owner may fall below the initial contract rent in the following situations:

- To correct errors in calculations in accordance with HUD requirements
- If additional housing assistance has been combined with PBV assistance after the execution of the initial HAP contract and a rent decrease is required pursuant to 983.55 (prohibition of excess public assistance)
- If a decrease in rent to owner is required based on changes in the allocation of responsibility for utilities between the owner and the tenant

The contract rent adjustment will be the lesser of:

- The current contract rent increased by the operating cost adjustment factor (OCAF), which is published annually in the *Federal Register*; or
- The reasonable rent

The administering PHA (or independent entity, if the project is PHA-owned) is responsible for processing rent adjustments, at each contract anniversary date, in accordance with the prevailing OCAF.

At least 120 days before the contract anniversary date, HUD recommends that the owner submit the OCAF rent adjustment worksheet (Form HUD-9625) to the PHA administering the PBV assistance (or the independent entity). The PHA will validate the data on the form and determine whether the rent exceeds the reasonable rent charged for comparable unassisted units in the private market, in accordance with 24 CFR 983.303. If rents would be unreasonable following application of the requested OCAF, then the rent can only be increased up to the reasonable rent. The approved rent adjustment will go into effect and the new rents to owner will take effect on the date of the contract anniversary.

Rent Decrease

Rents must not be reduced below the initial rent except to correct errors, for additional subsidy to the property, or to realign utility responsibilities.

18-VII.C. UTILITY ALLOWANCES [Notice PIH 2012-32, REV-4 and PBV Quick Reference Guide]

When contract rent amounts are set initially, the amount does not include a utility allowance. In general, the utility allowances that are used on the initial HAP contract at closing are the public housing utility allowances that are in effect prior to conversion. The CHAP must be updated prior to conversion to reflect current public housing utility allowances. At its discretion, a PHA may use the FMRs and utility allowances in effect during the 30-day period immediately before the beginning date of the HAP contract. A PHA may request a waiver from HUD in order to establish a site-specific utility allowance schedule.

After conversion, unless a waiver is requested and approved by HUD, the PHA must maintain a utility allowance schedule for tenant-paid utilities in accordance with standard PBV and HCV utility allowance regulations at 24 CFR 983.301(f)(2)(ii) and 24 CFR 982.517 respectively. These utility allowances are effective for in-place families at recertification.

PHA Policy

The PHA will use the HCV utility allowance schedule for the RAD developments.

18-VII.D. REASONABLE RENT [24 CFR 983.303]

At the time the initial rent is established and all times during the term of the HAP contract, the rent to owner for a contract unit may not exceed the reasonable rent for the unit as determined by the PHA, except rents must not be reduced below the initial rent except to correct errors, for additional subsidy to the property, or to realign utility responsibilities.

How to Determine Reasonable Rent

The reasonable rent of a unit receiving PBV assistance must be determined by comparison to rent for other comparable unassisted units. When making this determination, the PHA must consider factors that affect market rent. Such factors include the location, quality, size, type and age of the unit, as well as the amenities, housing services maintenance, and utilities to be provided by the owner.

Comparability Analysis

For each unit, the comparability analysis must use at least three comparable units in the private unassisted market. This may include units in the premises or project that is receiving project-based assistance. The analysis must show how the reasonable rent was determined, including major differences between the contract units and comparable unassisted units, and must be retained by the PHA. The comparability analysis may be performed by PHA staff or by another qualified person or entity. Those who conduct these analyses or are involved in determining the housing assistance payment based on the analyses may not have any direct or indirect interest in the property.

PHA-Owned Units

For PHA-owned units, the amount of the reasonable rent must be determined by an independent agency approved by HUD in accordance with PBV program requirements. The independent entity must provide a copy of the determination of reasonable rent for PHA-owned units to the PHA and to the HUD field office where the project is located. WHA will conduct the reasonable rent for the South Terrace Development as the property is under a tax credit ownership entity.

PART VIII: PAYMENTS TO OWNER

18-VIII.A. HOUSING ASSISTANCE PAYMENTS

During the term of the HAP contract, the PHA must make housing assistance payments to the owner in accordance with the terms of the HAP contract. During the term of the HAP contract, payments must be made for each month that a contract unit complies with HQS and is leased to and occupied by an eligible family. The housing assistance payment must be paid to the owner on or about the first day of the month for which payment is due, unless the owner and the PHA agree on a later date.

Except for discretionary vacancy payments, the PHA may not make any housing assistance payment to the owner for any month after the month when the family moves out of the unit (even if household goods or property are left in the unit).

The amount of the housing assistance payment by the PHA is the rent to owner minus the tenant rent (total tenant payment minus the utility allowance).

In order to receive housing assistance payments, the owner must comply with all provisions of the HAP contract. Unless the owner complies with all provisions of the HAP contract, the owner does not have a right to receive housing assistance payments.

18-VIII.B. VACANCY PAYMENTS [24 CFR 983.352]

If an assisted family moves out of the unit, the owner may keep the housing assistance payment for the calendar month when the family moves out. However, the owner may not keep the payment if the PHA determines that the vacancy is the owner's fault.

PHA Policy

If the PHA determines that the owner is responsible for a vacancy and as a result is not entitled to keep the housing assistance payment, the PHA will notify the landlord of the amount of housing assistance payment that the owner must repay. The PHA will require the owner to repay the amount owed in accordance with the policies in Section 16-IV.B.

At the discretion of the PHA, the HAP contract may provide for vacancy payments to the owner. The PHA may only make vacancy payments if:

- The owner gives the PHA prompt, written notice certifying that the family has vacated the unit and identifies the date when the family moved out (to the best of the owner's knowledge);
- The owner certifies that the vacancy is not the fault of the owner and that the unit was vacant during the period for which payment is claimed;
- The owner certifies that it has taken every reasonable action to minimize the likelihood and length of vacancy; and
- The owner provides any additional information required and requested by the PHA to verify that the owner is entitled to the vacancy payment.

The owner must submit a request for vacancy payments in the form and manner required by the PHA and must provide any information or substantiation required by the PHA to determine the amount of any vacancy payment.

PHA Policy

If an owner's HAP contract calls for vacancy payments to be made, and the owner wishes to receive vacancy payments, the owner must have properly notified the PHA of the vacancy in accordance with the policy in Section 18-V.G. regarding filling vacancies.

In order for a vacancy payment request to be considered, it must be made within 10 business days of the end of the period for which the owner is requesting the vacancy payment. The request must include the required owner certifications and the PHA may require the owner to provide documentation to support the request. If the owner does not provide the information requested by the PHA within 10 business days of the PHA's request, no vacancy payments will be made.

18-VIII.C. TENANT RENT TO OWNER [24 CFR 983.353]

The tenant rent is the portion of the rent to owner paid by the family. The amount of tenant rent is determined by the PHA in accordance with HUD requirements. Any changes in the amount of tenant rent will be effective on the date stated in the PHA notice to the family and owner.

The family is responsible for paying the tenant rent (total tenant payment minus the utility allowance). The amount of the tenant rent determined by the PHA is the maximum amount the owner may charge the family for rental of a contract unit. The tenant rent covers all housing services, maintenance, equipment, and utilities to be provided by the owner. The owner may not demand or accept any rent payment from the tenant in excess of the tenant rent as determined by the PHA. The owner must immediately return any excess payment to the tenant.

Tenant and PHA Responsibilities

The family is not responsible for the portion of rent to owner that is covered by the housing assistance payment and the owner may not terminate the tenancy of an assisted family for nonpayment by the PHA.

Likewise, the PHA is responsible only for making the housing assistance payment to the owner in accordance with the HAP contract. The PHA is not responsible for paying tenant rent, or any other claim by the owner, including damage to the unit. The PHA may not use housing assistance payments or other program funds (including administrative fee reserves) to pay any part of the tenant rent or other claim by the owner.

Utility Reimbursements

If the amount of the utility allowance exceeds the total tenant payment, the PHA must pay the amount of such excess to the tenant as a reimbursement for tenant-paid utilities, and the tenant rent to the owner must be zero.

The PHA may pay the utility reimbursement directly to the family or to the utility supplier on behalf of the family. If the PHA chooses to pay the utility supplier directly, the PHA must notify the family of the amount paid to the utility supplier.

PHA Policy

The PHA will make utility reimbursements directly to the family.

18-VIII.D. PHASE-IN OF TENANT RENT INCREASES

For in-place tenants, if a tenant's monthly rent increases by more than the greater of 10 percent or \$25 purely as a result of conversion, the rent increase will be phased in over three years. To implement this provision, HUD is waiving section 3(a)(1) of the 1937 Act, as well as 24 CFR 983.3 (definition of *total tenant payment (TTP)*) only to the extent necessary to allow for the phase-in of tenant rent increases. For families who were on EID at the time of conversion to RAD PBV, upon the expiration of the EID, the rent adjustment is not subject to rent phase-in.

PHA Policy

The PHA will implement a three-year phase-in for in-place families whose rent increases by more than the greater of 10 percent or \$25 as a result of the conversion as follows:

Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion: 33 percent of the difference between the most recently paid TTP and the standard TTP

Year 2: Year 2 Annual Recertification (AR) and any Interim Recertification (IR): 66 percent of the difference between the most recently paid TTP and the standard TTP

Year 3: Year 3 AR and all subsequent recertifications: Full standard TTP

Once the standard TTP is equal to or less than the previous TTP, the phase-in ends and tenants will pay full TTP from that point forward.

18.VIII.E. OTHER FEES AND CHARGES [24 CFR 983.354]

Meals and Supportive Services

With the exception of PBV assistance in assisted living developments, the owner may not require the tenant to pay charges for meals or supportive services. Non-payment of such charges is not grounds for termination of tenancy.

In assisted living developments receiving PBV assistance, the owner may charge for meals or supportive services. These charges may not be included in the rent to owner, nor may the value of meals and supportive services be included in the calculation of the reasonable rent. However, non-payment of such charges is grounds for termination of the lease by the owner in an assisted living development.

Other Charges by Owner

The owner may not charge extra amounts for items customarily included in rent in the locality or provided at no additional cost to unsubsidized tenants in the premises.

Policy and Plan Updates

COVID 19/Pandemic Plan for WACO Housing Authority

WHA is an Essential Service and must operate even in a limited way to assist those most vulnerable. With this in mind, staff and client safety is paramount. The following items will be done immediately.

To neutralize the threat of spreading disease/virus, Staff must be reduced to no more than 30%:

1. All activities, orientations, gatherings and transportation are cancelled.
2. Lobbies and offices are closed for drop in's and walk in's.
3. Department heads determined those department work functions as "Essential" and "Non-Essential"
4. Department heads determined those staff who would report for "Essential Duty" and who would not.
5. Work for Finance and Section 8 would continue on a modified basis based on the work needed.
 - a. Work would be done by teleconference, video conference, email and mail.
6. Public Housing and Rising Images would determine work based on limited person to person contact.
 - a. Continued work would be done by teleconference, video conference, email and mail.
7. Support services- Administrative and IT would determine schedule capabilities to assist with mail, computer equipment, social media and communication to clients, landlords and vendors and assist those that could work remotely. Due to HUD guidelines, files cannot be taken home under any circumstance.
 - a. Letters were sent to all participants in the Section 8 and public housing programs as appropriate explaining what steps we would be taking. That rent was due regardless of when evictions will take place and referrals to our contact email and social media pages for updates.
 - b. Letters were sent to all landlords reminding them that tenants rent would be paid as regularly as possible and that the HAP contract signed has a clause that a tenant cannot be evicted due to circumstances beyond their control. We let them know that even with a limited staff WHA would be working to address income needs due to the virus and we would compensate any differences as needed.
 - c. Vendors were sent a letter to let them know that even with limited staff we would be doing our best to continue to pay all bills and asked for their patience with us if not paid as timely in the past.
8. Community Services needed to schedule teleconference with all disabled and elderly in public housing with IT assists to possibly expand to a contact line for help with the Section 8 population.
 - a. All activities and gatherings will be cancelled.
 - b. Continued work would be done thru email and teleconferencing.
9. Maintenance will only work on defined emergency calls only. Maintenance must wear appropriate protective gear and follow protocols before entering and upon leaving a unit.

- a. Maintenance can be assigned to work in make ready units on a one employee to one unit basis.
10. Staff will be paid normal forty-hour wages whether sent home or not. Compensation for “Essential Duty pay” will be a half/ full step difference higher than the staff person’s normal rate of pay for those additional hours. This will be done in the form of an additional paycheck within two weeks upon all staff being called in to return to work.
11. Under all circumstances staff will be required to use all CDC or local health department guidelines, including social distancing guidelines, modify work schedules to require isolation from other departmental staff and will not leave their work area. Staff may not report to work ill for any reason.
12. Vendor or contractual work will be limited to work that can be done outside of a building. I.e. Pest control, landscaping, etc.
13. HUD may allow for waivers of deadlines and reports of some scheduled items. It is important to realize they will still require the same items to be delivered at a later date. HUD may also set aside emergency funds to reimburse costs associated with serving clients. As these are identified, we will of course review and apply to help mitigate any costs.

Return to Work at Waco Housing Authority with COVID 19/ Pandemic

The President/CEO will determine the date to call all staff back. Work may look different as the President/CEO will need to also set the parameters for opening back at full capacity. Returning staff will be expected to familiarize themselves and study any required videos, trainings, etc. needed to better understand the new way of getting work done.

To neutralize the continued spread of disease/virus, staff will need to follow all the safety protocols established.

In some cases, this means that staff work hours will be modified and some departments will be working on opposite days. Staff will be restricted to their work areas and assigned bathrooms. Staff will be issued safety equipment to use as needed.

1. All present protocols will remain in place. This means no face to contact. Gatherings, orientations or activities.
2. IT will identify any new methods to be able to work in the event of an extended period of time including versions of docu-signatures, telephone extensions to work remotely as needed, etc.
3. We will begin by having full staff at least three weeks from the end of the local stay at home order.

4. We will work a modified schedule not to exceed (24) twenty four hours for the first two weeks, increasing hours every two weeks to allow for any needed training time, etc. until we reach forty hours per week for all staff.
5. WHA will not reopen for activities, gatherings, orientations, etc. until three weeks pass in our jurisdictional area with no new instances of the virus.

EMERGENCY ACTION PLAN FOR WACO HOUSING AUTHORITY & AFFILIATES

Waco Housing Authority & Affiliates has established an emergency/disaster plan to deal with emergencies/disasters at the workplace.

Emergency Color Codes

In the event of an emergency, a color will be announced over the intercom system. The color will designate the emergency and the procedure to follow. The color codes and procedures are as follows:

- Emergency Code Red – Fire – Evacuate immediately
- Emergency Code Blue – Weather Emergency – Evacuate to shelter
- Emergency Code Green – Workplace Violence (Unauthorized person in building)
- Emergency Code Yellow – All Clear

A. Emergency/Disaster Procedures

In the event of an emergency/disaster, procedures are to be followed as listed below:

1. Local authorities (Fire, Police) will be notified immediately of the situation by calling 9-1-1 immediately. Provide your name and agency, nature of emergency, and location with complete address.
2. Any Waco Housing Authority & Associates buildings at the disaster site will be evacuated immediately, if possible.
3. The Executive Director and Safety Coordinator will be notified immediately.
4. The Maintenance Department should be notified if there is a need to secure the premises and assess damages if determined safe to do so by local authorities responding to the situation.

The President/CEO and the Safety Coordinator will be responsible for monitoring the activation of the plan when deemed necessary. The purpose of the emergency/disaster plan is to provide effective coordination of action in order to maximize protection of life and minimize property loss within Waco Housing Authority & Affiliates.

Emergencies/Disasters will be defined as, but not limited to, the following:

- Release of toxic gas
- Chemical spills
- Fire
- Flood
- Tornadoes
- Explosions
- Workplace violence

In the event of an area wide emergency/disaster, the President/CEO, or his/her designated representative, shall direct all efforts on behalf of the agency in establishing and maintaining communication with local authorities and housing sites, assisting with possible evacuation plans, and other additional action deemed necessary to ensure the safety of all persons and property, and to continue the business of the Housing Authority.

After emergency/disaster containment, the designated agency representative will coordinate personal relief efforts with appropriate Housing Authority personnel and local authorities (Fire Department, Emergency Management office, Police Department and the Red Cross).

After the safety and comfort of the residents and staff have been fully attended to, the Executive Director and the Safety Coordinator, with assistance from the Assistant Director of Maintenance and pertinent local authorities, will begin property damage assessment. Housing sites affected by disaster shall be secured and any potentially dangerous conditions shall be eliminated. The Assistant Director of Maintenance shall be responsible for coordinating any clean up and repairs after sites are deemed safe by authorities.

B. Emergency Procedures – Fire – Emergency Code Red

1. Using the color code system, announce “Emergency Code Red” over the intercom system by pressing 621 and saying “Emergency Code Red”.
2. Notify the Fire Department by calling 9-1-1. Give the location, address, floor, and area of fire.
3. Evacuate immediately. Evacuation should be quick and orderly. Use the nearest exit to your location. The Supervisor and Safety Committee Representative of each department are responsible to make sure all employees from their area are evacuated. When evacuating your offices, **do not close your door**. The door will be closed by the Supervisor or Safety Committee Representative after a final check has been made. All employees of the office at 4400 Cobbs are to evacuate to the area near the sidewalk near the street at the 44th street side of the building. If an employee has any visitors or clients in their offices, they are responsible to evacuate those persons. For the off-site locations, the evacuation procedure will be as follows:
 - 800 Clay – East side of South 8th Street across from parking lot
 - South Terrace – South side of Kennedy Pantry
 - Kate Ross Rental Office – East side of South 11th in front of office
 - Kate Ross Center – South side of Cleveland parking lot in front of center
 - Estella Maxey – Northwest side of J.J. Flewellen parking lot

When it is safe to return to your workstation, the code “Emergency Code Yellow” will be announced.

Fire Drills

Fire Drills will be held at random. These drills will not be announced beforehand. When you hear the code for fire (Emergency Code Red) over the intercom system, you proceed as if an actual fire has occurred.

C. Emergency Procedures - Severe Weather – Emergency Code Blue

In the event of severe weather that requires evacuation to shelter, an announcement will be made in accordance with the color code system. The code “Emergency Code Blue” will be announced over the intercom system.

Employees in the building at 4400 Cobbs Dr. will evacuate to the fallout shelter area downstairs in the storage area. Evacuation will be the same as for fire, with the immediate supervisor and the Employee Committee representative being responsible for all employees to be evacuated to the fallout shelter area downstairs. At all outlying areas, evacuation will be to the safest place available, preferably in the center of a building away from windows and doors.

D. Emergency Procedures - Workplace Violence – Emergency Code Green

If a person enters the premises and appears to be a threat, announce the code “Emergency Code Green” over the intercom system. This will alert all employees to the danger. When “Emergency Code Green” is announced over the intercom, the Safety Coordinator and Safety Committee Advisor will coordinate and call 911. The recommendation is made to seek a secure place until the danger is past. This will be dependent upon the individual and the situation. When you hear the “Emergency Code Yellow” code announced over the intercom, return to your work station. Emergency Code Yellow is the all clear code that the danger has past.

Report any suspected threat of workplace violence to either your immediate Supervisor, the Human Resources Specialist or the Safety Coordinator immediately. Workplace violence occurs in a number of different forms. The most common are:

- Hitting
- Shoving
- Pushing
- Kicking
- Sexual Assaults

Workplace violence can also include verbal outbursts and can happen in the form of:

- Threats
- Harassment
- Abuse
- Intimidation

Violence can be categorized as either internal or external. Internal violence is violence that comes from within the organization and is perpetrated by current employees or former employees. Workplace violence can also come from outside the organization. This external violence is perpetrated by clients or customers.

Special Instructions for the Evacuation of Handicapped or Disabled People

The evacuation of mobility impaired persons requires special consideration. Although sight and hearing impaired people can usually remove themselves from the building, they may not hear or see an alarm, and therefore may not perceive the need for evacuation. Any mobility impaired person should have someone from their work area or housing site assigned to ensure their safe evacuation from a dangerous location. If an emergency situation arises and you have a client/guest in your office who is handicapped, you should make every effort to get this person evacuated safely.

E. Emergency Procedures for Natural Disasters within the State of Texas

In the event of a natural disaster within the state of Texas, Waco Housing Authority & Affiliates will accept applications from residents within the state of Texas for both Public Housing and Section 8. The event must be declared a disaster by the Governor of the state of Texas. These applications will receive priority status due to the disaster and will move to the top of the Waiting List for both Public Housing and Section 8.

E. Emergency Procedures for Natural Disasters within the United States

In the event of a natural disaster within the United States, Waco Housing Authority & Affiliates will accept applications from residents within the United States for both Public Housing and Section 8. The event must be declared a disaster by the President of the United States. These applications will receive priority status due to the disaster and will move to the top of the Waiting List for both Public Housing and Section 8.

Contingency Plan for President/CEO Emergency/Incapacity

These procedures are to be followed in the event that the President/CEO of the Waco Housing Authority is no longer available to the Authority on a temporary or permanent basis in the event of an emergency, accident, illness or other incapacity.

1. Executive staff will notify the Board of Commissioners Chairman and Vice Chairman that the President/CEO has been incapacitated. They will notify the Chair and Vice Chairman that the Vice President of Operations, the designated second, is in place and proceeding with WHA work as planned.
2. The Vice President of Operations will keep the Chair and Vice-Chair updated on the President/CEO's condition. The Vice President of Operations must also notify HUD San Antonio that the President/CEO is temporarily unavailable and share the condition and anticipated length of absence.
3. If it is determined that the President/CEO will only be temporarily unavailable and have an anticipated length of absence, the Vice President of Operations will act as the Acting/Interim President/CEO and function with the authority as the President/CEO.
4. If the President/CEO is permanently unavailable, the Vice President of Operations will assist the Chair and Vice-Chair in taking the steps necessary to hire a new President/CEO. This may include contacting industry organizations to assist in notifying qualified personnel of the opening.
5. The Vice President of Operations will also assist in setting up interviews with the Board of Commissioners (a quorum must be present), checking background information, references, etc.
6. The Board of Commissioners must also remember that once they hire a new President/CEO and the probationary period is successfully achieved, the President/CEO will have the full power, authority and autonomy to run the day to day operations of the agency as they deem necessary.
7. The Board's primary responsibility is to review, approve and adopt policy and budgets of the agency and to ensure they are compliant with all established HUD rules and regulations. They are not there to micro-manage, by involving themselves in day to day operations.

under the supervision of a supervisor. In order to be eligible for overtime an employee must work 40 hours in a normal seven (7) day work week.

An observed holiday will be considered a day of work for the purpose of calculating weekly overtime. Therefore, if an employee works more than 30 hours during the week of the observed holiday, that time will be calculated at time and a half. If work is performed on the observed holiday, time will be paid at double time.

All employees working overtime or outside of normal work hours must have supervision. Supervisor will determine departmental procedures for overtime/comp time supervision.

Jury Duty summons will be considered a day/hours of work for the purpose of calculating overtime. A copy of the subpoena must be submitted to the Finance payroll department and documentation must be submitted for proof of court dates. If an employee is selected for jury duty for days in a row, then a substitute employee may fill in for overtime hours.

D. Absence from Work

1. Notice of Absences

From time to time, it may be necessary for an employee to be absent from work. Permission to be absent must be obtained from your immediate supervisor or President/CEO in advance. Such permission is necessary whether or not the employee will be gone the whole day or simply absent from work for a period of time, such as for a doctor's appointment. In cases of emergency, you must telephone your supervisor or the central office prior to normal starting time. You must personally telephone your supervisor prior to normal starting time if you are going to be absent or late. A call from your spouse, mother, or child is not acceptable unless you are physically unable to call. Your failure to report to work without notice is a serious matter, and will not be tolerated. If you are absent from work for one or consecutive full shifts without proper notification, you will be considered to have voluntarily resigned your position and your employment may be terminated at the discretion of the President/CEO.

In situations where an employee has a doctor's written designated time off, that employee needs to inform their immediate supervisor of the designated time off and that employee is not required to call in every day. Their excused absence will reflect the number of work days designated by the doctor's written designated time off.

2. Authorized Leave of Absence

All requests for leave of absence shall be submitted in writing to the President/CEO.

3. Holidays

The following **11 holidays** with pay shall be observed:

New Year's Day
Martin Luther King, Jr.
President's Day
Memorial Day
Independence Day
Labor Day
Columbus Day
Veterans Day
Thanksgiving Day
Christmas Eve
Christmas Day

Other days, as may be declared by the City Council, may be adopted by the Board of Commissioners as official holidays for Authority employees and all holidays will be observed in accordance with the following provisions:

- a. As many employees as possible shall be given each holiday off consistent with the maintenance of essential Authority functions.
- b. Full-time regular employees shall be entitled to paid holiday.
- c. Part-time regular employees shall be entitled to holiday pay to the extent they would have worked for the holidays.
- d. Temporary employees may be given unpaid holidays.
- e. An employee who works on an official holiday as directed shall be paid overtime (2 times his/her regular hourly rate). To be entitled to holiday pay, employee

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Phone (254) 752-0324 Fax (254) 754-6483
Hearing Impaired (800) 545-1833 ext. 306

MEMORANDUM

Date: September 7, 2020

To: Milet Hopping, President/CEO

From: Edwina Viera, Vice President-Financial Services

Subject: Investment Policy Diversification Amendment

In accordance with the investment policy on page 4 section 10.0 on Diversification, it states, "Waco Housing Authority & Affiliates will diversify its investments by institutions. With the exception of U.S. Treasury securities and authorized investment pools, no more than 50% of the Waco Housing Authority total investment portfolio will be invested with single financial institution or broker/dealer."

WHA current investment portfolio allocation has one financial institution over the 50%. This financial institution is where WHA's HUD funding is deposited. The federal government has disbursed the Cares Act supplemental funding to this bank account and consequently WHA's percentage of diversification allowed for any given financial institution has increased.

It is my recommendation to increase our current diversification percentage from 50% to 70%, since WHA has no control over the amount and/or when HUD funds are released and disbursed to WHA bank account.

The policy change would be reworded as follows: "Waco Housing Authority & Affiliates will diversify its investments by institutions. With the exception of U.S. Treasury securities and authorized investment pools, no more than 70% of the Waco Housing Authority total investment portfolio will be invested with single financial institution or broker/dealer."

Milet Hopping
9.14.20

CHANGES TO THE WACO HOUSING AUTHORITY & AFFILIATES INVESTMENT POLICY

INVESTMENT POLICY

10.0 DIVERSIFICATION:

Waco Housing Authority & Affiliates will diversify its investments by institution. With the exception of U.S. Treasury securities and authorized investment pools, no more than 50% 70% of the Waco Housing Authority total investment portfolio will be invested with single financial institution or broker/dealer.

11.0 MAXIMUM MATURITIES:

To the extent possible Waco Housing Authority & Affiliates will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Authority will not directly invest in securities maturing more than three years (3) from the date of purchase. This maximum maturity policy applies to all Housing Authority funds. The maximum dollar weighted average maturity (WAM) is 365 days.

12.0 INTERNAL CONTROL:

The Vice President of Financial Services shall establish an annual process of independent review as part of the annual audit. This review will provide internal control by assuring compliance with policies and procedures.

13.0 PERFORMANCE STANDARDS AND REPORTING:

The Vice President of Financial Services or designee will prepare a quarterly investments report for the Housing Authority Board of Commissioners. The report shall contain the name of the Financial institution or broker/dealer holding the investment, the cost of the investment, the fair market value of the investment, the purchase and maturity dates of the investment. The performance will be measured by standards set by the U.S. Department of Housing and Urban Development.

3. Securities of Government Sponsored Agencies:

- a. Farm Credit Consolidated System Wide Discount Notes
- b. Federal Farm Credit Banks Consolidated System Wide Bonds
- c. Federal Home Loan Banks Consolidated Obligations

- d. FHLMC Mortgage Participation Certificates (PC) (Guaranteed)
- e. FHLMC Collateral and Mortgage Obligations (CMOs)
- f. Federal National Mortgage Association (FNMA) Debentures
- g. FNMA Notes
- h. FNMA Short Term Discount Notes
- i. FNMA Capital Debentures
- j. Student Loan Marketing Associations (SLMA) Obligations

ATTACHMENT B

BOARD APPROVED INVESTMENTS INSTITUTIONS

<u>Bank Name</u>	<u>Address</u>
1. Alliance Bank	4721 Bosque Blvd; Waco, TX 76710
2. American Bank	200 W State Highway 6; Waco, TX 76712
3. Bank of America	1100 N Valley Mills Dr; Waco, TX 76710
4. BBVA Compass	900 Washington Ave; Waco, TX 76701
5. Central National Bank	5400 Bosque Blvd; Waco, TX 76710
6. Chase Bank	320 N New Rd; Waco, TX 76710
7. Community Bank & Trust	1409 Wooded Acres; Waco, TX 76710
8. Extraco Banks	1700 N Valley Mills Dr; Waco, TX 76710
9. Fidelity Bank of Texas	1901 W Lake Shore Drive; Waco, TX 76708
10. First Community Bank	1300 N Valley Mills Dr; Waco, TX 76710
11. First National Bank of Central Texas	1835 N Valley Mills Dr; Waco, TX 76710
12. Incommons Bank	5400 Crosslake Pkwy Ste 100; Waco, TX 76712
13. Independent Bank	5401 Bosque Blvd; Waco, TX 76710
14. Pointwest Bank	420 N Hewitt Dr; Hewitt, TX 76643
15. Synergy Bank	510 N Valley Mills Dr, Ste 100; Waco, TX 76710
16. Texas First State Bank	4800 Sanger Ave; Waco, TX 76710
17. The National Banks of Central Texas	5500 Bagby; Waco, TX 76711
18. Wells Fargo Bank	300 Franklin Ave; Waco, TX 76701

RESOLUTION NO. 3825

RESOLUTION BY THE BOARD OF COMMISSIONERS OF WACO HOUSING AUTHORITY & AFFILIATES APPROVING THE LOW RENT PUBLIC HOUSING BUDGET FOR KATE ROSS, ESTELLA MAXEY, AND SOUTH TERRACE AND THE OPERATING BUDGET FOR CENTRAL COST CENTER AND THE SECTION 8 ADMINISTRATIVE BUDGET FOR THE FISCAL YEAR OCTOBER 1, 2020 TO SEPTEMBER 30, 2021

WHEREAS, the regulations of the United States Department of Housing and Urban Development require the Commissioners of the Public Housing Agency to approve the Low Rent Public Housing Operating Budget for Kate Ross, Estella Maxey, and South Terrace and the Operating Budget for Central Cost Center, and

WHEREAS, the President/CEO of Waco Housing Authority & Affiliates has presented to the Board of Commissioners the criteria used to arrive at the Low Rent Public Housing Operating Budget and the Central Cost Center Operating Budget along with the Section 8 Administrative Budget and certifies:

1. That the proposed expenditures are necessary for the efficient and economical operation of the programs for the purpose of serving low-income families.
2. That the financial plan is reasonable in that all proposed expenditures will be consistent with provisions of law and the Annual Contributions Contract, and

WHEREAS, the backup documentation is attached, and

WHEREAS, the President/CEO hereby certifies that Waco Housing Authority & Affiliates is in compliance with HUD budgeting requirements, and

WHEREAS, this resolution was considered at a regular meeting open to the public as required by law and notice of the time, place, and purpose of said meeting was given as required by Chapter 551 of the Texas Government Code:

NOW, THEREFORE, BE IT RESOLVED THAT the above resolution was adopted by the BOARD OF COMMISSIONERS OF WACO HOUSING AUTHORITY & AFFILIATES on this the 22nd day of September 2020.

Secretary

Chairperson of the Board

(SEAL)

Waco Housing Authority 2021 Budget

9/16/2020 14:12	Central	Kate Ross	Estella Maxey	Total	2020 Budget
Income					
Dwelling Rental	\$ -	\$ 688,000	\$ 870,000	\$ 1,558,000	\$ 1,563,200
Excess Utilities/Mart Mgt Fee COCC	\$ 25,600	\$ 83,200	\$ 116,000	\$ 224,800	\$ 229,490
Rental - 1001 Washington	\$ -	\$ 72,000	\$ -	\$ 72,000	\$ 72,000
Section 8 Admin. Fees (19%)	\$ 293,600	\$ -	\$ -	\$ 293,600	\$ 218,880
Capital Fund Program (CFP)	\$ 143,800	\$ 128,300	\$ 147,300	\$ 419,400	\$ 479,240
CFP - Operating Income (1406)	\$ -	\$ 64,900	\$ 81,000	\$ 145,900	\$ 136,420
Interest on Investments	\$ 4,600	\$ 20,300	\$ 31,700	\$ 56,600	\$ 62,380
Time Warner Commissions	\$ -	\$ 4,500	\$ 5,600	\$ 10,100	\$ 13,640
Other Income	\$ 1,600	\$ 59,300	\$ 74,600	\$ 135,500	\$ 195,700
Mgt Fees - Non-Profits (26%)	\$ 631,000	\$ -	\$ -	\$ 631,000	\$ 562,100
Mgt/ Bkpg/ Adm Fees - Sites	\$ 536,900	\$ -	\$ -	\$ 536,900	\$ 741,750
HUD Operating Subsidy	\$ -	\$ 1,111,800	\$ 1,485,700	\$ 2,597,500	\$ 2,500,040
Total Income	\$ 1,637,100	\$ 2,232,300	\$ 2,811,900	\$ 6,681,300	\$ 6,774,840

Expenses	Central	Kate Ross	Estella Maxey	Total	2020 Budget
Description	800	101	102		
Administrative Salaries	\$ 1,086,200	\$ 187,800	\$ 247,800	\$ 1,521,800	\$ 1,570,050
Legal Expense	\$ 800	\$ 800	\$ 3,600	\$ 5,200	\$ 3,000
Staff Training/ Convention Fees	\$ 9,100	\$ 450	\$ 500	\$ 10,050	\$ 14,820
Travel-Training, Conventions & Meetings	\$ 9,000	\$ 1,450	\$ 1,800	\$ 12,250	\$ 31,160
Auditing Fees	\$ 1,000	\$ 3,400	\$ 4,200	\$ 8,600	\$ 8,560
Membership Dues	\$ 2,000	\$ 900	\$ 1,100	\$ 4,000	\$ 2,270
Telephone & Telegraph	\$ 1,900	\$ 1,950	\$ 2,450	\$ 6,300	\$ 5,080
Postage Expense	\$ 7,500	\$ 5,400	\$ 7,600	\$ 20,500	\$ 21,490
Publications	\$ -	\$ 400	\$ 500	\$ 900	\$ 940
Advertising	\$ 200	\$ 400	\$ 500	\$ 1,100	\$ 330
Post-Accident Drug Test	\$ -	\$ 200	\$ 200	\$ 400	\$ 120
Pre-emplymt.Phys./Drug Screen	\$ -	\$ 200	\$ 100	\$ 300	\$ 300
Citation Court Cost	\$ -	\$ 23,900	\$ 32,200	\$ 56,100	\$ 50,530
Staff Drivers License Chk	\$ 150	\$ 75	\$ 150	\$ 375	\$ 330
Meetings	\$ -	\$ -	\$ -	\$ -	\$ 50
Office Supply	\$ 14,850	\$ 5,600	\$ 6,900	\$ 27,350	\$ 30,750
Miscellaneous	\$ 300	\$ 4,400	\$ -	\$ 4,700	\$ 1,120
Office Equip-Maint. Repairs	\$ -	\$ -	\$ -	\$ -	\$ 750
Commissioner Expense	\$ 200	\$ -	\$ -	\$ 200	\$ 150
Public Relations	\$ -	\$ -	\$ -	\$ -	\$ 140
Contract Employee	\$ -	\$ 10,000	\$ 10,000	\$ 20,000	\$ 9,400
Equipment Rental	\$ -	\$ 1,920	\$ 2,120	\$ 4,040	\$ 4,390
Copier Supplies & Services	\$ 1,900	\$ 1,550	\$ 1,850	\$ 5,300	\$ 3,990
Admin. Software Maint.	\$ 45,000	\$ 22,900	\$ 27,800	\$ 95,700	\$ 66,330
Office Equipment & Furniture	\$ 3,100	\$ 800	\$ 3,000	\$ 6,900	\$ 13,630
Computer Equipment	\$ 3,500	\$ 300	\$ 400	\$ 4,200	\$ 4,200
Criminal Background Check	\$ -	\$ 1,900	\$ 2,600	\$ 4,500	\$ 7,060
Tenant Verification	\$ -	\$ 1,800	\$ 1,800	\$ 3,600	\$ 8,040
Writ of Possession	\$ -	\$ 6,700	\$ 10,700	\$ 17,400	\$ 17,970
Courier/Express Mail	\$ -	\$ -	\$ -	\$ -	\$ 150
Professional Fees	\$ -	\$ -	\$ -	\$ -	\$ 70
Uniform Expense	\$ -	\$ 1,600	\$ 1,800	\$ 3,400	\$ 4,900
PHFSS Escrow Expense	\$ -	\$ 4,250	\$ 700	\$ 4,950	\$ 4,940
Tenant Services Salaries	\$ -	\$ 101,500	\$ 126,900	\$ 228,400	\$ 266,820
Tenant Services Recreation	\$ -	\$ 10,000	\$ 10,000	\$ 20,000	\$ 27,000
Resident Council	\$ -	\$ 4,000	\$ 4,000	\$ 8,000	\$ 9,120
Ten.Serv.Cont, Training, Spec Needs	\$ -	\$ 100	\$ 100	\$ 200	\$ 70
Water	\$ 4,300	\$ 67,300	\$ 97,600	\$ 169,200	\$ 166,300
Electricity	\$ 14,500	\$ 160,000	\$ 229,200	\$ 403,700	\$ 440,200
Gas	\$ 1,400	\$ 59,000	\$ 90,000	\$ 150,400	\$ 166,700
Sewer	\$ 900	\$ 88,500	\$ 137,600	\$ 227,000	\$ 205,700
Maintenance & OP Labor	\$ -	\$ 189,700	\$ 312,200	\$ 501,900	\$ 475,750
Paint & Accessories	\$ -	\$ 9,200	\$ 8,500	\$ 17,700	\$ 24,000
Auto Parts & Materials	\$ 1,000	\$ 4,000	\$ 4,800	\$ 9,800	\$ 16,190
Plumbing Supplies	\$ -	\$ 18,200	\$ 19,500	\$ 37,700	\$ 26,300
Hardware	\$ -	\$ 2,700	\$ 2,600	\$ 5,300	\$ 4,220
Small Tools	\$ 600	\$ 100	\$ 100	\$ 800	\$ 400
Electrical Supplies	\$ 200	\$ 8,700	\$ 8,200	\$ 17,100	\$ 14,050
A/C Parts	\$ -	\$ 11,100	\$ 14,000	\$ 25,100	\$ 26,200
Hot Water Heaters	\$ -	\$ 9,600	\$ 8,300	\$ 17,900	\$ 22,800
Janitorial Supplies	\$ 2,500	\$ 3,800	\$ 3,300	\$ 9,600	\$ 11,600
Building Supplies	\$ -	\$ 11,100	\$ 12,800	\$ 23,900	\$ 20,200
Appliance Supplies	\$ -	\$ 3,600	\$ 4,000	\$ 7,600	\$ 7,750
Appliance-New	\$ -	\$ 20,000	\$ 20,000	\$ 40,000	\$ 54,000
Pest Controls	\$ 200	\$ 300	\$ 200	\$ 700	\$ 200
Maintenance Temporary Labor	\$ -	\$ 20,000	\$ 20,000	\$ 40,000	\$ 12,000
Auto Repair-Contracts	\$ 2,000	\$ 1,800	\$ 1,500	\$ 5,300	\$ 3,800
Equip. Repair-Contracts	\$ 100	\$ 2,000	\$ 2,200	\$ 4,300	\$ 2,640
A/C Repair-Contracts	\$ 5,000	\$ 37,200	\$ 37,400	\$ 79,600	\$ 101,800
Electric Repair-Contract	\$ 1,000	\$ 2,400	\$ 15,500	\$ 18,900	\$ 23,700
Garbage Pickup-Contract	\$ 2,700	\$ 44,400	\$ 60,500	\$ 107,600	\$ 107,890
Cathodic Protection Contract	\$ -	\$ 5,000	\$ 5,700	\$ 10,700	\$ 7,000
Pest Control Contract	\$ 700	\$ 7,400	\$ 12,100	\$ 20,200	\$ 20,230
Miscellaneous Contract	\$ -	\$ 300	\$ 300	\$ 600	\$ 610
Make- Ready Contract	\$ -	\$ 94,000	\$ 94,000	\$ 188,000	\$ 80,000
Building Repair-Contract	\$ 200	\$ 6,900	\$ 6,000	\$ 13,100	\$ 6,900
Roof Repair Contract	\$ -	\$ -	\$ 3,700	\$ 3,700	\$ 2,000
Janitorial Contract	\$ 24,500	\$ -	\$ -	\$ 24,500	\$ 25,500
Plumbing Contract	\$ 200	\$ 31,075	\$ 10,575	\$ 41,850	\$ 22,350
Lock & Key Contract	\$ 500	\$ 1,500	\$ 1,000	\$ 3,000	\$ 1,900
Grounds Contract	\$ 5,700	\$ 56,500	\$ 93,500	\$ 155,700	\$ 151,160
Protective Services Contract	\$ -	\$ 77,650	\$ 76,000	\$ 153,650	\$ 158,620
Workers' Compensation Ins	\$ 6,700	\$ 7,900	\$ 12,500	\$ 27,100	\$ 26,340
General Liab. Insurance	\$ -	\$ 1,000	\$ 1,300	\$ 2,300	\$ 2,280
Automobile Insurance	\$ 2,000	\$ 3,500	\$ 3,700	\$ 9,200	\$ 9,400
Public Officials Insurance	\$ -	\$ 1,600	\$ 2,000	\$ 3,600	\$ 4,010
Flood Insurance	\$ -	\$ 11,900	\$ -	\$ 11,900	\$ 11,910
Public Employee Dishonesty	\$ 100	\$ 100	\$ 100	\$ 300	\$ 230
Fire & Extended Coverage	\$ 100	\$ 39,100	\$ 48,400	\$ 87,600	\$ 85,580
FICA-Employer	\$ 62,300	\$ 29,320	\$ 42,020	\$ 133,640	\$ 137,460
Medicare-Employer	\$ 15,500	\$ 6,820	\$ 9,820	\$ 32,140	\$ 33,180
Unemployment Insurance (TEC)	\$ 3,900	\$ 3,440	\$ 4,840	\$ 12,180	\$ 8,210
Pension-Employer	\$ 80,700	\$ 33,830	\$ 48,830	\$ 163,360	\$ 168,080
Health Insurance-Employer	\$ 102,600	\$ 104,040	\$ 191,740	\$ 398,380	\$ 427,490
Dental Insurance-Employer	\$ 8,100	\$ 7,140	\$ 11,340	\$ 26,580	\$ 18,640
Long Term Disability-Employer	\$ 4,600	\$ 1,940	\$ 2,840	\$ 9,380	\$ 9,700
Collection Losses	\$ -	\$ 33,200	\$ 56,525	\$ 89,725	\$ 82,700
Asset Management Fee	\$ -	\$ 34,600	\$ 43,700	\$ 78,300	\$ 78,240
Property Management Fees	\$ -	\$ 178,200	\$ 225,600	\$ 403,800	\$ 403,340
Bookkeeping Fees	\$ -	\$ 24,200	\$ 30,600	\$ 54,800	\$ 54,830
CFP Management Fees	\$ -	\$ 63,900	\$ 79,900	\$ 143,800	\$ 135,090
Total Expenses	\$ 1,541,500	\$ 2,047,400	\$ 2,742,000	\$ 6,330,900	\$ 6,297,390

Profit/Loss	\$ 95,600	\$ 184,900	\$ 69,900	\$ 350,400	\$ 477,450
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Resolution No.3826

RESOLUTION BY THE BOARD OF COMMISSIONERS OF THE WACO HOUSING AUTHORITY & AFFILIATES AUTHORIZING THE PRESIDENT/CEO TO CHARGE OFF \$111,445.99 FROM THE PUBLIC HOUSING BUDGET. THESE AMOUNTS ARE FOR DELINQUENT ACCOUNTS FOR KATE ROSS, ESTELLA MAXEY, AND SOUTH TERRACE DEVELOPMENTS.

WHEREAS, in compliance with HUD regulations, the Public Housing department exhausted every possible method of collecting these delinquent rents, and

WHEREAS, all delinquent rental accounts are at least six months old, and

WHEREAS, the total for these delinquent rents' is \$111,445.99 for all three developments. The individual amounts are:

Kate Ross; \$33,178.70
Estella Maxey \$56,672.23
South Terrace \$21,595.06, and

WHEREAS, this resolution was considered at a regular meeting open to the public as required by law and notice of the time, place, and purpose of said meeting was given as required by Chapter 551 of the Texas Government Code, and

NOW, THEREFORE, BE IT RESOLVED THAT the above resolution was adopted by the BOARD OF COMMISSIONERS OF WACO HOUSING AUTHORITY & AFFILIATES on this the 22nd day of September 2020.

Secretary

Chairperson of the Board

(SEAL)

Waco Housing Authority & Affiliates
4400 Cobbs Drive
P.O. Box 978
Waco, Texas 76703-0978
Phone (254) 752-0324 Fax (254) 754-6483
Hearing Impaired (800) 545-1833

MEMORANDUM

Date: August 10, 2020

To: Gloria Dancer

From: Janie Lovell

Subject: 2020 Write Offs

I am requesting to write off \$111,445.99

Kate Ross: \$33,178.70

Estella Maxey: \$56,672.23

South Terrace: \$21,595.06

*okay
8/10/2020
JLover*

*OK
8.10.20
ML*

RESOLUTION NO. 3827

RESOLUTION BY THE BOARD OF COMMISSIONERS OF WACO HOUSING AUTHORITY & AFFILIATES AUTHORIZING THE PRESIDENT/CEO TO ENTER INTO A CONTRACT WITH JNA PAINT CONTRACTING OF DALLAS, TEXAS IN THE AMOUNT OF \$80,900.00 FOR THE INTERIOR PAINTING OF 25 UNITS AT ESTELLA MAXEY AND 25 UNITS AT KATE ROSS.

WHEREAS, the Modernization Department solicited sealed bids in accordance with procurement guidelines from qualified service providers

WHEREAS, in addition, the IFB advertisement was published in the Waco Tribune Herald on August 2, 2020 and August 9, 2020 and advertised on our website, and

WHEREAS, in addition to the advertisement, (43) general and paint contractors were notified by email, and

WHEREAS, Waco Housing Authority & Affiliates received (3) compliant bids, and

WHEREAS, it was determined that JNA Painting Contracting submitted the lowest most responsive qualified bid, and

WHEREAS, it is the recommendation of the President/CEO that the contract be awarded to JNA Painting Contracting, and

WHEREAS, this resolution was considered at a regular meeting open to the public as required by law and notice of the time, place, and purpose of said meeting was given as required by Chapter 551 of the Texas Government Code:

NOW, THEREFORE, BE IT RESOLVED THAT the above resolution was adopted by the BOARD OF COMMISSIONERS OF WACO HOUSING AUTHORITY & AFFILIATES on this the 22nd day of September 2020.

Secretary

Chairperson of the Board

(SEAL)

Unit Painting

Bids submitted without the completed forms below, may be considered non-compliant.

Mail/Deliver bids to WHA, Attn: Kaitlin Dragoo, Procurement Contract Compliance Officer, P.O. Box 978, Waco, Texas 76703-0978.

Deadline for bids will be **DATE: 2020 @ 3:00 p.m. CST**

OVERVIEW:

The goal of this project is to completely paint walls and ceiling to a condition with no deficiencies to the interior paint and texture on the walls, ceiling, interior window frames, interior doors and exterior doors. Cabinets, pantry's and closets to be repaired and painted.

Counter tops, base cabinets, vanity's, tubs and floors will not be addressed in the project. However, they must be protected from damage and over spray.

Construction Specifics:

1. The contractor shall thoroughly clean all walls, doors and cabinets (interior and face) prior to work. Prep and seal nicotine stained areas. Clean and seal mold/mildew areas. Remove existing cove base and replace with new once paint is dry. Repair wall texture throughout unit. Prep doors. Repair and prep cabinets for stain.
2. Walls will be prepped and repaired. Contractor is responsible for the preparing of all surfaces that will be painted, including but not limited to washing, scraping, etching, cleaning, priming, hole repairs and all other surface prepping.
3. Holes repairs must meet GA-214-96 in the Gypsum Construction Handbook and must have reinforced backing.
4. All painted and stained surfaces shall be free of nails, stickers and foreign debris.
5. Units appliances shall be covered and protected during the project.
6. Door hardware and HVAC grills shall be removed by the contractor and store with covered appliances. Maintenance will reinstall.
7. Exterior doors and interior stair railings along with hardware shall be painted with 2 coats (Tobacco Brown).
8. Walls and ceilings shall be painted with 2 coats (Moonlight).
9. Refinished cabinets will be stained (Golden Oak) 2 coats.
10. The contractor shall remove all door hardware and HVAC grills and store with
11. Contractor will purchase paint from Sherwin Williams Downtown Waco: See Specs
12. Interior window frames to be cleaned and painted with DTM to match.

Task Requirements:

1. Contractor must be able to schedule the painting task to be completed within the time allotted.
2. Contractor must be in possession of proper equipment in good working condition. All equipment shall be operated in a safe and proper manner.
3. Contractor must perform tasks timely and remain cognizant of safety of Housing Authority and residents.
4. All materials shall be of equal or better quality as original materials.
5. Clean up construction debris daily from WHA property.
6. All work must be done in accordance with attached scope of work and order of units provided by the Waco Housing Authority.
7. The contractor shall furnish all labor, materials, tools, equipment, transportation, supervision, and all other services for performance of the work.
8. The contractor agrees that the damage or breakage of the Waco Housing Authority personal property remains the sole responsibility of the contractor and any settlement between the contractor and the Waco Housing Authority must be agreed upon prior to the contractor leaving the address.
9. At all times during the performance of this contract the contractor shall either directly supervise the project or have present on the work site a competent job superintendent who is satisfactory to the WHA.
10. Completed units will be inspected by the supervisor and Maintenance Director. Units will only be inspected when paint has dried on all painted surfaces and unit has been cleaned for final inspection. Management must be notified 24 hours in advance of UNIT readiness for inspection.
11. Key for units being painted will be signed out from the rental office by onsite supervisor or lead worker. Any lost key will result in the contractor paying for a complete lock change. All doors and windows will be closed and locked at the close of each workday. **The UNIT must remain locked when no workers are present in the unit.**
12. Once unit has been accepted by the Director all keys will be signed back in at the rental office.
13. The contractor shall complete four units at each property each week after issuance of Notice to Proceed and start date.
14. Use of air conditioning unit during painting with spray rig is prohibited. Contractor must cross ventilate unit at all times while painting work is underway.

WHAA Painting Instructions:

1. It is the intent of this specification that all interior walls, ceilings, doors, pantries , closets and windowsills are repainted to their original condition. Stained cabinets to be repaired, prepped and restrained with Golden Oak.
2. The contractor will repair all surfaces that are to be painted. Cracks, holes and imperfections on the painting surfaces. Smooth off to match adjacent surfaces.
3. The contractor shall remove all loose paint from walls, ceilings, doors and windows from the entire interior of the apartment listed. Areas with moisture damaged will be repaired.
4. The contractor will protect all surfaces that are not to be painted from paint spills, and splatters. These surfaces include electrical outlets, electrical switches, electrical outlet plates and covers, light fixtures, floors, appliances, bathroom and kitchen fixtures, window glass, window hardware and tracks, bathroom vent fans and heaters, cove base, telephone jacks, door hardware, thermostats, etc.
5. The entire surface area to be painted should be clean, dry, sound and free from all dirt, grease, oils, waxes, mildew, chalking, cracking, peeling or any other surface contaminates.
6. Surface areas affected by mildew/mold shall be scrubbed with a soft-medium bristle scrub brush and solution of one cup of Tri-Sodium Phosphate (TSP, mixed with one quart of household bleach and three quarts of water. Allow solution to stand on affected areas for approximately 10 – 20 minutes then rinse thoroughly with clean water. Allow the are affected to dry for 24 hours before painting.
7. The contractor may use commercial products specifically used for mold and mildew clean up.
8. Contractor will treat all area treated for mold/mildew with a mildew inhibitor before painting
9. The contractor shall lightly feather-sand smooth all rough edges to the adjacent surfaces area that will be noticed that a repair has been made to that area.
10. The contractor shall lightly-sand all glossy surface areas to effectively dull any existing sheen levels.
11. The contractor shall apply one primer coat on newly installed raw materials or were bleed through will occur.
12. The contractor shall use the paint specified and no exceptions shall be granted for substitutions.
13. The contractor shall apply two coats of paint to all surfaces which are to be painted.
14. The contractor shall apply paint with either a roller and spray rig of their choosing
15. All applicable ceiling textures should be repaired to match the existing textures of that room ceiling.
16. The contractor shall be responsible for the cleanup of all spills or spatters.

UNITS PAINTING SPECS

Manufacture Specs / Codes:

1. Paint Codes:

Supplier: Sherwin Williams
1022 Columbus Ave.
Waco, Texas 76701
Phone (254) 752-0388

Interior Latex Semi-Gloss A26 Series - MOONLIGHT

Standard Exterior Semi-gloss - Tobacco Brown

Cabinet Stain – Golden Oak

2. Cove Base Specs: Equal to or Better

Flexco #F40CT2P072, Chocolate. Required industry standard wall and cove base adhesive

3. The following list is WHA preferred cleaning supplies;

Zep- Morado Super Cleaner (degreaser)
Carroll - Pretty Potty (Bowel Cleaner)
Zep - Oven Brite (Oven Cleaner)
Zep - Stainless Steel Polish
Spartan - Rinse Free Stripper (Floor Cleaner)
Betco - Hard As Nails (Floor Wax) Applied with mop and left to dry. Buff only if needed.
Spartan - Super Suds
Zep - Zepopine (Pine Cleaner)

Final Checklist

- #1. Units is broom swept.
- #2. Unit free of trash.
- #3. All surfaces clear of tape and residue
- #4. Unit has been walked by WHA staff and keys have been returned.

WHA General Requirements & Procedures :

1. Contractor will be responsible for locating all underground utilities before any underground work by making use of Texas 811. All 811 service tickets shall be emailed to MOD promptly.
2. Work must be confined to the areas directly related to the project. Access to site/unit must always be reasonably accessible . Safety Barriers must be used while construction/work has commenced per MUTCD 6D. Pedestrian and Worker Safety.
3. The Contractor will provide sanitary access per OSHA Standard # 1926.51 (c)(1). Use of property facilities are not allowed.
4. Contractor must provide electricity by generator for the duration of the project. Contractors, Sub-Contractors or anyone working under the contractor **CAN NOT** use the unit's (whether occupied or vacant) electricity to charge power tools or plug in any electrical equipment, unless given permission by MOD.
5. Contractors, Sub-Contractors or anyone working under the contractor may not park vehicles on or traverse landscaped areas, unless the vehicle is directly required to do the job at hand.
6. Any areas disturbed, altered or destroyed during the construction by equipment or vehicles of the Contractor, Sub-Contractor, or anyone working under the contractor will be restored to original condition by the contractor. This includes damage to landscaping, sidewalks, clothes lines, buildings, etc.
7. Application of materials will be as per Manufacturer recommendations, HUD specifications and City of Waco codes & specifications.
8. **City of Waco requires that Contractors inquire if a permit is required for all potential construction.** Copies of Permits issued, and corresponding Inspections shall be emailed to Ed Cotton and Kaitlin Dragoo prior to work start and

*If the Building Department does not require a permit/inspection, proof shall be emailed to MOD promptly.
9. WHA will provide the asbestos survey when required by the City Of Waco.
10. All salvage debris & material will become the property of the Contractor and removed daily. Disposal of material by the Contractor must be done in accordance with the TCEQ.
11. Neither Housing Authority and Affiliates or Rising Images employees are to accept any materials, gratuity, favors, or items that may be construed as a favor from a contractor or supplier.

13. When the contract is complete, and certificate of completion is signed, the contractor has 10 WHA business days to provide all final paperwork. The final payment request will be processed only after all required paper work is received.
14. All contracts require no less than a (1) year workmanship Warranty by the contractor in addition to any Manufacture warranties.
15. EPA strongly encourages the use of properly trained and appropriately certified individuals and firms for work subject to the RRP and LBPA in your pre-1978 properties.
<https://www.epa.gov/sites/production/files/documents/rrp-hud-req-oct11.pdf>.
16. A pre-construction meeting must be set within 48 hours of contract awardment, by contacting Kaitlin Drago.
17. Contractor has 40 consecutive WHA working days (Monday through Thursday) to complete. Working hours are from **8:00 A.M. through 5:00 P.M.** **NO** work can be performed on WHA recognized holidays.
18. Weather Days. Per the 2007 edition of the AIA-A201 standard agreement 4.3.7.2, "If adverse weather conditions are the basis for a Claim for additional time, such Claim shall be documented by data substantiating that weather conditions were abnormal for the period of time, could not have been reasonably anticipated and had an adverse effect on the scheduled construction." Weather Day request must be communicated to Ed Cotton and Kaitlin Drago via email within 48 hours of use to be counted toward construction schedule.
19. Excessive inspection "hold points". If a construction delay of 3 – 5 days is incurred due to a scheduled inspection delay on the behalf of the AHJ, a 1-time construction workday addition of 3 – 5 WHA workday may be requested by the contractor. 1 request per inspection will be granted. Documentation and a simple request via email must be sent to Ed Cotton and Kaitlin Drago promptly.
20. Clarification or questions must be emailed to Ed Cotton and Kaitlin Drago.
21. Items to include with bid are listed as follows:
 - a) Contractor's Company Information Form
 - b) Bid form including base bid
 - c) Unit pricing (if applicable)
 - d) HUD 5369-A Form
 - e) Section 3 Clause Acknowledgement Form
 - f) Section 3 Business Self Certification Form
 - g) Contractor Section 3 Assurance of Compliance & Action Plan Form
 - h) Section 3 Contractor Self Certification Form- (if applicable)
 - i) Addenda Receipt
 - j) Insurance coverage made out to "WHA/Rising Images" or stating for "BID PURPOSES ONLY"

- k) Bid Bond (if estimate is over \$50,000.00)
 - l) HUD Previous Participation Form (if contract was over \$50,000.00)
 - m) MBE/WBE (if applicable)
-

*** Please note - the Section 3 Acknowledgment Form, Section 3 Business Concern Self-Certification Form, Contractor Section 3 Assurance of Compliance and Action plan MUST be turned in with your bid documents for each subcontractor

**HOUSING AUTHORITY OF THE CITY OF WACO, TEXAS
RESOLUTION NO. 3828**

Resolution authorizing the Waco Housing Authority (the “Authority”) to take such actions necessary or convenient to facilitate the development of the South Terrace Apartments (the “Project”)

Whereas, to facilitate financing of the acquisition and development of the Project, the Authority previously adopted Resolution 3819 authorizing the Authority to extend seller financing to South Terrace Waco, LP (the “**Partnership**”) in an amount not to exceed \$13,600,000.00, in connection with the Partnership’s acquisition of the Project improvements, and a Ground Lease (“**Ground Lease**”);

Whereas, in connection with the financing of the Project, the Partnership desires to enter into an Agreement of Limited Partnership, admitting Wincopin Circle LLLP, its successors and assigns and Enterprise Housing Partners XXXIII Limited Partnership as an investor limited partner in the Partnership (the “**Partnership Agreement**”);

Whereas, in connection with the admission of the investor limited partner and the execution of the Partnership Agreement and any such further documentation as necessary, the Authority desires to enter into a Purchase Option and Right of First Refusal Agreement (the “**Option**”) to purchase the interests of the Investor Limited Partner in the Partnership upon the terms and conditions set forth therein;

Whereas, the Authority has submitted an application with the United States Department of Housing and Urban Development (“**HUD**”) for approval under the Rental Assistance Demonstration (“**RAD**”) Program and the Section 18 Disposition Program to designate certain units within South Terrace as Section 8 Project-Based Voucher units, and upon receipt of HUD approval, the Authority desires to implement the Section 8 Project-Based Voucher units;

Whereas, the Authority wishes to increase the amount of the Seller Financing to an amount not to exceed \$14,600,000.00;

Now, therefore, in connection with the development, construction and equipping of the Project, the Board of Commissioners hereby adopt the following resolutions:

Be it resolved, that the Chief Executive Officer of the Authority and/or her designee is hereby authorized to review, approve and execute all certificates, affidavits, agreements, documents and other writings, including without limitation the Option (collectively the “**Agreements**”) the Chief Executive Officer shall deem to be necessary or desirable in the consummation of the transactions herein contemplated;

Be it further resolved, that all acts, transactions, or agreements undertaken prior hereto by the Chief Executive Officer of the Authority or her designee, in connection with the foregoing matters are hereby ratified and confirmed as the valid actions of the Authority, effective as of the date such actions were taken; and

Be it further resolved, that the Chief Executive Officer is hereby authorized and directed for and on behalf of, and as the act and deed of the Authority, to take such further action in the consummation of the transactions herein contemplated and to do any and all other acts and things necessary or proper in furtherance thereof, as the Chief Executive Officer shall deem to be necessary or desirable, and all acts heretofore taken by the designee of the Chief Executive Officer to such end are hereby expressly ratified and confirmed as the acts and deeds of the Authority.

This resolution shall be in full force and effect from and upon its adoption.

PASSED this 22nd day of September 2020

[End of Resolution]

Secretary of the Board

Chairperson of the Board

(Seal)

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER

**SUBORDINATE LEASEHOLD DEED OF TRUST
SECURITY AGREEMENT--FINANCING STATEMENT
(SELLER LOAN)**

TERMS

Date: As of _____, 2020

Grantor: South Terrace Waco, LP, a Texas limited partnership
Organizational number: _____

Grantor's Mailing Address in McLennan County, Texas:

South Terrace Waco, LP
c/o The Housing Authority of the City of Waco, Texas
P.O. Box 978
Waco, Texas 76703
Attention: Milet Hopping

With a copy to:

South Terrace Waco SLP, LLC
c/o Brinshore Development, L.L.C.
666 Dundee Road Suite 1102
Northbrook, Illinois 60062
Attention: Richard Sciortino

Trustee: Mr. Barry J. Palmer

Trustee's Mailing Address In Harris County, Texas:

9 Greenway Plaza, Suite 1000
Houston, Texas 77046

Lender: Housing Authority of the City of Waco, a Texas public municipal housing authority

Lender's Mailing Address in McLennan County, Texas:

South Terrace Waco, LP
c/o The Housing Authority of the City of Waco, Texas
P.O. Box 978
Waco, Texas 76703
Attention: Milet Hopping

Note:

Date: As of _____, 2020
Original principal amount: \$14,600,000.00
Borrower: South Terrace Waco, LP
Lender: Housing Authority of the City of Waco, Texas
Maturity date: As provided therein

Partnership Agreement: The First Amended and Restated Agreement of Limited Partnership of Grantor dated as of _____, 2020, as amended from time to time.

Property: All of Grantor's present and future right, title and interest in and to (i) the leasehold estate, whether now owned or hereafter acquired or created pursuant to that certain Ground Lease dated of even date herewith (the "**Ground Lease**") between Grantor, as tenant, and the Housing Authority of the City of Waco, Texas ("**WHA**"), as landlord, and all subsequent amendments, addendums and supplements thereto, encumbering those certain tracts of land more fully described on Exhibit A (the "**Land**"), attached hereto and incorporated by this reference; (ii) Grantor's interest as the tenant under and as described in the Ground Lease; (iii) all current and future rights, interests, easements, tenements, rights-of-way and appurtenances related to or benefiting the Land; (iv) all improvements located or hereafter located on the Land; (v) all fixtures located or hereafter located on or in the Land and/or said improvements; (vi) all personal property used in connection with the operation of the apartment projects located or to be located on the Land; (vii) the Leases (hereinafter defined); and (viii) the Rents (hereinafter defined).

Senior Liens: This Deed of Trust and all of the obligations secured thereby are and shall be subject and subordinate in all respects to: (i) the mortgage loan from Waco Public Facility Corporation II ("**Governmental Lender**", and together with BOKF, N.A., as fiscal agent and Citibank, N.A. as funding lender, and their respective successors and assigns collectively, the "**Senior Lien Holders**") in the approximate aggregate, principal amount of \$[_____], as such loan may be amended, including any extensions, modifications, assignments, replacements, restatements and renewals thereof, the "**Senior Liens**"). Notwithstanding anything contained herein to the contrary, until the later of (a) the expiration of the Compliance Period (as defined in the Partnership Agreement), or (b) the date the Superior Security Instruments are paid in full and the Grantor has fulfilled all of its obligations thereunder, the Lender will not (i) declare a default or commence foreclosure proceedings with respect to the Property under the Note and this Deed of Trust and the other loan documents, including, but not limited to accelerating sums due under the Note, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder; (ii) join with any other creditor in commencing any bankruptcy reorganization arrangement, insolvency or liquidation proceedings with respect to Grantor; (iii) otherwise exercise any other rights or remedies under or in respect of this Deed of Trust or the Note secured hereby; or (iv) modify the terms of this Deed of Trust without the prior written consent of Superior Lien Holders. Lien Holders and any other holders of the Senior Liens shall be third party beneficiaries of the rights of Grantor under this Deed of Trust and may, among other things, enforce the provisions of this paragraph.

Other Exceptions to Conveyance and Warranty: The Senior Liens, together with all presently recorded and validly existing written easements, rights-of-way, and prescriptive rights, reservations, covenants, conditions, oil and gas leases, mineral interests outstanding in persons and/or entities

other than Grantor, and other recorded instruments, that affect the Property; validly existing rights of adjoining owners in any walls and fences situated on a common boundary, and the Senior Liens.

For value received and to secure payment of the Note, Grantor conveys the Property to Trustee in trust. Grantor warrants and agrees to defend the title to the Property, subject to the Other Exceptions to Conveyance and Warranty. On full payment of the Note and all other amounts secured by this Deed of Trust, this Deed of Trust will have no further effect, and Lender will release it at Grantor's expense. As additional consideration, subject to the terms of the Senior Loan Documents, Grantor presently and absolutely assigns to Lender the Rents (defined below), subject to a license back to Grantor, as described in Section B.9 below.

CLAUSES AND COVENANTS

A. Grantor's Obligations

Grantor agrees to:

1. subject to ordinary wear and tear, keep the Property in good repair and condition;
2. pay all taxes and assessments on the Property, if any, before delinquency;
3. furnish to Lender evidence satisfactory to Lender that all taxes and assessments on the Property, if any, have been paid prior to delinquency;
4. defend title to the Property subject to the Other Exceptions to Conveyance and Warranty and preserve the lien's priority as it is established in this Deed of Trust;
5. obey all laws, ordinances, and restrictive covenants applicable to the Property;
6. if the lien of this Deed of Trust is not a first lien, pay or cause to be paid all prior lien notes (pursuant to the terms thereof) and abide by or cause to be abided by all prior lien instruments (pursuant to the terms thereof);
7. allow Lender or Lender's agents to enter the Property upon two business days' prior notice, during normal business hours, and inspect it and any personal property in which Lender is granted a security interest by this Deed of Trust;
8. if any act or occurrence of any kind or nature (including any taking by condemnation or any casualty) shall result in damage to or loss or destruction of the Property, in whole or in part, to the extent that insurance proceeds or condemnation proceeds and other funds, if any, made available by WHA, the Senior Lien Holders or Lender permit, promptly cause the restoration, reconstruction, or repair of the Property as nearly as possible to its value, condition and character immediately prior to such taking or casualty, so long as restoration shall be determined to be feasible; and
9. keep the Property insured in a manner that meets the requirements set forth in the most senior Senior Loan Documents (as hereinafter defined) encumbering the Property or as otherwise required by Lender in its reasonable discretion, and upon Lender's request, (a) Lender shall be listed as an

additional insured on any and all such insurance policies, and (b) Grantor will promptly deliver to Lender photocopies of such insurance policies (including all renewals).

B. Lender's Rights

1. Lender may appoint in writing a substitute trustee, succeeding to all rights and responsibilities of Trustee.

2. If the proceeds of the Note are used to pay any debt secured by prior liens, Lender is subrogated to all the rights and liens of the holders of any debt so paid.

3. Notwithstanding Note terms to the contrary, and unless applicable law prohibits, all payments received by Lender from Grantor under the Note or this Deed of Trust may, at Lender's discretion, be applied first to amounts payable under this Deed of Trust and then to amounts due and payable to Lender under the Note, to be applied to late charges, principal, or interest in the order Lender in its discretion determines.

4. If Grantor fails to perform any of Grantor's obligations and an Event of Default then exists, Lender may perform those obligations and be reimbursed by Grantor on demand for any reasonable amounts so paid, including reasonable attorneys' fees, plus interest on those amounts from the dates of payment at the Default Rate (as defined in the Note). The amount to be reimbursed will be secured by this Deed of Trust.

5. If there is a default on the Note or if Grantor fails to perform any of Grantor's obligations under this Deed of Trust, prior to exercising any right, remedy or other recourse, Lender shall first provide Grantor and Grantor's limited partners with thirty (30) days written notice of default (in the same manner as set forth in paragraph 6 of the Note) and opportunity to cure, and Grantor's limited partners shall have an independent right (but not an obligation) to cure such default.

6. If an Event of Default (as defined in the Note) exists, or if Grantor fails to perform any of Grantor's obligations under this Deed of Trust, and the default continues after any required notice of the default and the time allowed to cure (including without limitation, the notice and cure periods set forth in Sections B.5 and B.8, which shall be deemed an "**Event of Default**"), Lender may (subject to the terms of any subordination agreements and the terms contained herein and in the Note):

- a. declare the unpaid principal balance and earned interest on the Note immediately due;
- b. direct Trustee to foreclose this lien, in which case Lender or Lender's agent will cause notice of the foreclosure sale to be given as provided by the Texas Property Code as then in effect; and
- c. purchase the Property at any foreclosure sale by offering the highest bid and then have the bid credited on the Note.

Notwithstanding anything to the contrary contained herein or in the Note, during any time that the Grantor's general partner is owned or controlled by the Lender or an affiliate thereof (such general partner being referred to herein as a "**Related General Partner**"), the occurrence of any Event of Default under the Note, this Deed of Trust or any of the other Loan Documents which is

caused by any action or inaction of the Lender or the Related General Partner, or also constitutes a default under the Partnership Agreement, shall not be considered an Event of Default by the Grantor hereunder.

7. Lender may remedy any default or Event of Default without waiving it and may waive any default or Event of Default without waiving any prior or subsequent default or Event of Default.

8. Notwithstanding anything contained herein to the contrary, if a default occurs under this Deed of Trust or the Note, Lender hereby agrees to the following: (i) to provide notice (in the manner prescribed herein) of the default to all of the Grantor's limited partners, and (ii) Grantor's limited partners shall have the right, but not the obligation, to cure any such default existing under this Deed of Trust or the Note, which right must be exercised by the later of (a) the applicable cure period provided for in this Deed of Trust or the Note, as the case may be, or (b) thirty (30) days after Grantor's limited partners receive notice from Lender of such default.

9. The transfer and assignment of all rent and other income from the Property, including all rent and other income (the "**Rents**") under all existing or future leases related to the Property (the "**Leases**") provided for in this Deed of Trust is irrevocable. Lender grants to Grantor a license (the "**License**") to possess and use the Leases and the Rents. If an Event of Default occurs and is continuing, the License will automatically terminate upon written notice. During such time Lender will have the absolute and continuing right (but not the obligation) to collect, demand, sue for, recover, receive and give receipts for any Rent. After deducting the reasonable expenses of collection, Lender will apply the net proceeds of collection as a credit upon any portion of the outstanding indebtedness selected by Lender in Lender's sole and absolute discretion, whether or not that portion of the indebtedness is due and payable. Grantor authorizes and directs any lessee of the Property to deliver any such payment to Lender, and any lessee's obligation to Grantor will be absolutely discharged to the extent of its payment to Lender. If Grantor receives any Rents after the termination of the License, Grantor will hold the Rents in trust for Lender and pay them to Lender. Grantor will keep Rents segregated from all other funds. Lender is not required to give any credit against the outstanding indebtedness for the assignment of Rents until Rents are actually paid to Lender. Grantor's obligations to Lender will be discharged only to the extent that net Rents are received by Lender and not disbursed to Grantor or paid by Lender for reasonable expenses related to the Property. Lender may at its option subordinate the lien of this Deed of Trust to any Lease. The assignment of Rents will terminate upon termination of this Deed of Trust. If the Property is sold pursuant to the terms of this Deed of Trust, the assignment of Rents will terminate and the purchaser of the Property will have the right to all Rents free of the assignment. The terms of this Section B.9 are subject in all respects to the terms of any subordination agreements and the Senior Loan Documents.

C. Trustee's Rights and Duties

If directed by Lender to foreclose this lien, Trustee will:

1. either personally or by agent give notice of the foreclosure sale as required by the Texas Property Code as then in effect;

2. sell and convey all or part of the Property "AS IS" to the highest bidder for cash with a general warranty binding Grantor, subject to the Senior Liens and the documents governing, securing and/or evidencing the Senior Liens (collectively, the "**Senior Loan Documents**") and to the Other Exceptions to Conveyance and Warranty and without representation or warranty, express or implied, by Trustee;
3. from the proceeds of the sale, pay, in this order:
 - a. reasonable expenses of foreclosure, including a reasonable and customary commission to Trustee;
 - b. to Lender, the full amount of principal, interest, reasonable attorneys' fees, and other charges due and unpaid;
 - c. any amounts required by law to be paid before payment to Grantor; and
 - d. to Grantor, any balance; and
4. be indemnified by Lender against all costs, reasonable expenses, and liabilities incurred by Trustee for acting in the execution or enforcement of the trust created by this Deed of Trust, which includes all court and other costs, including reasonable attorneys' fees, incurred by Trustee in defense of any action or proceeding taken against Trustee in that capacity.

D. General Provisions

1. If any of the Property is sold at foreclosure under this Deed of Trust, Grantor must immediately surrender possession to the purchaser. If Grantor fails to do so, Grantor will become a tenant at sufferance of the purchaser, subject to an action for forcible detainer.
2. Recitals in any trustee's deed conveying the Property will be presumed to be true.
3. Proceeding under this Deed of Trust, filing suit for foreclosure, or pursuing any other remedy will not constitute an election of remedies.
4. This lien will remain superior to liens later created (to which this lien is not subordinated pursuant to a subordination agreement) even if the time of payment of all or part of the Note is extended or part of the Property is released.
5. If any portion of the Note cannot be lawfully secured by this Deed of Trust, payments will be applied first to discharge that portion.
6. Interest on the debt secured by this Deed of Trust will not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the principal of the debt or, if that has been paid, promptly refunded to Grantor. On any acceleration or required or permitted prepayment, any such excess will be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, promptly

refunded to Grantor. This provision overrides any conflicting provisions in this and all other instruments concerning the debt.

7. In no event may this Deed of Trust secure payment of any debt that may not lawfully be secured by a lien on real estate or create a lien otherwise prohibited by law.

8. When the context requires, singular nouns and pronouns include the plural.

9. The term *Note* includes all extensions and renewals of the Note and all amounts secured by this Deed of Trust.

10. Grantor shall not assign the Note or this Deed of Trust without Lender's prior written consent. Lender shall not assign the Note or this Deed of Trust without Grantor's prior written consent until the expiration of Grantor's 15-year tax credit compliance period.

11. In addition to creating a deed of trust lien on all the Property, Grantor also grants to Lender a security interest in Grantor's right, title and interest in and to all personal property that is or is to become fixtures related to the Property pursuant to and to the extent permitted by the Texas Uniform Commercial Code. This Deed of Trust is to be filed in the real property records as a fixture filing, and may be filed as an initial financing statement in any other place which is necessary or desirable to perfect the security interests granted herein. The secured party is Lender and the mailing address of the secured party is set forth above. The definition of Grantor on the first page of this Deed of Trust indicates whether Grantor is an individual or an organization, and if Grantor is an organization, its jurisdiction of organization and organizational identification number, if any. In the event of a foreclosure sale under this Deed of Trust, Grantor agrees that all the Property may be sold as a whole or in parts at Lender's option and that the Property need not be present at the place of sale.

12. This Deed of Trust binds, benefits, and may be enforced by the successors in interest of all parties.

13. If Grantor and Borrower are not the same person, the term Grantor includes Borrower.

14. Lender acknowledges and agrees that any amendment or modification (including, without limitation, any increase in the amount of the loan evidenced by the Note) to the Loan Documents requires the prior written consent of the Limited Partners (as defined in the Note) for so long as such Limited Partner has an ownership interest in Grantor. Any advances to Grantor in excess of the aggregate amount contemplated under the Note without the prior written consent of the Limited Partners shall be subordinate to any claims one or more of the Limited Partners may have against Grantor.

15. To the extent permitted by applicable law and except as otherwise provided herein or in any of the other Loan Documents (as defined in the Note), Grantor and each surety, endorser, and guarantor of the Note waive all demand for payment, presentation for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, protest, and notice of protest, to the extent permitted by law.

16. Grantor agrees to pay reasonable attorneys' fees, trustee's fees, and court and other costs of enforcing Lender's rights under this Deed of Trust if this Deed of Trust is placed in the hands of an attorney for enforcement.

17. Reserved.

18. Construction and/or rehabilitation delays shall not be deemed a default or an Event of Default under any of the Loan Documents if such delays (a) are beyond the reasonable control of Grantor, and (b) do not exceed ninety (90) days, or such longer period of time as may be specified in the Loan Documents.

19. In connection with any approval, consent, or other determination by Lender required under any of the Loan Documents, Lender shall act reasonably and in good faith, and shall not withhold, delay or condition the delivery of any approval or consent.

20. All notices or other communications required or permitted to be given pursuant to this Deed of Trust and/or the Loan Documents shall be given in accordance with the terms of Section 11 of the Note.

21. This Deed of Trust may only be amended by written instrument signed by the parties hereto.

22. This Deed of Trust will be governed and construed in accordance with the laws of the State of Texas.

23. In case any one or more of the provisions contained in this Deed of Trust for any reason are held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision hereof, and this Deed of Trust will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

24. Lender expressly acknowledges and agrees that the rights and remedies of Lender under the Note, this Deed of Trust or any of the other Loan Documents are expressly subordinate to the rights and remedies of any Senior Lien Holder, their successors and assigns, and notwithstanding anything to the contrary contained herein or in any other document, instrument or agreement evidencing the Loan, Lender shall only exercise its rights and remedies in strict conformance with the terms contained herein.

25. Lender acknowledges that Grantor and the Texas Department of Housing and Community Affairs will enter into an extended use agreement, which constitutes the extended low income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended. Lender agrees to subordinate Lender's rights under the Note and Deed of Trust to such extended use agreement, if required.

26. The following transfers will not require the consent or approval of Lender or Trustee and shall not constitute a default or other violation under any of the Loan Documents, or result in the acceleration of the Loan: (i) any transfer, conveyance, sale, pledge, disposition, encumbrance or assignment of any limited partner interest in the Grantor (or any portion thereof) and any transfer (directly or indirectly) of any beneficial interest in the Limited Partner (as defined in the Note) of

Grantor, and (ii) the removal and replacement of the General Partner in accordance with Section 7.7 of the Partnership Agreement.

27. HUD Provisions. HUD Provisions. Lender acknowledges that one hundred and eighty four (184) units (the “**RAD Units**”) will be assisted by funding provided through the Authority under the RAD Program, authorized by the Consolidated and Further Continuing Appropriations Act of 2012 (the “**CFCA Act**”) and HUD Notice PIH-2012-32(H) Rev-3 (January 12, 2017), as may be further amended (“**RAD Notice**”) and that sixty-six(66) units (the “**Section 18 Units**”) to be constructed on the Land will be assisted by funding provided through the Authority under the Tenant Protection Voucher Program in conjunction with a Section 18 disposition in conjunction with the RAD Conversion. As such, the RAD Units Section 18 Units and the Lender’s security interest in the RAD Units and the Section 18 Units, are subordinate and subject to: (a) that certain Rental Assistance Demonstration Use Agreement executed by Grantor, the Housing Authority of the City of Waco, Texas (the “**Authority**”) and the U.S. Department of Housing and Urban Development (“**HUD**”) (the “**RAD Use Agreement**”), (b) the Project-Based Rental Assistance Housing Assistance Payments Contract (HUD Forms 52620 and 52618) (“**HAP Contract**”) executed by Grantor and the Authority with respect to the RAD Units, (c) that certain RAD Conversion Commitment (HUD Form 52624) executed by HUD, Grantor and the Authority with respect to the RAD Units (the “**RAD Conversion Commitment**”), and (d) the Agreement to Enter Into Housing Assistance Payments Contract (“**AHAP**”, ”, and collectively with the CFCA Act, RAD Notice, RAD Use Agreement, the HAP Contract, and the RAD Conversion Commitment, the “**HUD Requirements**”) executed by Grantor and the Authority with respect to the Section 18 Units. If there is a conflict between a provision of the Loan Documents that affects the RAD Units or the Section 18 Units and a requirement in any HUD Requirement, then the HUD Requirement shall govern, except as such HUD Requirement may have been expressly waived in writing by HUD or the Authority, as appropriate.

28. Notwithstanding anything to the contrary contained in this Deed of Trust or in any of the other Loan Documents, the Lender expressly agrees that the liability of the Grantor and/or any of the Grantor’s directors, officers, shareholders, partners, representatives, agents, employees, heirs, affiliates, successors and assigns (such past, present and future members or shareholders in the Grantor, if any, and/or any of such parties’ directors, officers, shareholders, partners, representatives, agents, employees, heirs, affiliates, successors and assigns are herein collectively referred to as “**Grantor’s Affiliates**”), under any Loan Document shall be strictly and absolutely limited to the property encumbered under this Deed of Trust, and the leases, rents, profits and issues thereof and any other collateral securing repayment of the Note.

29. Notwithstanding anything to the contrary contained herein: Lender and/or Trustee shall have no right to foreclose on the property secured by this Deed of Trust during the 15-year compliance period (as defined in Section 42 of the Internal Revenue Code of 1986, as amended, the “**Code**”), and during such compliance period Lender and/or Trustee will not commence foreclosure proceedings with respect to the Property, or exercise any other rights or remedies they may have under any documents executed in connection with this Deed of Trust or the Note, including, but not limited to, accelerating payment of the Note, collecting rents, appointment (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder. Lender waives no rights or remedies it may have under the Note or this Deed of Trust, but merely agrees not to enforce those rights or remedies until the end of the Compliance Period as defined in the Code.

[Remainder of page intentionally left blank for signature]

Executed to be effective as of the date set forth above.

SOUTH TERRACE WACO, LP, a Texas limited partnership

By: South Terrace Waco GP, LLC, a Texas limited liability company, its general partner

By: Waco Public Facility Corporation, a Texas nonprofit public facility corporation, its sole member

By: _____
Name: Milet Hopping
Title: Secretary

STATE OF TEXAS

COUNTY OF WACO

I HEREBY CERTIFY that on or about this ___ day of _____, 2020, before me, a Notary Public for the state aforesaid, personally appeared Milet Hopping, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing Deed of Trust, who acknowledged that he is the Secretary of Waco Public Facility Corporation, a Texas nonprofit public facility corporation, which is the sole member of South Terrace Waco GP, LLC, a Texas limited liability company, the sole general partner of **SOUTH TERRACE WACO, LP**, a Texas limited partnership; that he has been duly authorized to execute, and has executed, such instrument on its behalf for the purposes therein set forth; and that the same is its act and deed.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

Notary Public

My commission expires on _____.

EXHIBIT A
PROPERTY DESCRIPTION

**SUBORDINATE PROMISSORY NOTE
(SOUTH TERRACE SELLER LOAN)**

\$14,600,000.00

As of _____, 2020

FOR VALUE RECEIVED, South Terrace Waco, LP, a Texas limited partnership (“**Borrower**”), hereby agrees and promises to pay to the order of the Housing Authority of the City of Waco, Texas, a Texas public municipal housing authority (“**Lender**”), at P.O. Box 978, Waco, Texas 76703, or at any other place as the holder hereof may from time to time in writing designate, at the time hereinafter provided, in coin or currency, which at the time of payment shall constitute legal tender of the United States of America, the principal sum of Fourteen Million Six Hundred Thousand and No/100 Dollars (\$14,600,000.00), or so much thereof as may be advanced in lawful money of the United States, with interest accruing as provided herein.

1. Interest Accrual. Interest on this Note shall accrue at 0.00% per annum (compounded annually). Beginning on the Maturity Date, matured unpaid principal and interest shall, at Lender's option, bear interest from the Maturity Date until paid at the lower of the Maximum Rate (hereinafter defined) or eight percent (8.0%) per annum (the "**Default Rate**").
2. Maturity. This Note shall mature (i.e., all outstanding principal, together with all accrued interest which has not been paid, shall be due and payable in full) on the 1st day of _____, 2060 (the "**Maturity Date**").
3. Payment. Payments of principal and accrued interest under this Note prior to the Maturity Date shall consist of annual payments of available Cash Flow (as defined in Borrower's First Amended and Restated Agreement of Limited Partnership dated as of _____, 2020, the "**Partnership Agreement**") as set forth in Exhibit A-4 of the Partnership Agreement. To the extent that available Cash Flow is insufficient to make any installment payment owing hereunder, it shall not be a default hereunder and the unpaid portion of the installment payment shall be deferred and shall be paid out of Borrower's available Cash Flow in subsequent fiscal years; provided, however, all payments made on this Note shall be applied first to accrued but unpaid interest, then towards principal. Notwithstanding anything to the contrary contained herein, all unpaid principal and all accrued and unpaid interest remaining outstanding under this Note as of the Maturity Date shall be due and payable on the Maturity Date. No payments of principal on this Note shall be made prior to conversion from construction to permanent financing for the Project (as defined in the Partnership Agreement).
4. Reserved.
5. Prepayment. The Borrower shall be permitted to voluntarily prepay this Note in whole or in part at any time without premium or penalty.
6. Events of Default and Remedies. The occurrence at any time of any one or more of the following shall constitute a default hereunder (herein referred to as an "**Event of Default**"):

(I) Provided there is sufficient Cash Flow as described above in Section 3, Borrower shall fail to pay the principal of or interest on this Note as and when the same becomes due and payable in accordance with the terms hereof, and such failure shall continue for a period of thirty (30) days after delivery of written notice to Borrower and all of Borrower's limited partners (collectively, the "**Limited Partners**") from Lender specifying such failure and all of the Limited Partners shall have an independent right (but not an obligation) to cure such failure. Any cure made or tendered by a Limited Partner shall be accepted and/or rejected on the same basis as if made by Borrower;

(II) Borrower shall fail to perform any other material covenant, condition, obligation or agreement set forth in this Note or any other document evidencing, governing or securing the loan evidenced by this Note (collectively, the "**Loan Documents**"), and such failure shall continue for thirty (30) days following Lender's delivery of written notice thereof to Borrower and the Limited Partners, and the Limited Partners shall have an independent right (but not an obligation) to cure such failure. Any cure made or tendered by a Limited Partner shall be accepted and/or rejected on the same basis as if made by Borrower;

(III) The occurrence and continuance of an event of default under a Senior Loan Documents that is continuing beyond the expiration of all applicable notice and cure period set forth in the applicable Senior Loan Document(s).

If an Event of Default shall occur and be continuing uncured after the expiration of all applicable notice and cure periods, Lender may exercise any or all of the following rights and remedies, in addition to any other remedy which Lender may have under any of the other Loan Documents: (a) declare the entire balance of this Note, principal and interest, immediately due and payable; (b) exercise any rights contained in any other Loan Document; and (c) exercise any other remedy provided by law or equity; provided, that the Limited Partners shall have an independent right to cure such failure within the notice and cure periods set forth in Sections 6(I) and 6(II) above. No remedy referred to herein is intended to be exclusive, but each shall be cumulative, and the exercise or beginning of exercise by Lender of any one or more of such remedies should not preclude the simultaneous or later exercise of any or all of such remedies. Any failure of Lender to exercise any rights or remedies available to Lender if an Event of Default should occur shall not constitute a waiver of Lender's right to exercise such rights or remedies in the event of any subsequent Event of Default.

The Lender and the Borrower acknowledge to one another that the Lender and/or an affiliate thereof is acting in multiple capacities with respect to the Project, including as the general partner of the Borrower and ground lessor of the Land. Accordingly, each agrees that nothing in this Note or under any of the documents associated with the financing, construction, completion, operations and/or maintenance of the Project to which the Borrower or the Lender is a party is intended, nor shall it be construed, to abrogate or diminish any obligations of the Lender or its affiliate in its capacity as the general partner of the Borrower. Notwithstanding anything to the contrary herein, during any time that the Borrower's general partner is controlled by the Lender (or an affiliate thereof), the occurrence of any Event of Default under this Note,

the Deed of Trust or any other Loan Document which is caused by any action or inaction of the Lender or the Borrower's general partner shall not be considered an Event of Default by the Borrower hereunder.

7. Controlling Agreement. All agreements between Borrower and Lender, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency or event whatsoever, whether by reason of demand or acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to Lender exceed interest computed at the Maximum Rate (as defined below). If, from any circumstance whatsoever, interest would otherwise be payable to Lender in excess of interest computed at the Maximum Rate, the interest payable to Lender shall be reduced to interest computed at the Maximum Rate; and if from any circumstance Lender shall ever receive anything of value deemed interest by applicable law in excess of interest computed at the Maximum Rate, an amount equal to any excessive interest shall be applied to the reduction of the principal hereof and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the Borrower. All interest paid or agreed to be paid to Lender shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed interest computed at the Maximum Rate. This section shall control all agreements between Borrower and Lender. The term "**Maximum Rate**" shall mean the highest lawful rate of interest applicable to the loan transaction evidenced by this Note taking into account whichever of applicable federal law or Texas law permits the higher rate of interest, and after also taking into consideration all compensation deemed interest under applicable law.

8. Waiver. Except as expressly otherwise provided for herein or in any of the other Loan Documents, and only to the extent permitted by applicable law, Borrower and all other parties now or hereafter liable or responsible for the payment of this Note, whether as endorser, guarantor, surety or otherwise, severally waive demand, presentment, presentment for payment, notice of intent to demand, notice of nonpayment, notice of dishonor, diligence in collecting, grace, and protest and consent to all renewals and extensions that from time to time may be granted by the holder of this Note and to all partial payments herein, whether before or after maturity. Borrower hereby further agrees that no act or omission of Lender with reference to any property securing or intended to secure this Note, including but not limited to failure to file or perfect any lien or security interest, shall release the absolute obligation of Borrower and each such endorser, guarantor or surety to pay this Note as and when due.

9. Cumulative Rights. No delay on the part of Lender or other holder of this Note in the exercise of any power or right under this Note or under any other Loan Document, shall operate as a waiver thereof, nor shall a single or partial exercise of any power or right preclude other or further exercise thereof or exercise of any other power or right. Enforcement by Lender or other holder of this Note of any security for the payment hereof shall not constitute any election by it of remedies so as to preclude the exercise of any other remedy available to it.

10. Attorneys' Fees and Costs. If this Note or any installment or part hereof is not paid when

due and the same is placed in the hands of an attorney for collection, or if this Note is collected by suit or through bankruptcy, probate or other proceedings, Borrower agrees to pay the reasonable attorneys' fees of the holder of this Note, together with all actual and reasonable expenses of collection and litigation and costs of court incurred by the holder of this Note.

11. Notices. All notices and other communications to be made or permitted to be made hereunder shall be in writing and shall be delivered to the addresses shown below or to such other addresses that the parties may provide to one another in accordance herewith. Such notices and other communications shall be given by any of the following means: (a) personal service; (b) certified mail, return receipt requested; or (c) national express air courier. Any notice or other communication given by the means described in subsection (a) or (c) above shall be deemed effective upon the date of receipt or the date of refusal to accept delivery by the party to whom such notice or other communication has been sent and any notice given by the means described in subsection (b) above shall be deemed effective three (3) business days after deposit in the US Mail.

If to Borrower:

South Terrace Waco, LP
c/o The Housing Authority of the City of Waco, Texas
P.O. Box 978
Waco, Texas 76703
Attention: Milet Hopping
Phone No: (254) 752-0324 ext. 280

If to Lender:

Housing Authority of the City of Waco, Texas
c/o The Housing Authority of the City of Waco, Texas
P.O. Box 978
Waco, Texas 76703
Attention: Milet Hopping
Phone No: (254) 752-0324 ext. 280

If to the Limited Partners:

Enterprise Community Asset Management, Inc.
70 Corporate Center
11000 Broken Land Parkway, Suite 700
Columbia, MD 21044
Attention: Asset Management

with a copy to:

South Terrace Waco SLP, LLC
c/o Brinshore Development, L.L.C.
666 Dundee Road Suite 1102
Northbrook, Illinois 60062
Attention: Richard Sciortino

Tel: 224-927-5053
Fax: 847-562-9401
Email: richs@brinshore.com

The addresses or addresses set forth in this Note may be changed by any party by giving notice of such change to the other party in the manner provided herein for giving notice.

12. Severability. In case any of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

13. GOVERNING LAW. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE LAWS OF THE UNITED STATES APPLICABLE TO TRANSACTIONS IN TEXAS.

14. JURISDICTION AND VENUE. ALL ACTS CONTEMPLATED BY THIS NOTE SHALL BE PERFORMABLE IN MCLENNAN COUNTY, TEXAS, AND ALL SUMS PAYABLE UNDER THIS NOTE SHALL BE PAYABLE IN MCLENNAN COUNTY, TEXAS. LENDER AND BORROWER HEREBY CONFIRM AND AGREE THAT ALL LEGAL ACTIONS INVOLVING THE VALIDITY OR ENFORCEMENT OF THIS NOTE SHALL HAVE EXCLUSIVE JURISDICTION AND VENUE IN MCLENNAN COUNTY, TEXAS.

15. Headings. The headings of the paragraphs of this Note are inserted for convenience only and shall not be deemed to constitute a part hereof.

16. Successors and Assigns. This Note and all of the covenants, promises and agreements contained herein shall be binding upon and shall inure to the benefit of Borrower and Lender and their respective executors, administrators, successors and assigns.

17. FINAL AGREEMENT. THIS NOTE AND THE OTHER LOAN DOCUMENTS EXECUTED IN CONNECTION WITH THE DISBURSEMENT OF FUNDS EVIDENCED BY THIS NOTE, REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

18. Subordination and Standstill.

(I) Notwithstanding anything herein to the contrary, Lender hereby makes subject and subordinate the payment of the principal of this Note and the other Loan Documents (and the

loan evidenced thereby, the “*Loan*”), together with any and all interest accrued or to accrue thereon and fees and expenses and other amounts incurred by Lender, to the loans made (i) by Waco Public Facility Corporation II, or its successors and/or assigns (“**Governmental Lender**”), and together with BOKF, N.A., as fiscal agent and Citibank, N.A. as funding lender and their respective successors and assigns, collectively the “*Superior Lenders*”) (as may be amended, restated or modified from time to time, collectively, the loans referred to in (i) above are referred to herein as the “*Superior Loan*”) to Borrower, the documents evidencing, supporting or securing the Superior Loan, and any extension, assignments, consolidations, restatements or modifications thereof (collectively, the “*Superior Loan Documents*”), the liens and all rights of Superior Lenders under the Superior Loan Documents and the payment of principal, interest, fees, costs and expenses and other amounts due and owing under the Superior Loan Documents (including interest accruing after the date on which Borrower becomes subject to the jurisdiction of any federal or state debtor relief statute, whether or not recoverable against Borrower) by Borrower. Lender agrees that unless and until such time as the Superior Loan shall have been finally paid in full and Borrower has complied in full with all of its obligations with respect to the Superior Loan and all Superior Loan Documents, Lender shall not, without the prior written consent of the Superior Lenders in each instance, take any action that would (i) place Borrower in receivership, insolvency, reorganization or bankruptcy proceedings, (ii) levy against or place a lien on any assets of Borrower or otherwise exercise any other rights or remedies under or in respect of the Loan or any Loan Documents (whether relating to a default and/or an event of default thereunder or otherwise), or (iii) amend or modify any Loan Document in any manner that would change or alter the terms of any such instrument or agreement. Any assignment of the Loan, or any portion thereof or this Note or any other Loan Document without such consent of the Superior Lenders shall be void ab initio and of no effect whatsoever.

(II) This Note is subject and subordinate in all respects to the lien of the mortgages or deed of trust, as applicable securing the Superior Loan (the “*Superior Security Instruments*”), and the indebtedness secured thereby.

(III) Until the expiration of the Compliance Period (as defined in the Partnership Agreement), Lender shall not declare a default under this Note or the Deed of Trust, exercise any of the remedies provided for in this Note or the Deed of Trust or modify the terms of this Note without the prior written consent of Superior Lenders, which consent may be withheld in the sole and absolute discretion of such Superior Lender. Superior Lenders and any holders of each holder of the Superior Security Instruments shall be third party beneficiaries under this Note and may, among other things, enforce the provisions of this paragraph.

(IV) Notwithstanding anything to the contrary in this Note or the other Loan Documents, upon the distribution of any of Borrower’s assets, whether by reason of sale, reorganization, liquidation, dissolution, arrangement, bankruptcy, receivership, assignment for the benefit of creditors, foreclosure or otherwise, Superior Lenders shall be entitled to receive payment in full of the Superior Loan and all other amounts due Superior Lenders under the terms of the Superior Loan Documents (including, without limitation, interest arising subsequent to the date of the filing by or against Borrower of any petition for relief under the United States Bankruptcy Code or the making of any assignment for the benefit of creditors, whether or not such interest is

recoverable from or provable against Borrower) prior to the payment of all or any part of the amounts due under this Note or the other Loan Documents.

19. Refinancing. Lender hereby consents to the refinancing of the Senior Lien when such loan is at maturity.

20. Intentionally Omitted.

21. Non-Recourse. Notwithstanding anything to the contrary contained in this Note or in any of the other Loan Documents, the Lender expressly agrees that the liability of the Borrower and/or any of the Borrower's directors, officers, shareholders, partners, representatives, agents, employees, heirs, affiliates, successors and assigns (such past, present and future members or shareholders in the Borrower, if any, and/or any of such parties' directors, officers, shareholders, partners, representatives, agents, employees, heirs, affiliates, successors and assigns are herein collectively referred to as "**Borrower's Affiliates**"), under any Loan Document shall be strictly and absolutely limited to the property encumbered under the Subordinate Leasehold Deed of Trust, Security Agreement – Financing Statement of even date herewith, and the leases, rents, profits and issues thereof and any other collateral securing the repayment of this Note. Lender shall not seek any deficiency judgment against Borrower, it being understood and agreed that neither Borrower nor any of its partners shall have any personal liability for the payment of the indebtedness and obligations evidenced by the Loan Documents and such indebtedness shall be considered limited recourse to Borrower.

22. Notwithstanding the foregoing, during the 15-year compliance period (as defined in Section 42 of the Internal Revenue Code of 1986, as amended, the "**Code**"), Lender will not commence default proceedings under this Note or exercise any other rights or remedies it may have under this Note, including but not limited to, accelerating the Note, collecting rents, appoint (or seeking the appointment of) a receiver or exercising any other rights or remedies hereunder. Lender waives no rights or remedies it may have under this Note or any other document executed in connection herewith, but merely agrees not to enforce those rights or remedies until the end of the Compliance Period as defined in the Code.

[Remainder of page intentionally left blank for signature]

EXECUTED to be effective as of the date first written above.

BORROWER:

SOUTH TERRACE WACO, LP, a Texas limited partnership

By: South Terrace Waco GP, LLC, a Texas limited liability company, its general partner

By: Waco Public Facility Corporation, a Texas nonprofit public facility corporation, its sole member

By: _____

Name: Milet Hopping

Title: Secretary

**HOUSING AUTHORITY OF THE CITY OF WACO, TEXAS
RESOLUTION NO. 3829**

RESOLUTION APPROVING WACO PUBLIC FACILITY CORPORATION II'S ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING GOVERNMENTAL NOTES (SOUTH TERRACE APARTMENTS) SERIES 2020; APPROVING THE FORM AND SUBSTANCE OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS NECESSARY TO CARRY OUT THE FINANCING OF SUCH MULTIFAMILY RENTAL RESIDENTIAL DEVELOPMENT; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, Waco Public Facility Corporation II (the "Governmental Lender") was created by the Housing Authority of the City of Waco (the "Sponsor") pursuant to the provisions of the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the "Act"); and

WHEREAS, Section 303.071 of the Act requires that the governing body of the Sponsor approve by resolution any issuance of the Governmental Lender's tax-exempt debt;

WHEREAS, it is deemed necessary and advisable that this Resolution be adopted;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF WACO, TEXAS THAT:

Section 1. The Sponsor authorizes the issuance by the Governmental Lender of its Waco Public Facility Corporation II Multifamily Housing Governmental Note (South Terrace Apartments) Series 2020A and Waco Public Facility Corporation II Multifamily Housing Governmental Note (South Terrace Apartments) Series 2020B in substantial accordance with the resolution of even date herewith adopted by the Board of Directors of the Governmental Lender (the "Governmental Lender Resolution"), a copy of which is attached hereto as Exhibit A and made a part hereof for all purposes.

Section 2. The Governmental Notes, which will be issued in an aggregate principal amount not to exceed \$25,000,000, to finance the acquisition and rehabilitation of a multifamily housing residential rental development located at approximately 100 Kennedy Circle, Waco, Texas 76706, including, without limitation, utilities, foundation, structures and equipment (collectively, the "Project"), are hereby approved pursuant to Section 303.071 of the Act.

Section 3. The approval herein given is in accordance with the provisions of Section 303.071 of the Act and is not to be construed as any undertaking by the Sponsor, and the Governmental Notes shall never constitute any indebtedness or pledge of the Sponsor, the City of Waco or the State of Texas, within the meaning of any constitutional or statutory provision, and the holders of the Governmental Notes shall never be paid in whole or in part out of any funds raised or to be raised by taxation or any other revenues of the Governmental Lender, the Sponsor, the City of Waco or the State of Texas except those revenues assigned and pledged by the

Governmental Lender in the Funding Loan Agreement (as defined in the Governmental Lender Resolution).

Section 4. The issuance of the Governmental Notes to assist in the financing of the Project will promote the public purposes set forth in Section 303.002 of the Act, will accomplish a valid public purpose of the Sponsor by providing for the acquisition, rehabilitation, renovation, repair, equipping, furnishing and placement in service of public facilities, and will provide decent, safe, and sanitary urban housing for persons of low income.

Section 5. An income that is greater than 80% of median gross income for the Waco area is the amount of income that the Sponsor considers necessary for families or persons to live, without financial assistance, in decent, safe and sanitary housing without overcrowding.

Section 6. The programs and expenditures authorized and contemplated by the Governmental Lender Resolution are hereby in all respects approved.

Section 7. The President and CEO, Vice President and Secretary of the Sponsor and the other officers of the Sponsor are hereby authorized, jointly and severally, to execute and deliver such endorsements, instruments, certificates, documents, or papers, including without limitation, a ground lease between the Sponsor and South Terrace Waco, LP, as such officers deem to be necessary and advisable to carry out the intent and purposes of this Resolution.

Section 8. This resolution shall be in full force and effect from and upon its adoption.

PASSED this 22nd day of September 2020.

[End of Resolution.]

Secretary of the Board

Chairperson of the Board

(Seal)

Exhibit A

GOVERNMENTAL LENDER RESOLUTION

[To be attached]

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING GOVERNMENTAL NOTES (SOUTH TERRACE APARTMENTS) SERIES 2020; APPROVING THE FORM AND SUBSTANCE OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS NECESSARY TO CARRY OUT THE FINANCING OF SUCH MULTIFAMILY RENTAL RESIDENTIAL DEVELOPMENT; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, Waco Public Facility Corporation II (the “Governmental Lender”) has been duly created and organized pursuant to and in accordance with the provisions of the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the “Act”), for the purpose of assisting the Housing Authority of the City of Waco, Texas (the “Sponsor”) in financing, refinancing or providing public facilities; and

WHEREAS, the Act authorizes the Governmental Lender: (a) to make loans to any person to provide financing for rental residential developments located within the corporate limits of the City of Waco, Texas (the “City”), and intended to be occupied substantially (at least 90 percent) by persons of low and moderate income, as determined by the Governmental Lender; (b) to borrow funds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with any such borrowing by the Governmental Lender; and (c) to pledge all or any part of the revenues, receipts or resources of the Governmental Lender, including the revenues and receipts to be received by the Governmental Lender from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender in order to secure the repayment of any such borrowing by the Governmental Lender; and

WHEREAS, the Board of Directors of the Governmental Lender (the “Board”) has determined to authorize the issuance, sale and delivery of its Multifamily Housing Governmental Note (South Terrace Apartments) Series 2020A and Multifamily Housing Governmental Note (South Terrace Apartments) Series 2020B (collectively, the “Governmental Notes”) pursuant to and in accordance with the terms of a Funding Loan Agreement dated as of October 1, 2020 (the “Funding Loan Agreement”), among the Governmental Lender, Wilmington Trust, N.A., as fiscal agent (the “Fiscal Agent”), and Citibank, N.A., as initial funding lender (the “Funding Lender”), for the purpose of lending the proceeds thereof to South Terrace Waco, LP, a Texas limited partnership (the “Borrower”), to provide financing for the acquisition, rehabilitation and equipping of a multifamily rental residential development to be known as South Terrace Apartments to be located at approximately 100 Kennedy Circle, Waco, Texas 76706 described more fully on Exhibit A attached hereto (the “Project”), all in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Board, by resolution adopted on November 19, 2019, declared its intent to provide financing for the Project; and

WHEREAS, in order to assist in carrying out such acquisition, construction and equipping of the Project, the Board has determined that the Governmental Lender shall enter into a Borrower Loan Agreement dated as of October 1, 2020 (the “Borrower Loan Agreement”), between the Governmental Lender, Fiscal Agent and the Borrower, pursuant to which (i) the Governmental Lender will agree to make a mortgage loan funded with the proceeds of the Governmental Notes (the “Mortgage Loan”) to the Borrower to enable the Borrower to finance the cost of acquisition, construction and equipping of the Project and related costs, and (ii) the Borrower will execute and deliver to the Governmental Lender a promissory note (the “Multifamily Note”) in an original aggregate principal amount equal to the original aggregate principal amount of the Governmental Notes, and providing for payment of interest on such principal amount equal to the interest on the Governmental Notes and to pay other costs described in the Borrower Loan Agreement; and

WHEREAS, in order to assure compliance with Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”), the Governmental Lender will require the Borrower to enter into a Regulatory Agreement and Declaration of Restrictive Covenants dated as of October 1, 2020 (the “Regulatory Agreement”) with respect to the Project; and

WHEREAS, it is anticipated that the Multifamily Note will be secured by a Multifamily Leasehold Deed of Trust (with Assignment of Leases and Rents, Security Agreement and Fixture Filing) (the “Mortgage”) from the Borrower for the benefit of the Governmental Lender; and

WHEREAS, the Governmental Lender’s rights (except for certain reserved rights) under the Mortgage Loan, including the Multifamily Note and the Mortgage, will be assigned to the Fiscal Agent, as its interests may appear, pursuant to an Assignment of Deed of Trust and Loan Documents (the “Assignment”) by the Governmental Lender in favor of the Fiscal Agent; and

WHEREAS, the Board desires to ratify certain other actions heretofore taken with respect to the Governmental Notes; and

WHEREAS, the Governmental Lender desires to authorize the Fiscal Agent to invest and reinvest the proceeds of the Governmental Notes and all other funds received and held under the Funding Loan Agreement; and

WHEREAS, Section 147(f) of the Code requires that the Governmental Notes be approved by the “applicable elected representative” (the “AER”) after a public hearing following reasonable public notice; and

WHEREAS, with respect to the Governmental Notes, the AER is the City Council of the City of Waco; and

WHEREAS, notice of a public hearing with respect to the Governmental Notes and the Project held by the Governmental Lender on August 13, 2020, was published no less than 7 days before such date; and

WHEREAS, the Board held such public hearing on the date and at the time and place set out in such published notice, and conducted such hearing in a manner that provided a reasonable opportunity for persons with differing views on the issuance of the Governmental Notes and the Project to be heard; and

WHEREAS, the Board and its advisors have been provided proposed forms of the Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement, the Multifamily Note, the Mortgage, and the Assignment, and have determined to provide financing for the Project in accordance with such documents by authorizing the issuance of the Governmental Notes, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient;

NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GOVERNMENTAL LENDER THAT:

A.Public Hearing. The Board hereby finds, determines, recites and declares that a public hearing with respect to the Governmental Note and the Project was held on August 13, 2020; that notice of such public hearing was published no less than 7 days prior to the hearing; that such notice included the date, time and place of the public hearing, the location, general nature and the initial owner of the Project and the maximum aggregate principal amount of the Governmental Notes; and that all comments from interested persons were taken at such public hearing and were provided to the AER.

B.Issuance, Execution, Sale and Delivery of the Governmental Notes. The issuance of the Governmental Notes is hereby authorized, according to the conditions set forth herein and in the Funding Loan Agreement, and that, upon execution and delivery of the Funding Loan Agreement, the President or any Vice President or Secretary of the Governmental Lender each are authorized hereby to execute, attest and to deliver the Governmental Notes to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and to the Fiscal Agent for authentication (to the extent required in the Funding Loan Agreement), and thereafter to sell the Governmental Notes to the initial funding lender thereof and deliver the Governmental Notes as provided in the Funding Loan Agreement.

C.Interest Rate, Principal Amount, Maturity and Price. The officers of the Governmental Lender are hereby authorized to fix and determine the interest rate, principal amount, maturity and price of the Governmental Notes, all of which determinations shall be conclusively evidenced by the execution and delivery by such officers of the Funding Loan Agreement; provided, however, that: (a) the interest rate on each of the Governmental Notes shall not exceed 7% per annum, subject to adjustment as provided in the Funding Loan Agreement; provided that, in no event shall the interest rate on the Governmental Notes (including any default interest rate) exceed the maximum interest rate permitted by applicable law; (b) the aggregate principal amount of the Governmental Notes shall not exceed \$25,000,000; and (iii) the final maturity of the Governmental Notes shall occur not later than October 1, 2060.

D.Approval, Execution and Delivery of the Funding Loan Agreement. The form and substance of the Funding Loan Agreement are hereby approved; and that the President or any Vice President or the Secretary of the Governmental Lender are each hereby authorized to execute and attest to the Funding Loan Agreement and to deliver the Funding Loan Agreement to the Fiscal Agent. The Fiscal Agent is authorized to invest the moneys held under the Funding Loan Agreement as provided therein.

E.Approval, Execution and Delivery of the Borrower Loan Agreement. The form and substance of the Borrower Loan Agreement are hereby approved; and that the officers of the Governmental Lender are each hereby authorized to execute and attest to the Borrower Loan Agreement and to deliver the Borrower Loan Agreement to the Borrower.

F.Approval, Execution and Delivery of the Regulatory Agreement. The form and substance of the Regulatory Agreement are hereby approved; and that the officers of the Governmental Lender are each hereby authorized to execute and attest to the Regulatory Agreement and to deliver the Regulatory Agreement to the Borrower and the Fiscal Agent.

G.Determination of Moderate Income. The Board has heretofore determined and hereby confirms, in accordance with the Act, for purposes of the Project, until revised by the Board, that the maximum amount constituting moderate income shall be 80% of area median income, as established by the Governmental Lender.

H.Acceptance of the Mortgage and the Multifamily Note. That the Mortgage and the Multifamily Note are hereby accepted by the Governmental Lender; and that the officers of the Governmental Lender are each hereby authorized to endorse the Multifamily Note to the order of the Fiscal Agent, without recourse.

I.Execution and Delivery of Other Documents. The officers of the Governmental Lender are each hereby authorized to execute and attest to and deliver such other agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, written requests and other papers, including the Assignment, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

J.Power to Revise Form of Documents. Notwithstanding any other provision of this Resolution, the officers of the Governmental Lender are each hereby authorized to make or approve such revisions to this Resolution and in the form of the documents hereby approved, in the opinion of Bond Counsel, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution; and approval of such changes by the Governmental Lender shall be indicated by such officers' execution of the documents.

K.Incorporation of Preamble. The recitals in the preamble of this Resolution are true, correct and complete and each and all of such recitals and the findings therein are hereby incorporated by reference to the same extent as if set forth herein in full.

L.Submission to the Attorney General of Texas. The Board hereby authorizes the submission by bond counsel to the Attorney General of Texas, for approval as required under

Chapter 1202, Texas Government Code, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Governmental Notes.

M.Purposes of Resolution. The Board has expressly determined and hereby confirms that the issuance of the Governmental Notes to assist in the financing of the Project will promote the public purposes set forth in Chapter 392 and Section 394.002 of the Local Government Code and will accomplish a valid public purpose of the Governmental Lender by assisting persons of low and moderate income to obtain decent, safe and sanitary housing at affordable prices.

N.Limited Obligations. The Governmental Notes and the interest thereon shall be limited obligations of the Governmental Lender payable solely from the revenues, funds and assets pledged under the Funding Loan Agreement to secure payment of the Governmental Notes and under no circumstances shall the Governmental Notes be payable from any other revenues, funds, assets or income of the Governmental Lender.

O.Ratification of Certain Prior Actions. All other prior actions taken for or on behalf of the Governmental Lender in connection with the Governmental Notes are hereby ratified, confirmed and approved.

P.Approval Conditions. The actions and obligations authorized in this Resolution shall be subject to and conditioned upon receipt by the Governmental Lender on the date of delivery of the Governmental Notes of the appropriate opinions of bond counsel with respect to the Governmental Notes.

Q.Information Return for Tax Exempt Private Activity Bonds. The Board further directs that an officer of the Governmental Lender submit or cause to be submitted to the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Governmental Note are issued, a statement containing the information required by Section 149(e) of the Code.

R.Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

**AGENDA
RISING IMAGES, INC.**

Board Room

4400 Cobbs Dr.

MICROSOFT VIRTUAL TEAMS MEETING

DIAL IN: 915-255-2469

CONFERENCE ID: 403 812 847#

Waco, Texas

September 22, 2020

12:00 Noon

- I. Call to Order
- II. Establishment of Quorum
- III. Approval of Minutes
- IV. New Business
 - RESOLUTION NO. 076 RESOLUTION BY THE BOARD OF DIRECTORS OF RISING IMAGES, INC. AUTHORIZING THE PRESIDENT/CEO TO WRITE OFF \$7,419.65 OF DELINQUENT ACCOUNTS FOR RAINTREE, PICADILLY, CIMMARON, HUNNINGTON AND MISTY SQUARE APARTMENTS
 - RESOLUTION NO. 077 RESOLUTION BY THE BOARD OF DIRECTORS OF RISING IMAGES, INC. APPROVING THE BUDGET FOR THE FISCAL YEAR OCTOBER 1, 2020, TO SEPTEMBER 30, 2021
 - RESOLUTION NO. 078 RESOLUTION BY THE BOARD OF COMMISSIONERS OF WACO HOUSING AUTHORITY & AFFILIATES AUTHORIZING THE PRESIDENT/CEO TO ENTER INTO A CONTRACT WITH SAPO INDUSTRIAL COATING OF TEMPLE, TEXAS IN THE AMOUNT OF \$34,875.00
- V. Adjournment

**Synopsis of the Minutes
RISING IMAGES, INC.
Board Room
4400 Cobbs Dr.
Waco, Texas
February 25, 2020
12:00 Noon**

- I. Call to Order
President Malcolm Duncan Jr. called the meeting to order at 1:00 p.m.
- II. Establishment of Quorum
Directors present: Malcolm Duncan, Jr., Susan Cowley, Jon Ramos, Shirley Langston, Connie Mack
- III. Approval of Minutes
The minutes were approved as presented.
- IV. New Business
- RESOLUTION NO. 075 BY THE BOARD OF DIRECTORS OF RISING IMAGES, INC AUTHORIZING THE PRESIDENT/CEO TO ENTER INTO A CONTRACT WITH MIRICK'S LANDSCAPING OF LORENA, TEXAS IN THE AMOUNT OF \$60, 720.00 FOR LANSCAPING SERVICES FOR RAINTREE, PICADILLY, CIMMARON, HUNNINGTON AND MISTY SQUARE APARTMENTS
Ms. Hopping explained that this resolution is to provide landscaping services for Raintree, Picadilly, Cimmaron, Hunnington and Misty Square Apartments. Proper procurement procedures were followed, and the recommendation is to award the contract to Mirick's Landscaping in the amount of \$60,720.00. Chair Malcolm Duncan Jr. asked for a motion to approve Resolution No. 075. Commissioner Connie Mack made the motion and Commissioner Jon Ramos seconded the motion. Chair Malcolm Duncan Jr. called for a vote and the motion passed unanimously.
- Resolution No. 075
A copy of this resolution may be found in the resolution file
- V. Adjournment
President Malcolm Duncan Jr. adjourned the meeting 1:03 p.m.

Secretary

President of the Board

Seal

RESOLUTION NO. 076

RESOLUTION BY THE BOARD OF DIRECTORS OF RISING IMAGES, INC.
AUTHORIZING THE PRESIDENT/CEO TO WRITE OFF \$7,419.65 OF DELINQUENT
ACCOUNTS FOR RAINTREE, PICADILLY, CIMMARON, HUNNINGTON AND
MISTY SQUARE APARTMENTS

WHEREAS, our policy is to once a year write off uncollectible accounts that are a period
of three months or older, and

WHEREAS, the delinquent accounts in this write off cover the period between July 2019
and June 2020, and

WHEREAS, the total for these delinquent accounts is \$7,419.65 and the individual
amounts are

Raintree \$2,165.69
Picadilly \$503.86
Cimmaron \$1,327.75
Hunnington \$3,422.35
Misty Square \$0.00, and

WHEREAS, this resolution was considered at a regular meeting open to the public as
required by law and notice of the time, place, and purpose of said meeting
was given as required by Chapter 551 of the Texas Government Code.

NOW; THEREFORE, BE IT RESOLVED that the above resolution was adopted by the
Board of Directors of Rising Images, Inc. on this the 22nd day of September 2020.

Secretary

Chairperson of the Board

(SEAL)

**RISING IMAGES
WRITE-OFF LOSSES
2020**

MO/YR	RAINTREE	PICADILLY	CIMMARON	HUNNINGTON	MISTY	
Jul-19	\$ -	-	62.00	\$ 2,727.35	-	
Aug-19	\$ -	503.86	-	\$ -	-	
Sep-19	\$ 1,653.30	-	\$ -	-	-	
Oct-19	\$ -	-	\$ -	-	-	
Nov-19	-	-	-	-	-	
Dec-19	\$ -	-	-	-	-	
Jan-20	\$ -	-	-	-	-	
Feb-20	\$ 28.60	-	-	-	-	
Mar-20	\$ 483.79	-	\$ -	-	-	
Apr-20	\$ -	-	\$ -	-	-	
May-20	-	-	\$ -	\$ -	-	
Jun-20	\$ -	-	1,265.75	695.00	-	
TOTALS	\$ 2,165.69	\$ 503.86	\$ 1,327.75	\$ 3,422.35	\$ -	\$ 7,419.65

RESOLUTION NO. 077

RESOLUTION BY THE BOARD OF DIRECTORS OF RISING IMAGES, INC.
APPROVING THE BUDGET FOR THE FISCAL YEAR OCTOBER 1, 2020, TO
SEPTEMBER 30, 2021

WHEREAS, Rising Images, Inc., management company, is required to prepare annual budgets for Cimmaron, Hunnington, Misty Square, Picadilly and Raintree Apartments, and

WHEREAS, the proposed budgets were prepared using overhead cost from 2018 and any additional known cost and are attached as part of this resolution, and

WHEREAS, the proposed 2020 budget will meet the needs of repair, administrative costs, and additional equipment costs of the affordable housing properties, and

WHEREAS, this resolution was considered at a required meeting open to the public as required by law and notice of the time, place, and purpose of said meeting was given as required by Chapter 551 of the Texas Government Code:

NOW; THEREFORE, BE IT RESOLVED that the above resolution was adopted by the Board of Directors of Rising Images, Inc., on this the 22nd day of September 2020.

Secretary

Chairperson of the Board

(SEAL)

WHA Non-Profits 2021 Budget

9/16/2020 14:16	Raintree	Picadilly	Cimmaron	Hunnington	Misty	Total	2020 Budget Total
Income							
Rental Income	\$ 1,114,800	\$ 49,800	\$ 586,900	\$ 401,600	\$ 96,800	\$ 2,249,900	2,244,840
Interest	\$ 11,700	\$ 3,700	\$ 6,800	\$ 3,700	\$ 800	\$ 26,700	31,150
Other Income	\$ 29,300	\$ 2,230	\$ 10,870	\$ 7,400	\$ 1,730	\$ 51,530	58,290
Vending Commissions	\$ -	\$ -	\$ 8,730	\$ -	\$ -	\$ 8,730	9,920
Late/NSF Fees	\$ 50	\$ 50	\$ 100	\$ 100	\$ 75	\$ 375	220
Time Warner Commission	\$ 8,600	\$ 80	\$ 5,600	\$ 3,900	\$ 1,260	\$ 19,440	19,850
Misc.Non-Tenant Income & Scholarship	\$ 3,600	\$ 40	\$ 200	\$ 200	\$ 40	\$ 4,080	4,390
Total Income	\$ 1,168,050	\$ 55,900	\$ 619,200	\$ 416,900	\$ 100,705	\$ 2,360,755	2,368,660

Expenses	Total						Total
Administrative Salaries	\$ 3,900	\$ -	\$ 1,120	\$ 5,040	\$ -	\$ 10,060	12,140
On Site Payroll	\$ 84,700	\$ 3,500	\$ 51,500	\$ 30,700	\$ 8,125	\$ 178,525	173,840
Legal Expense	\$ 730	\$ 40	\$ 500	\$ 350	\$ 70	\$ 1,690	-
Staff Training	\$ 700	\$ 30	\$ 540	\$ 320	\$ 85	\$ 1,675	1,680
Travel-Conv. & Meetings	\$ 160	\$ 10	\$ 245	\$ 150	\$ 40	\$ 605	1,100
Auditing Fees	\$ 3,250	\$ 130	\$ 2,070	\$ 1,275	\$ 280	\$ 7,005	7,000
Membership Dues	\$ -	\$ -	\$ 365	\$ 220	\$ 40	\$ 625	1,680
Telephone & Telegraph	\$ 990	\$ 40	\$ 970	\$ 580	\$ 150	\$ 2,730	1,750
Postage Expense	\$ 50	\$ 10	\$ 25	\$ 15	\$ 10	\$ 110	170
Publications	\$ 550	\$ 10	\$ 170	\$ 100	\$ -	\$ 830	-
Advertising	\$ 3,350	\$ 80	\$ 1,120	\$ 700	\$ 170	\$ 5,420	4,840
Pre-employt.Phys.	\$ 100	\$ 10	\$ -	\$ -	\$ -	\$ 110	120
Citation Court Cost	\$ 1,080	\$ 300	\$ 365	\$ 310	\$ -	\$ 2,055	5,480
Printing	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ 30	-
Employee Ann Drivers Lic Check	\$ 30	\$ 10	\$ 25	\$ 10	\$ 10	\$ 85	90
Meetings	\$ 130	\$ 10	\$ -	\$ -	\$ -	\$ 140	-
Community Programs	\$ -	\$ 120	\$ -	\$ -	\$ -	\$ 120	-
Office Supply	\$ 4,620	\$ 30	\$ 1,780	\$ 1,070	\$ 300	\$ 7,800	7,230
Custom Forms	\$ 630	\$ 30	\$ -	\$ -	\$ -	\$ 660	950
Public Relations	\$ 1,570	\$ 70	\$ 730	\$ 430	\$ 115	\$ 2,915	1,660
Equipment Rental	\$ 1,260	\$ 50	\$ 740	\$ 450	\$ 110	\$ 2,610	2,570
Copier Supplies & Services	\$ -	\$ -	\$ 35	\$ 20	\$ 10	\$ 65	60
Software Maint.	\$ 8,290	\$ 400	\$ 5,100	\$ 3,200	\$ 820	\$ 17,810	11,630
Office Equipment & Furniture	\$ 3,860	\$ 160	\$ 1,760	\$ 1,050	\$ 280	\$ 7,110	2,400
Computer Equipment	\$ 220	\$ 10	\$ 120	\$ 70	\$ 20	\$ 440	-
Credit Reports	\$ 860	\$ -	\$ 370	\$ 200	\$ 50	\$ 1,480	2,100
Criminal Background Check	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ 10	-
Writ of Possession	\$ -	\$ 430	\$ -	\$ -	\$ -	\$ 430	540
Professional Fees	\$ 1,040	\$ -	\$ -	\$ -	\$ -	\$ 1,040	-
Uniform Expense	\$ 1,570	\$ 70	\$ 750	\$ 440	\$ 110	\$ 2,940	2,910
Monitoring Fee	\$ 2,750	\$ 250	\$ 1,750	\$ 2,250	\$ -	\$ 7,000	7,000
Non-Apartment Public Relations	\$ 6,000	\$ -	\$ 4,000	\$ -	\$ -	\$ 10,000	10,000
Admin. Mgmt. Fee Exp.	\$ 289,850	\$ 5,480	\$ 152,600	\$ 104,400	\$ 10,650	\$ 562,980	562,110
Water	\$ 48,700	\$ 970	\$ 27,900	\$ 20,400	\$ 4,500	\$ 102,470	103,210
Electricity	\$ 13,700	\$ 300	\$ 7,500	\$ 8,300	\$ 1,800	\$ 31,600	36,590
Sewer	\$ 46,200	\$ 40	\$ 19,700	\$ 20,000	\$ 4,000	\$ 89,940	93,000
Maintenance & OP Labor	\$ 93,300	\$ 4,200	\$ 64,600	\$ 38,500	\$ 10,190	\$ 210,790	211,380
Paint & Accessories	\$ 2,680	\$ -	\$ 860	\$ 510	\$ 130	\$ 4,180	3,950
Auto Parts & Materials	\$ 1,040	\$ 50	\$ 170	\$ 100	\$ 30	\$ 1,390	2,230
Plumbing Supplies	\$ 5,210	\$ -	\$ 610	\$ 420	\$ 100	\$ 6,340	5,980
Hardware	\$ 1,030	\$ -	\$ 230	\$ 140	\$ 30	\$ 1,430	1,520
Small Tools	\$ 25	\$ -	\$ 360	\$ 200	\$ 40	\$ 625	780
Equipment	\$ -	\$ -	\$ 370	\$ 220	\$ 40	\$ 630	990
Electrical Supplies	\$ 4,900	\$ -	\$ 2,530	\$ 1,510	\$ 380	\$ 9,320	9,220
A/C Parts	\$ 6,470	\$ -	\$ 740	\$ 440	\$ 120	\$ 7,770	12,380
Hot Water Heaters	\$ 1,880	\$ -	\$ 460	\$ 120	\$ -	\$ 2,460	7,880
Grounds Supplies	\$ 995	\$ -	\$ 270	\$ 160	\$ 30	\$ 1,455	1,470
Janitorial Supplies	\$ 1,320	\$ 10	\$ 540	\$ 300	\$ 70	\$ 2,240	2,290
Carpet Cleaning & Repair	\$ 1,110	\$ 100	\$ 430	\$ 410	\$ 90	\$ 2,140	2,380
Building Supplies	\$ 2,770	\$ -	\$ 800	\$ 400	\$ 100	\$ 4,070	7,870
Appliance Supplies	\$ 2,480	\$ 100	\$ 380	\$ 430	\$ 50	\$ 3,440	3,700
New Appliances	\$ 11,310	\$ 1,770	\$ 2,900	\$ 2,500	\$ 1,000	\$ 19,480	20,800
Pest Controls	\$ 70	\$ -	\$ 40	\$ 25	\$ 10	\$ 145	140
Pool Maintenance	\$ 970	\$ -	\$ 400	\$ 250	\$ 60	\$ 1,680	1,820
Maint. Temporary Labor	\$ 7,340	\$ 560	\$ -	\$ -	\$ -	\$ 7,900	4,980
Paint Contract	\$ 1,250	\$ -	\$ 490	\$ 500	\$ -	\$ 2,240	7,290
Auto Repair-Contracts	\$ 210	\$ 10	\$ 800	\$ 400	\$ 50	\$ 1,470	1,290
Equipment Repair Contract	\$ 2,340	\$ -	\$ 60	\$ 25	\$ 10	\$ 2,435	1,790
A/C Repair-Contracts	\$ 290	\$ -	\$ 1,590	\$ -	\$ 800	\$ 2,680	6,430
Electric Repair-Contract	\$ -	\$ 820	\$ 220	\$ -	\$ 100	\$ 1,140	700
Appliance Repair Contract	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	320
Garbage Pickup-Contract	\$ 30,000	\$ 30	\$ 19,300	\$ 9,000	\$ 3,000	\$ 61,330	54,960
Pest Control Contract	\$ 6,960	\$ 900	\$ 3,940	\$ 3,200	\$ 390	\$ 15,390	12,870
Building Repair-Contract	\$ 1,000	\$ -	\$ 710	\$ 150	\$ -	\$ 1,860	7,280
Chimney Sweep Contract	\$ 4,650	\$ -	\$ -	\$ 8,500	\$ -	\$ 13,150	-
Pool Repair Contract	\$ 2,000	\$ -	\$ 200	\$ -	\$ -	\$ 2,200	5,980
Roof Repair Contract	\$ -	\$ -	\$ 200	\$ -	\$ -	\$ 200	4,200
Plumbing Contract	\$ 5,830	\$ -	\$ 2,160	\$ 580	\$ 500	\$ 9,070	13,320
Carpet/Tile Replacement	\$ 14,500	\$ -	\$ 2,400	\$ 3,950	\$ 1,800	\$ 22,650	48,360
Lock & Key Contract	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	490
Grounds Contract	\$ 43,300	\$ 6,000	\$ 10,200	\$ 12,370	\$ 8,000	\$ 79,870	65,120
Carpet Repair Contract	\$ 2,900	\$ 200	\$ 500	\$ 1,000	\$ 50	\$ 4,650	8,330
Protect. Serv. Contract Cost	\$ 420	\$ -	\$ 480	\$ 270	\$ 70	\$ 1,240	1,230
Workers' Comp. Insurance	\$ 3,970	\$ 160	\$ 2,490	\$ 1,640	\$ 390	\$ 8,650	7,670
General Liab. Insurance	\$ 1,230	\$ 40	\$ 780	\$ 470	\$ 130	\$ 2,650	2,540
Automobile Insurance	\$ 500	\$ 20	\$ 310	\$ 140	\$ 40	\$ 1,010	980
Public Officials Insurance	\$ 1,940	\$ 70	\$ 1,240	\$ 750	\$ 200	\$ 4,200	4,020
Public Employee Dishonesty	\$ 70	\$ -	\$ 70	\$ -	\$ -	\$ 140	120
Fire & Extended Coverage	\$ 31,000	\$ 1,000	\$ 17,000	\$ 6,500	\$ 1,700	\$ 57,200	40,400
FICA-Employer	\$ 11,710	\$ 480	\$ 7,260	\$ 4,600	\$ 1,130	\$ 25,180	24,460
Medicare-Employer	\$ 2,740	\$ 110	\$ 1,440	\$ 920	\$ 220	\$ 5,430	5,300
Unemployment Insurance	\$ 1,320	\$ 50	\$ 780	\$ 480	\$ 120	\$ 2,750	1,840
Pension-Employer	\$ 13,810	\$ 560	\$ 8,570	\$ 5,440	\$ 1,340	\$ 29,720	28,830
Health Insurance-Employer	\$ 56,520	\$ 2,320	\$ 21,430	\$ 13,700	\$ 3,340	\$ 97,310	103,910
Dental Insurance-Employer	\$ 3,430	\$ 140	\$ 1,300	\$ 850	\$ 200	\$ 5,920	3,940
L T Disability-Employer	\$ 800	\$ 30	\$ 600	\$ 310	\$ 80	\$ 1,820	1,660
Collection Losses	\$ 1,030	\$ -	\$ 1,770	\$ -	\$ -	\$ 2,800	16,180
Scholarship Awarded	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 3,000	3,030
Depreciation Expense	\$ 185,450	\$ 3,280	\$ 92,170	\$ 60,870	\$ 32,700	\$ 374,470	346,090
Total Expenses	\$ 1,109,950	\$ 35,600	\$ 561,000	\$ 385,300	\$ 100,575	\$ 2,192,425	\$ 2,186,540

Profit/Loss	\$ 58,100	\$ 20,300	\$ 58,200	\$ 31,600	\$ 130	\$ 168,330	\$ 182,120
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RESOLUTION NO. 078

RESOLUTION BY THE BOARD OF COMMISSIONERS OF WACO HOUSING AUTHORITY & AFFILIATES AUTHORIZING THE PRESIDENT/CEO TO ENTER INTO A CONTRACT WITH SAPO INDUSTRIAL COATING OF TEMPLE, TEXAS IN THE AMOUNT OF \$34,875.00

WHEREAS, the Modernization Department solicited quotes in accordance with procurement guidelines from qualified service providers

WHEREAS, (5) firms were notified by email, and

WHEREAS, Waco Housing Authority & Affiliates received (3) compliant bids, and

WHEREAS, it was determined that SAPO INDUSTRIAL COATINGS submitted the lowest most responsive qualified quote, and

WHEREAS, it is the recommendation of the President/CEO that the contract be awarded to SAPO INDUSTRIAL COATINGS, and

WHEREAS, this resolution was considered at a regular meeting open to the public as required by law and notice of the time, place, and purpose of said meeting was given as required by Chapter 551 of the Texas Government Code:

NOW, THEREFORE, BE IT RESOLVED THAT the above resolution was adopted by the Board of Directors of Rising Images, Inc., on this the 22nd day of September 2020.

Secretary

Chairperson of the Board

(SEAL)

Waco Housing Authority & Affiliates
4400 Cobbs Drive
P.O. Box 978
Waco, Texas 76703-0978
Phone (254) 752-0324 Fax (254) 754-6483
Hearing Impaired (800) 545-1833 ext. 306

MEMORANDUM

TO: Gloria Dancer, Vice President of Operations
FROM: Ed Cotton
DATE: August 24, 2020
SUBJECT: Cobb's roof reseal

2020 budget for Cobb's original roof reseal with 10 year warranty \$33,900.00

Quotes:

Cen-Tex	\$ 66,385.00
Johnson Roofing	\$ 59,546.00
Sapo	\$ 34,875.00

Please review and advise.

REVIEWED BY Gloria Dancer to find to meet

SCOPE OF WORK – Waco Housing Authority

Project Location

400 Cobbs Drive
Waco, TX 76710

Summary

This is an existing GACO foam and coating roof that was installed in 2005. The warranty expired in 2015 and this project is to make repairs and recoat the roof to put it back in a 10 year systems warranty. Process will involve the following. Clean substrate, remove and replace corrupted SPF foam, and install GacoFlex S4200 silicone recoat roof system per specification RC-S42-18-10 (18 Mil DFT) on Cobbs Roof and Garage.

Cleaning

Please note dirt, dust and wind blown contaminants will affect adhesion new silicone application to existing silicone coating.

- General cleaning, after the roof is dry from the initial cleaning, apply GacoWash Concentrated Cleaner at 1 part GacoWash Concentrated Cleaner with 9 parts water. When mixed at a 9:1 ratio, 1 gallon will clean up to 4,000 sq. ft.; Allow solution to stand for 10-15 minutes, adding a light mist of water to prevent drying. While it sets, lightly agitate any heavily soiled areas with a broom or brush. Do not allow dirt to settle in low areas. Use an industrial power washer >3,000 PSI (20.69 MPA) to remove debris and continue rinsing until all suds are completely removed. Start at the lowest point of the roof and work towards the highest point. For low-sloped roofs, work away from and then back towards, roof drains. (Note: It is important to keep the surface wet until all the GacoWash and other residue has been completely rinsed off and the surface is clean. After cleaning and rinsing the roof, ensure no dirt or debris is present.)

Cobbs Roof A - 15,500 sq ft
Cobbs Roof B - 6,255 sq ft
Garage C - 2,400 sq ft



Repairs

- Repair punctures, holes, tears, and any open penetrations through the membrane
 - Use GacoPatch for minor repairs such as “quarter” size fractures or less in membrane. For anything larger than a quarter please 3 course using S20 and 66S polyester fabric. Clean with solvent before making repair.
- Repair any damaged curb or wall flashings
- Replace drain strainers that are missing or broken

Compromised existing SPF

- **There are a few areas on the roof that will have a softball size or greater compromised area where the foam is exposed. There are only a handful of these areas. These areas will need to be cut out until good foam is exposed. You can then use a GACO Flash Foam kit to repair this area and then coat as normal over the top.**

Membrane

All existing coating must be coated per spec. This includes all flashings, unit curbs, boots and everything that has been previously coated over the existing membrane. After properly prepped please install GACO S4200 silicone at a rate of 1.25 gallons per 100 square feet. Please ensure that any curb on the roof will have a slip sheet underneath it (TPO, mod bit) just so the curb is not resting on the new coating.

Pitch Pans

Any damaged pitch pans should be repaired or replaced. Pitch pans should be filled with GACOPATCH seam seal. Pitch pans are a maintenance item and should be checked on a regular basis for cracks.

Installation of S4200 Recoat

Gaco Walkpad

Once recoat has been installed please install Gaco walkpad SF-2036 Safety Yellow in high traffic areas. 4 gallons per square rate.

Debris

Construction debris must be removed from the site at the end of each day. Due to prevalent winds in the area, the construction zone must be policed constantly throughout the work day for flying debris. Secure all items each evening.



C

B

A

Waco Housing Authority

LIST OF SOLICITED

General and Roofing Contractors – Request for quote sent 7/7/2020

#1. Johnson Roofing	Submitted Bid
#2. Sapo Coatings	Submitted Bid
#3. Honeys Roofing	Declined to bid
#4. Clark Roofing	No response
#5. Cen Tex Roofing	Submitted Bid

9/3/2020

Mail - Edward Cotton - Outlook

Waco Housing Cobbs Office roof recoat quote request

Edward Cotton <edwardc@wacopha.org>

Tue 7/7/2020 3:17 PM

Bcc: jallen@jroof.com <jallen@jroof.com>; Sapointustrialcoatings@yahoo.com <Sapointustrialcoatings@yahoo.com>; justin@honeysroofingllc.com <justin@honeysroofingllc.com>; info@clarkroofingtx.com <info@clarkroofingtx.com>; centexrs@att.net <centexrs@att.net>

 2 attachments (5 MB)

RFQ Main Office Reroof.pdf; Roof recoat docs.zip;

Good afternoon, we are looking to complete a roof recoat at the Waco Housing Main Office on Cobbs. Let me know if you are interested in bidding.

Thank you

Ed Cotton

Construction Superintendent

Waco Housing Authority & Affiliates

4400 Cobbs Drive

Waco, Texas 76710

254-752-0324 /ext. 243

Fax: 254-752-0052

edwardc@wacopha.org

AGENDA
WACO PUBLIC FACILITY CORPORATION
BOARD MEETING
Board Room
4400 Cobbs Dr.
MICROSOFT VIRTUAL TEAMS MEETING
DIAL IN: 915-255-2469
CONFERENCE ID: 403 812 847#
WACO, TEXAS
September 22, 2020
12:00 Noon

- I. Call to Order
- II. Establishment of Quorum
- III. Approval of Minutes
- IV. New Business
 - RESOLUTION NO. 108 A RESOLUTION BY THE WACO PUBLIC FACILITY CORPORATION (“WPFC”) BOARD OF DIRECTORS AUTHORIZING WPFC TO EXECUTE ANY AND ALL DOCUMENTS, OR TAKE ANY OTHER ACTION THAT IS NECESSARY OR DESIRABLE TO: FACILITATE THE DEVELOPMENT OF THE SOUTH TERRACE APARTMENTS, WHICH CONSISTS OF AFFORDABLE HOUSING UNITS AND ASSOCIATED AMENITIES UPON LAND TO BE GROUND-LEASED FROM THE HOUSING AUTHORITY OF THE CITY OF WACO, TEXAS (“WHA”)
- V. Adjournment

Synopsis of the Minutes
WACO PUBLIC FACILITY CORPORATION
BOARD MEETING
Board Room
4400 Cobbs Dr.
WACO, TEXAS
March 10, 2020
12:00 Noon

- I. Call to Order
Vice President Susan Cowley called the meeting to order at 12:11 pm.
- II. Establishment of Quorum
Directors Present: Susan Cowley, Jon Ramos, Connie Mack
Directors Absent: Malcolm Duncan Jr., Shirley Langston
- III. New Business
- RESOLUTION NO. 107 A RESOLUTION BY THE BOARD OF DIRECTORS OF WACO PUBLIC FACILITY CORPORATION (“WPFC”) AUTHORIZING WPFC TO EXECUTE ANY AND ALL DOCUMENTS, OR TAKE ANY OTHER ACTION, THAT IS NECESSARY OR DESIRABLE TO THE DEVELOPMENT OF SOUTH TERRACE APARTMENTS.
President/CEO Milet Hopping explained to the Board that this resolution is in conjunction with the resolution just approved for WHA. It is also needed for the RAD submittal to TDHCA. Vice Chair Susan Cowley asked for a motion to approve Resolution No. 107. Director Jon Ramos made the motion and Director Connie Mack seconded the motion. Vote was unanimous and the resolution was approved.
Resolution No. 107
A copy of this resolution may be found in the resolution file.
- IV. Adjournment
Vice President Susan Cowley adjourned the meeting at 12:14 pm.

Secretary

President of the Board

Seal

**WACO PUBLIC FACILITY CORPORATION
RESOLUTION NO. 108**

A Resolution by the Waco Public Facility Corporation (“WPFC”) Board of Directors authorizing WPFC to execute any and all documents, or take any other action, that is necessary or desirable to:

- 1. Facilitate the development of the South Terrace Apartments, which consists of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Waco, Texas (“WHA”);**
- 2. Cause WPFC’s wholly owned, subsidiary limited liability company, South Terrace Waco GP, LLC (the “General Partner”) to execute an amended and restated agreement of limited partnership of South Terrace Waco, LP, a Texas limited partnership (the “Partnership”), and other related documents;**
- 3. Cause the Partnership to enter into development financing for the Project; and**
- 4. Cause WPFC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein.**

WHEREAS, WPFC is the sole member of the General Partner;

WHEREAS, the General Partner is the sole general partner of the Partnership;

WHEREAS, the Partnership was formed for the purpose of owning, developing, managing, and otherwise dealing with South Terrace Apartments, a 250-unit apartment complex (the “**Project**”) under development on a parcel of land located in Waco, Texas (the “**Land**”), and intended for rental to persons of low and moderate income;

WHEREAS, in connection with the development of the Project, the Partnership desires to obtain site control of the Land from WHA, by entering into a ground lease (“**Ground Lease**”) with WHA for the Project;

WHEREAS, WPFC, the General Partner and Partnership desire to enter into certain equity documents for the purpose of admitting Wincopin Circle LLLP, a Maryland limited liability limited partnership, its successors and assigns and Enterprise Housing Partners XXXIII Limited Partnership (collectively, the “**Investor Limited Partner**”), as a limited partner to the Partnership, including a First Amended and Restated Agreement of Limited Partnership for the Partnership (the “**Partnership Agreement**”) and certain other documents related thereto (collectively, the “**Equity Documents**”);

WHEREAS, Waco Public Facility Corporation II (the “**Governmental Lender**”) has approved the issuance of its Multifamily Housing Governmental Notes (South Terrace Apartments) Series 2020A and Series 2020B (collectively, the “**Governmental Notes**”) in the

aggregate original principal amount not to exceed \$25,000,000, pursuant to and in accordance with the terms of a Funding Loan Agreement (the “**Funding Loan Agreement**”) by and between the Governmental Lender, Wilmington Trust, N.A., as fiscal agent (the “**Fiscal Agent**”) and Citibank, N.A. as the funding lender; and the proceeds of the sale of the Governmental Notes will be loaned to the Partnership for the development of the Project, pursuant to a Borrower Loan Agreement by and between the Governmental Lender and Borrower (the “**Borrower Loan Agreement**”).

WHEREAS, in connection with the Borrower Loan Agreement, the Governmental Notes and the Funding Loan Agreement, the Partnership desires to enter into a tax regulatory agreement, and other related certifications and documents, including but not limited to indemnities, assignments and agreements, all upon such terms and conditions as the Partnership deems reasonable (collectively, the “**Bond Loan Documents**”);

Whereas, an application has been submitted with the United States Department of Housing and Urban Development (“**HUD**”) for approval under the Rental Assistance Demonstration (“**RAD**”) Program and the Section 18 Disposition Program to designate certain units within South Terrace as Section 8 Project-Based Voucher units, and upon receipt of HUD approval, the Authority desires to implement the Section 8 units.;

WHEREAS, a RAD Conversion Commitment (“**RCC**”) is anticipated to be issued by HUD and in connection therewith, the Partnership desires to enter into one or more RAD Use Agreements (collectively, the “**RAD Use Agreement**”), “Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to Section 8 Project-Based Voucher (PBV Program) HAP Contract” (the “**RAD HAP Contract**”), Agreement to Enter into Housing Assistance Payments Contract (the “**PBV AHAP**”), Project-Based Voucher Housing Assistance Payments Contract (the “**PBV HAP Contract**”), and related documents to be entered into by the Partnership, all upon such terms and conditions as the Partnership deems reasonable (collectively, the “**HUD Documents**”);

WHEREAS, in connection with the transactions contemplated herein, the Partnership, General Partner and/or WPFC are required to enter into various documents which will evidence the same, including, but not limited to the Ground Lease, Partnership Agreement, Equity Documents, Bond Loan Documents, HUD Documents and other promissory notes, deeds of trust, security agreements, fixture filing statements, indemnity agreements, guaranties, development agreements, certificates, directions, approvals, waivers, notices, instruments and other communications as may be required by any of the financing parties referenced above (all of such documents collectively, the “**Financing Documents**”);

NOW, BE IT RESOLVED, that all of the documents, instruments, or other writing executed by WPFC (both individually and in a representative capacity as identified in these resolutions), in consummation of the transactions herein described (both individually and in a representative capacity as identified in these resolutions), including, but not limited to, (i) the Financing Documents and (ii) any and all such additional documents executed to consummate the transactions contemplated herein (collectively, the “**Transaction Documents**”) shall be in form and substance approved by the Executing Officer (as such term is hereinafter defined), both

individually and in a representative capacity as identified in these resolutions, his/her approval of each such instrument to be conclusively evidenced by his execution thereof; and it is further,

RESOLVED, that WPFC (both individually and in a representative capacity as identified in these resolutions), review, execute and approve all other documents necessary to effectuate the foregoing transactions, all on such terms and containing such provisions as the Executing Officer shall deem appropriate, and the approval of the terms of each such instrument herein described by the Executing Officer shall be conclusively evidenced by his/her execution and delivery thereof; and it is further

RESOLVED that the authorization of WPFC, Partnership and/or General Partner to enter into the Transaction Documents and that execution and delivery in the name and on behalf of WPFC and/or General Partner and/or the Partnership, by any of the officers of WPFC of the Transaction Documents, in the form as so executed and delivered is hereby approved, ratified and confirmed; and it is further

RESOLVED, that any officer of WPFC (each an “**Executing Officer**”), acting alone without the joinder of any other officer, is hereby authorized and directed for and on behalf, and as the act and deed of WPFC and/or General Partner and/or the Partnership, to execute and deliver all other documents and other writings of every nature whatsoever in connection with the development of the Project, including but not limited to, the Transaction Documents, as the Executing Officer deems necessary in order to carry into effect the intent and purposes of these resolutions, and any other instruments approved by the Executing Officer (acting in a representative capacity as identified in these resolutions, acting individually and on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership), executing same, his/her approval of each such instrument to be conclusively evidenced by his/her execution thereof, and to take such other action in the consummation of the transactions herein contemplated as the Executing Officer acting shall deem to be necessary or advisable, without the necessity of attestation by the secretary or other officer or director, and any and all acts heretofore taken by the Executing Officer to such end are hereby expressly ratified and confirmed as the acts and deeds of WPFC and/or General Partner and/or Partnership, effective as of the date such action was taken; and it is further

RESOLVED, that action by any of any Executing Officer of WPFC, and any person or persons designated and authorized so to act by any such officer, to do and perform, or cause to be done and performed, in the name and on behalf of WPFC and/or General Partner and/or the Partnership, or the execution and delivery, or causing to be executed and delivered, such other security agreements, financing statements, notices, requests, demands, directions, consents, approvals, waivers, acceptances, appointments, applications, certificates, agreements, supplements, amendments, further assurances or other instruments or communications, in the name and on behalf of WPFC and/or the General Partner and/or the Partnership or otherwise, as they, or any of them, may deem to be necessary or advisable in order to carry into effect the intent of the foregoing resolutions or to comply with the requirements of the instruments approved or authorized by the foregoing resolutions is hereby approved, ratified and confirmed; and it is further

RESOLVED, that the Board of Directors finds the actions authorized by these resolutions may reasonably be expected to directly or indirectly benefit WPFC; and it is further

RESOLVED, that the Partnership be promptly notified in writing by the Secretary or any other officer of WPFC or any change in these resolutions, and until it has actually received such notice in writing, the Partnership is authorized to act in pursuance of these resolutions.

PASSED this 22nd day of September 2020.

[End of Resolution.]

Secretary of the Board

President of the Board

(Seal)

DRAFT 7/16/2020 -

**FIRST AMENDED AND RESTATED AGREEMENT
OF
LIMITED PARTNERSHIP
OF
SOUTH TERRACE WACO, LP**

FIRST AMENDED AND RESTATED AGREEMENT
OF
LIMITED PARTNERSHIP
OF
SOUTH TERRACE WACO, LP

Table of Contents

	Page
RECITALS	1
ARTICLE I CONTINUATION AND BUSINESS PURPOSE.....	2
1.01 Restatement and Continuation of Partnership.....	2
1.02 Partnership Name.....	2
1.03 Principal Place of Business.....	2
1.04 Registered or Resident Agent	2
1.05 Title to Partnership Property	2
1.06 Purposes of the Partnership.....	2
1.07 Partnership Term.....	3
1.08 Filing of Certificate.....	3
ARTICLE II CERTAIN DEFINITIONS.....	4
2.01 General Terms.....	4
2.02 Rules of Construction	21
ARTICLE III PARTNERSHIP INTERESTS AND SOURCES OF FUNDS.....	22
3.01 Identity of Partners and Percentage Interests.....	22
3.02 Capital Contributions	22
3.03 LIH Adjustments to Capital Contributions	25
3.04 [Intentionally Omitted]	29
3.05 Additional Advances.....	29
3.06 No Interest on Capital Contributions	29
3.07 Right to Require Repayment of Capital.....	30
3.08 Deficit Restoration	30
3.09 No Third-Party Beneficiary	31

ARTICLE IV RIGHT TO MORTGAGE; GENERAL PARTNER BOUND BY LOAN DOCUMENTS	31
4.01 Right to Mortgage	31
4.02 General Partner Bound by Loan Documents and Project Documents	32
4.03 RAD Provisions	32
ARTICLE V RIGHTS, POWERS AND OBLIGATIONS OF THE GENERAL PARTNER.....	33
5.01 Authority of General Partner	33
5.02 Limitations on the Authority of the General Partner	34
5.03 Overall Management of Business	36
5.04 Duty of the General Partner to Maintain the Low- Income Housing Status of the Partnership Property	37
5.05 Outside Activities.....	38
5.06 Liability to Partnership and Limited Partner	38
5.07 Indemnification of General Partner	39
5.08 Indemnification of Partnership and Limited Partner	40
5.09 Environmental Indemnification	41
5.10 Representations and Warranties of the General Partner	41
5.11 Covenants of the General Partner	47
5.12 No Compensation.....	55
5.13 Obligation to Complete Construction	55
5.14 Operating Deficit Contributions	57
5.15 [Intentionally Omitted]	57
5.16 Dealing with Affiliates; Fees	57
5.17 Obligation to Purchase Interest of Limited Partner	58
5.18 Reserves	59
5.19 Proposed Budget	59
5.20 Action for Breach.....	59
ARTICLE VI RIGHTS AND OBLIGATIONS OF THE LIMITED PARTNER.....	62
6.01 Management of the Partnership	62
6.02 Limitation on Liability of the Limited Partner	62
6.03 Outside Activities.....	62

6.04	Execution of Amendments.....	62
6.05	Inspection of the Project	63
ARTICLE VII	ALLOCATIONS OF PROFITS AND LOSSES.....	63
7.01	Maintenance of Capital Accounts.....	63
7.02	Profits and Losses	64
7.03	Special Allocations and Limitations.....	64
ARTICLE VIII	CASH DISTRIBUTIONS.....	68
8.01	Distributions of Net Cash Flow	68
8.02	Distributions of Capital Proceeds	69
ARTICLE IX	ADMISSION OF SUCCESSOR AND ADDITIONAL GENERAL PARTNERS; REMOVAL AND WITHDRAWAL OF GENERAL PARTNER	69
9.01	Admission of Successor or Additional General Partners.....	69
9.02	Removal of a General Partner for Default; Removal of Management Agent or Accountants	70
9.03	Event of Bankruptcy of a General Partner	75
9.04	Liability of a Removed or Withdrawn General Partner.....	76
9.05	Restrictions on Transfer of General Partner's Interest	76
9.06	Continuation of the Business of the Partnership.....	76
ARTICLE X	ASSIGNABILITY OF INTERESTS OF LIMITED PARTNER	77
10.01	Substitution and Assignment of a Limited Partner's Interest.....	77
ARTICLE XI	MANAGEMENT AGENT	80
11.01	General Partner to Engage Management Agent.....	80
ARTICLE XII	DISSOLUTION OF PARTNERSHIP.....	80
12.01	Dissolution	80
12.02	Distribution of Partnership Assets	81
12.03	Termination of the Partnership	81
ARTICLE XIII	ACCOUNTING AND REPORTS	82
13.01	Bank Accounts	82
13.02	Books of Account	82
13.03	Reports	82
13.04	Partnership Representative.....	86

ARTICLE XIV BUYOUT OPTIONS AND RIGHT OF FIRST REFUSAL	93
14.01 Buyout Options	93
14.02 Right of First Refusal.....	94
ARTICLE XV MISCELLANEOUS PROVISIONS.....	95
15.01 Amendments to Agreement	95
15.02 Notices	Error! Bookmark not defined.
15.03 [Intentionally Omitted]	96
15.04 Action for Breach.....	96
15.05 Consent and Voting.....	96
15.06 Survival of Representations	96
15.07 Entire Agreement	96
15.08 Applicable Law	96
15.09 Severability	97
15.10 Binding Effect.....	97
15.11 Counterparts.....	97
15.12 Successor Statutes and Agencies	97
15.13 No Implied Waiver	97
15.14 Incorporation by Reference.....	97
15.15 Special Limited Partner Limited Rights	98

List of Exhibits

- A Partners; Percentage Interests; Capital Contribution Commitments
 - A-1 Capital Contribution Installments
 - A-2 Fixed Dollar Amounts
 - A-3 Loans to the Project
 - A-4 Fees; Priority Uses of Cash Flow
 - A-5 Notice Addresses
 - A-6 Partnership Reserves
 - A-7 Notice Certifications
 - A-8 Significant Accounting Information
 - A-9 Radon Testing Procedures
- B Description of Partnership Property
- C Development Services Agreement
- D Guaranty Agreement
- E Partnership Administration Agreement
- F Property Management Agreement
- G [Intentionally Omitted]
- H Projections
- I Investor Services Agreement
- J Right of First Refusal Agreement
- K Construction Report
- L Insurance Requirements Checklist
- M Transfer Agreement

FIRST AMENDED AND RESTATED AGREEMENT

OF

LIMITED PARTNERSHIP

OF

SOUTH TERRACE WACO, LP

This First Amended and Restated Agreement of Limited Partnership of South Terrace Waco, LP, dated and effective as of the ____ day of _____, 2020, is made by and among:

South Terrace Waco GP, LLC,
a Texas limited liability company,
as the General Partner;

South Terrace Waco SLP, LLC,
a Texas limited liability company,
as the Special Limited Partner;

[Name of Withdrawing Limited Partner],
[a Texas _____],
as the Withdrawing Limited Partner;

and

Wincopin Circle LLLP,
a Maryland limited liability limited partnership,
as the substitute Limited Partner.

RECITALS

South Terrace Waco, LP (the "**Partnership**") was formed as a limited partnership under the Texas Business Organizations Code pursuant to a Certificate of Formation dated [Date] and filed with the Texas Secretary of State on [Date], having South Terrace Waco GP, LLC, a Texas limited liability company, as the General Partner. The Partnership has been operating pursuant to a partnership agreement dated [Date of original Partnership Agreement] having [Name of Withdrawing Limited Partner] as the limited partner.

The parties hereto desire to amend and restate the original partnership agreement in order to cause the withdrawal of [Name of Withdrawing Limited Partner], the admission of the Limited Partner as a limited partner, the admission of the Special Limited Partner as a special limited partner, and to set forth more fully the rights, obligations, and duties of the General Partner, Special Limited Partner and Limited Partner.

Accordingly, in consideration of the foregoing, of the mutual promises of the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending legally to be bound, hereby agree as follows:

ARTICLE I

Continuation and Business Purpose

1.01 Restatement and Continuation of Partnership

The Withdrawing Limited Partner hereby withdraws as a limited partner of the Partnership and acknowledges that [it] [he/she] (i) has received a full refund of its Capital Contribution, and (ii) releases any and all claims against the Partnership and/or its Partners, and the Limited Partner and the Special Limited Partner are hereby admitted as a limited partner and a special limited partner, respectively, of the Partnership. The General Partner, the Limited Partner, and the Special Limited Partner, constituting all of the Partners of the Partnership, hereby amend and restate the original agreement of South Terrace Waco, LP in its entirety and continue the Partnership under the Act. The federal employer identification numbers of the Partnership and the Limited Partner are shown on Exhibit A-8.

1.02 Partnership Name

The name of the Partnership is "South Terrace Waco, LP."

1.03 Principal Place of Business

The principal office of the Partnership and the office to be maintained pursuant to the Act shall be located at [Street Address, City, Texas Zip]. The principal place of business of the Partnership shall be located at [Street Address, City, Texas Zip].

1.04 Registered or Resident Agent

The name and address of the registered or resident agent of the Partnership for service of process are [Name, Street Address, City, Texas Zip].

1.05 Title to Partnership Property

Legal title to the Partnership Property shall be in the name of the Partnership, and no Partner, individually, shall have any ownership of such Partnership Property.

1.06 Purposes of the Partnership

The purposes, nature, and general character of the business of the Partnership shall consist of:

(a) Acquiring, owning, developing, constructing and/or rehabilitating, leasing, managing, operating, and, if appropriate or desirable, selling or otherwise disposing of the Partnership Property or any substantial part thereof;

(b) During the Compliance Period, operating the Credit Units in compliance with the provisions of Section 42 of the Code; and

(c) Carrying on any and all activities related to the foregoing in accordance with this Agreement.

The purposes of this Partnership and the nature and character of its business shall not be extended, by implication or otherwise, except by written consent of the Partners.

The Limited Partner acknowledges that the General Partner's sole member is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, engaged in providing low-income housing. The Limited Partner acknowledges that the Partnership will operate housing that it owns in a manner that furthers the charitable purpose of the General Partner's sole member by providing decent, safe, sanitary and affordable housing for low income persons and families. In the event of a conflict between (i) the obligations of the General Partner under this Agreement to operate the Partnership in a manner consistent with the charitable purpose set forth above, and (ii) any duty to maximize profits for the Limited Partner, the conflict shall be resolved in a manner consistent with the General Partner's sole member's charitable purpose as set forth above, provided that in resolving any such conflict, the General Partner will comply with all Section 42 requirements, will maintain the Project in a safe and sanitary condition, will use Project funds to meet project obligations and in accordance with the Extended Use Agreement, and will otherwise comply with the terms of this Agreement which do not so conflict.

1.07 Partnership Term

The term of the Partnership commenced on [Date] and shall continue in perpetuity, unless terminated in accordance with Article XII. Upon termination of the Partnership, the General Partner shall take all actions necessary to terminate the Partnership in accordance with requirements of the Act.

1.08 Filing of Certificate

Immediately after the execution of this Agreement by the Partners, the General Partner shall, if required, cause the Certificate to be amended and filed in accordance with the Act. The General Partner shall immediately cause a copy of such amended Certificate, with evidence that the amended Certificate was filed in accordance with the Act, to be furnished to the Limited Partner.

ARTICLE II
Certain Definitions

2.01 General Terms

The following defined terms used in this Agreement shall have the meanings specified below:

Accountants: Dauby, O'Connor and Zeleski, or such other firm of independent certified public accountants that is acceptable to the Limited Partner.

Act: The Texas Business Organizations Code or any corresponding provision or provisions of succeeding law, as it or they may be amended from time to time.

Additional Advance: An advance to the Partnership pursuant to Section 3.05 by the General Partner which shall not affect its Interest or Percentage Interest but shall be treated as a Capital Contribution of the General Partner.

Additional Capital Contribution: An Installment, or any portion thereof, of the Limited Partner's Capital Contribution to the Partnership, the due date of which is subsequent to the Admission Date.

Additional Capital Contribution Due Date: The later of:

(i) The scheduled due date of such Additional Capital Contribution in accordance with the schedule of payments listed on Exhibit A-1; or

(ii) Twenty (20) days (ten (10) days for Additional Capital Contributions made prior to the Completion Date) after receipt and approval by the Limited Partner of the Additional Capital Contribution Notice.

Additional Capital Contribution Notice: The Notice to be delivered to the Limited Partner by the General Partner stating the date on which any Additional Capital Contribution is due, the amount of the Additional Capital Contribution and, in reasonable detail, the manner of calculation thereof and including the Notice Certifications, together with all other items required to be delivered for such Additional Capital Contribution in accordance with Exhibit A-1.

Adjusted Capital Account Deficit: With respect to the Limited Partner, the deficit balance, if any, in the Partner's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts that such Partner is obligated to restore pursuant to any provision of this Agreement, is otherwise treated as being obligated to restore under Treasury Regulation Section 1.704-1(b)(2)(ii)(c), or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(ii) Debit to such Capital Account the items described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5), and (6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

Admission Date: The date on which all parties have unconditionally released their signature pages for attachment to this Agreement.

Affiliate: As to any Partner: (i) any such Partner or member of his Immediate Family; (ii) the legal representative, successor or assignee of, or any trustee of a trust for the benefit of, any such Partner or member of his Immediate Family; (iii) any entity of which a majority of the voting interests is owned by any one or more of the Persons referred to in the preceding clauses (i) and (ii); (iv) any officer, director, trustee, employee, stockholder (ten percent (10%) or more), or partner or member of any Person referred to in the preceding clauses (i), (ii) and (iii); and (v) any Person directly or indirectly controlling (ten percent (10%) or more), or under direct or indirect common control with, any Person referred to in the preceding clauses (i), (ii), (iii), or (iv).

After-Tax Basis: With respect to any payment to be received by a Person (or, in the case of a pass-through entity, the partners or members of such Person), the amount of such payment supplemented by a further payment or payments so that, after deducting from such payments the amount of all taxes (net of any current credits, deductions or other tax benefits arising from the payment by such Person (or its partners or members) of any amount, including taxes, for which the payment to be received is made) imposed currently on such Person by any Governmental Agency or other taxing authority with respect to such payments, the balance of such payments shall be equal to the original payment received; provided, however, for the purposes of this definition, and for purposes of any payment to be made to a Person (or its partners or members) on an After-Tax Basis, it shall be assumed that federal, state and local taxes are payable at the highest marginal rate.

Agreement: This First Amended and Restated Agreement of Limited Partnership of South Terrace Waco, LP, including all of the exhibits attached hereto and made a part hereof, as amended and in effect from time to time.

AHAP: The Agreement to Enter Into Housing Assistance Payments Contract; dated [_____], between the Housing Authority and the Partnership.]

AIA: American Institute of Architects.

Architect: RBDR PLLC Architects of Waco, Texas.

Authority: The Texas Department of Housing and Community Affairs.

Average Income Test: The Minimum Set-Aside Test as set forth in Section 42(g)(1)(C) of the Code (and including any guidance provided by the IRS or the Agency with respect to such

provision at any time prior to the date of this Agreement or hereafter) whereby (i) at least forty percent (40%) of the Units in the Project are both rent restricted Units and occupied by tenants whose incomes do not exceed the imputed income limitations designated as applicable to the respective units, (ii) the average of the imputed income limitations designated for all Units in the Project is not more than sixty percent (60%) of area median income, and (iii) the imputed income limitation designated for any unit in the Project is an increment of 10% and ranging between 20% and 80% of area median income.

Bond Documents: The documents executed in connection with the Bonds, including, but not limited to the Bond Resolution, Trust Indenture, Tax Regulatory Agreement, Financing Agreement, and the Tax Certificate.

Bond Loan: The loan in the principal amount of Twenty-Two Million Dollars (\$22,000,000) to be provided to the Partnership by the Issuer for the construction and/or rehabilitation of the Project, financed by proceeds of the Bonds, as shown on Exhibit A-3.

Bonds: The Waco Public Facility Corporation Multifamily Housing Revenue Notes, 2020 Series A & B (South Terrace Apartments), issued by the Issuer in the amount of Twenty-Two Million Dollars (\$22,000,000), the proceeds of which shall be used to fund the Bond Loan.

Break-even: As to any specified period of time (the "**Period**"), the operation of the Project such that the Operating Revenue for the Period exceeds the greater of (i) the Project Expenses for the Period or (ii) the Project Expenses shown on the Projections (or the current approved Budget for the Project) (prorated for the Period).

Budget: A budget prepared in accordance with Section 5.19 for the ownership and operation of the Project, reflecting the reasonably projected income and expenses for the following calendar year, which has been reviewed and accepted by the Limited Partner.

Capital Account: The capital account maintained by the Partnership for each Partner, determined in accordance with Section 7.01.

Capital Contribution: The total amount of cash or any cash equivalents contributed or agreed to be contributed to the Partnership by each Partner, including all adjustments thereto, as provided in this Agreement and Exhibit A. Any reference in this Agreement to the Capital Contribution of a substituted Partner shall include all Capital Contributions previously made by any predecessor or former Partner in respect of the Interest acquired by the substituted Partner, subject to all adjustments thereto pursuant to this Agreement.

Capital Proceeds: Sale Proceeds and Refinancing Proceeds.

Cash Flow: The amount, determined for any Fiscal Year or portion thereof, equal to the excess, if any, of

(i) Operating Revenue plus any amounts no longer deemed necessary for the efficient operations of the Partnership by the General Partner, in the reasonable exercise of its

discretion (with the Consent of the Limited Partner), which are released from Partnership reserves which are deposited into the Partnership's general accounts, over

(ii) Project Expenses.

Cash Flow shall not be reduced by payments of any items described in the preceding clause (ii) made from the proceeds of any loans, from condemnation or insurance proceeds or directly from any reserve, or by depreciation and amortization taken into account for federal income tax purposes.

Certificate: The certificate of formation for the Partnership that is prepared and filed in accordance with the Act, as such Certificate may be amended from time to time.

Code: The Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

Completion Date: The later of:

(i) The date on which the Partnership has completed the construction and/or rehabilitation of the buildings in accordance with the relevant Project Documents, approved by the Limited Partner and any construction consultant engaged by the Limited Partner and evidenced by a certificate prepared and executed by the Architect indicating that construction and/or rehabilitation of the buildings has been completed in accordance with the relevant Project Documents, except for punch list items that do not impede occupancy on a full rent paying basis, and that the Project is ready for occupancy, provided the Partnership has furnished funds or cash equivalents in escrow to provide for the completion of such punch list items, in an amount and manner satisfactory to the Limited Partner; and

(ii) The receipt of a temporary certificate of occupancy (or local equivalent) permitting full occupancy of the Project for all of the buildings comprising the Partnership Property, including one hundred percent (100%) of the Units in the Project.

The intended Completion Date (the "**Target Completion Date**") is [October 1], 2022.

Compliance Period: The period specified in Section 42(i)(1) of the Code, as applicable to the Project.

Consent of the General Partner: The written consent or approval of the General Partner, which shall be obtained prior to the taking of any action for which such consent or approval is required hereunder. If there is more than one General Partner, Consent of the General Partner shall require the affirmative consent of General Partners holding at least a majority of the aggregate Percentage Interests of the General Partners.

Consent of the Limited Partner: The written consent or approval of the Limited Partner, which shall be obtained prior to the taking of any action for which it is required hereunder which, unless otherwise provided in this Agreement, may be withheld in the Limited Partner's sole and

absolute discretion. If there is more than one Limited Partner, Consent of the Limited Partner shall require the affirmative consent of Limited Partners holding at least a majority of the aggregate Percentage Interests of the Limited Partners.

Consent of the Special Limited Partner: The written consent or approval of the Special Limited Partner, which shall be obtained prior to the taking of any action for which such consent or approval is required hereunder which, unless otherwise provided in this Agreement, may be withheld in the Special Limited Partner's sole and absolute discretion. If there is more than one Special Limited Partner, Consent of the Special Limited Partner shall require the affirmative consent of Special Limited Partners holding at least a majority of the aggregate Percentage Interests of the Special Limited Partners.

Construction Contract: The construction contract between the Partnership and the General Contractor dated [_____].

Construction Loan: The Bond Loan prior to Loan Conversion.

Cost Certification: Certification by the Accountants, as delivered by the General Partner and approved by the Limited Partner, in accordance with Section 13.03(a)(ix), of the costs of the Project, including eligible basis, matching sources and uses, and calculation of annual Credits, and calculation of the 50% Percent Test based on the Partnership's accounting records and any other documentation deemed appropriate by the Accountants.

Credit: The Low-Income Housing Tax Credit provided for under Section 42 of the Code, including the thirty percent (30%) present value new construction and rehabilitation credit and/or the thirty percent (30%) present value acquisition credit, as applicable.

Credit Adjuster Advance: An advance to the Partnership pursuant to Section 3.03 by the General Partner, on an After-Tax Basis, which shall not affect its Interest or Percentage Interest but shall be considered a Capital Contribution to the Partnership.

Credit Deficiency: The amount by which the Credits received by the Limited Partner is less than the Projected Credits as adjusted by any reductions in Capital Contributions and any Credit Adjuster Advances pursuant to the provisions of Section 3.03. For this purpose, the Limited Partner shall be considered to have received Credits in the amount allocated to the Limited Partner on the Partnership's federal income tax returns reduced by: (i) any adjustment of the Credits reported on the Partnership's tax return that is made by the Partnership or by the IRS or a court in a Final Determination; and (ii) the amount of any recapture of such Credits other than recapture caused by the action of the Limited Partner.

Credit Period: The period specified in Section 42(f)(1) of the Code as applicable to the Project.

Credit Units: The two hundred fifty (250) Units that will be operated in a manner so as to qualify as low-income units within the definition of Section 42(i)(3) of the Code.

Designated Proceeds: The sum of: (i) proceeds of the Loans and any grants included in the Projections or otherwise approved by the Limited Partner; (ii) insurance proceeds arising out of casualties as available from time to time, to the extent not used for restoration of the damage caused by such casualty; (iii) net rental income prior to the later of (y) the Stabilization Date, or (z) Loan Conversion; and (iv) Capital Contributions due by the later of (y) the Stabilization Date, or (z) Loan Conversion which are to be used for construction and/or rehabilitation of the Project pursuant to the Projections.

Developer: South Terrace Waco Development, LLC, a Texas limited liability company.

Development Advance: The advances to be made by the General Partner in the amounts and under the circumstances provided in Section 5.13(b).

Development Fee: The fees pursuant to Section 4 of the Development Services Agreement attached hereto as Exhibit C and payable to the Person indicated on Exhibit A-4.

Enterprise: Enterprise Community Asset Management, Inc., a Maryland corporation, which is the parent organization of the general partner of the Limited Partner.

Environmental Hazard: Any hazardous or toxic substance, waste or material, or any other substance, pollutant, or condition that poses a risk to human health or the environment, including, but not limited to: (i) any "hazardous substance" as that term is defined under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, *et seq.* as amended; (ii) petroleum in any form, lead-based paint, asbestos, urea formaldehyde insulation, methane gas, polychlorinated biphenyls ("**PCBs**"), radon, mold or lead in drinking water, except for ordinary and necessary quantities of office supplies, cleaning materials and pest control supplies stored in a safe and lawful manner and petroleum products contained in motor vehicles; (iii) any underground storage tanks; (iv) accumulations of debris, mining spoil or spent batteries, except for ordinary garbage stored in receptacles for regular removal; or (v) any other environmental condition that could result in liability for an owner or operator of the Project under any federal, state, local or common law, statute, rule, regulation, ordinance or precedent.

Environmental Laws: (i) The Clean Air Act; (ii) the Clean Water Act; (iii) the Resource Conservation and Recovery Act; (iv) the Toxic Substance Control Act; (v) the Safe Drinking Water Control Act; (vi) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, *et seq.* as amended; (vii) the Occupational Safety and Health Act; (viii) the Residential Lead-Based Paint Hazard Reduction Act of 1992, including the Lead-Based Paint Poisoning Prevention Act and the implementing regulations at 24 CFR part 35; and (ix) any other federal, state, local or common law, statute, regulation, rule, ordinance, precedent or other requirement pertaining to the environment, public health or employee health and safety.

Environmental Reports: The Phase I environmental site assessment report dated [_____] prepared by [_____], and if applicable, any Phase II environmental assessment report delivered by the General Partner to the Limited Partner prior to the date of this Agreement.

Event of Bankruptcy: With respect to any Person:

(i) The entry of a decree or order for relief by a court having jurisdiction in respect of such Person in an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for such Person or for any substantial part of his or its property, or ordering the winding-up or liquidation of his affairs, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days;

(ii) The commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such Person or for any substantial part of his or its property, or the making by such Person of any assignment for the benefit of creditors, or the taking of action by such Person in furtherance of any of the foregoing;

(iii) The commencement against such Person of an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy insolvency or similar laws which has not been vacated, discharged or bonded within ninety (90) consecutive days;

(iv) The admission by such Person of his inability to pay his debts as they become due; or

(v) Such Person becoming "insolvent" by the taking of any action or the making of any transfer or otherwise, as insolvency is or may be defined pursuant to the federal bankruptcy laws, the Uniform Fraudulent Conveyances Act, any state or federal act or law, or the ruling of any court.

Exit Tax: The amount shown as "Investor Tax on Sale" on the "Investment Results After Disposition" worksheet of the Projections and also on Exhibit A-2.

Extended Use Agreement: The agreement to be entered into between the Partnership and the Authority as required pursuant to Section 42(h)(6) of the Code.

Extended Use Period: The later of the period specified in (i) Section 42(h)(6)(D) of the Code or (ii) the Extended Use Agreement.

Fee Agreements: The fee agreements of even date herewith described on Exhibit A-4, and which are attached hereto as exhibits.

50% Bond Calculation: The meaning set forth in Section 5.11(z).

50% Test: Partnership's satisfaction of the "50% test" with respect to the Project as set forth in Section 42(h)(4)(B) of the Code pursuant to evidence received by and acceptable to the Limited Partner.

Final Determination: With respect to any issue, the earliest to occur of: (i) a decision, judgment, decree, or other order affecting the Partnership being issued by any court of competent jurisdiction, which decision, judgment, decree, or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted or the time for such appeals has expired); (ii) the IRS having entered into a binding agreement with the Partnership or having reached a final administrative or judicial determination affecting the Partnership which, whether by law or agreement, is not subject to appeal; or (iii) the expiration of the applicable statute of limitations.

Fiscal Year: The calendar year or such other year that the Partnership is required by the Code to use as its taxable year.

Gain: The income and gain of the Partnership for federal income tax purposes arising from a sale or other disposition of all or any portion of the Partnership Property. If the value at which an asset is carried on the books of the Partnership pursuant to the capital account maintenance rules of Treasury Regulation Section 1.704-1(b) differs from its adjusted tax basis and gain is recognized from a disposition of such asset, the gain shall be computed by reference to the asset's book basis rather than its adjusted tax basis.

General Contractor: J4 Development, LP, a Texas limited partnership.

General Partner: South Terrace Waco GP, LLC, a Texas limited liability company, and any additional or substitute general partners of the Partnership named in any duly adopted amendment to this Agreement with the Consent of the Limited Partner. If there is more than one general partner, the term "**General Partner**" shall refer collectively to all such general partners.

Ground Lease: The Ground Lease between the Partnership as lessee and the Housing Authority as lessor, dated March 4, 2019, as amended by the First Amendment to Ground Lease dated [_____].

Guarantor: Individually and collectively, Brinshore Development, L.L.C., an Illinois limited liability company, and the Housing Authority.

Guaranty Agreement: The guaranty agreement of even date herewith, which is attached hereto as Exhibit D.

HAP Contract: The Housing Assistance Payments Contract, Part 886, Subpart C to be entered into in the form attached to, and in accordance with the terms set forth in, the AHAP, between the Housing Authority and the Partnership.

Housing Authority: The Waco Housing Authority & Affiliates, a Texas public housing authority.

HUD: The U.S. Department of Housing and Urban Development.

HUD Documents: The AHAP, HAP Contract, RAD HAP Contract and any other HUD document, including without limitation, all HUD documents or requirements related to the RAD Program, including without limitation, the RAD Use Agreement.

Immediate Family: With respect to any individual, his or her spouse, children, including adopted children, stepchildren, parents, parents-in-law, nephews, nieces, brothers, sisters, brothers-in-law, and sisters-in-law, each whether by birth, marriage, or adoption, as well as any *inter vivos* trusts created for the benefit of such individual or any of the foregoing.

Independent Construction Inspector's Report: The report to be obtained by the Limited Partner, at its discretion, by a qualified inspector who is not an Affiliate of the General Partner or the General Contractor, which may include review of such items as (i) AIA forms G702 and G703; (ii) the extent and quality of the work in place; (iii) where applicable, a revised projected completion date; (iv) analysis of construction contract hard cost contingency balance, to include approved, pending and potential change orders; and (v) significant issues which may cause material delay in completion or material cost overruns.

Installment: An installment of the Limited Partner's Capital Contribution, which is due as set forth in Exhibit A-1.

Interest: As to any Partner, such Partner's right, title, and interest in and to any and all assets, distributions, losses, profits and shares of the Partnership, whether cash or otherwise, and any other interests and economic incidents of ownership whatsoever of such Partner in the Partnership.

Investor Services Fee: The fee payable to the Servicer pursuant to the Investor Services Agreement attached hereto as Exhibit I.

IRS: The Internal Revenue Service.

Issuer: Waco Public Facility Corporation, a Texas nonprofit public facility corporation.

Lease-up Period: The period ending on the last day of the Fiscal Year in which the Project achieves Qualified Occupancy for all Credit Units.

LIH Adjustment Limit: The amount determined as of any relevant date by which the Development Fee exceeds the aggregate reductions in the Limited Partner's Capital Contributions under Section 3.03(b), and Credit Adjuster Advances previously made pursuant to Section 3.03.

Limited Partner: Wincopin Circle LLLP, a Maryland limited liability limited partnership, and any Person who becomes a Substitute Limited Partner as provided herein, in each such Person's capacity as a limited partner. If there is more than one limited partner of the Partnership, the term "**Limited Partner**" shall refer collectively to all such limited partners. A Special Limited Partner shall not be a Limited Partner for purposes of this Agreement.

Liquidation: The termination of a Partner's entire Interest in the Partnership by means of a distribution, or a series of distributions, from the Partnership to the Partner.

Loan Conversion: The disbursement in full of all construction loans (if applicable), the receipt of all consents from lenders or other parties that construction completion has occurred, conversion of all loans to permanent status (if applicable), achievement of "Stabilization," as defined in the Bond Documents, the repayment of the Bond Loan in the amount required by the Bond Documents, and the closing and funding of all permanent Loans (if applicable) in accordance with the terms shown on the Projections; provided that the principal amount of the Loans following Loan Conversion shall not be greater than the amount approved by the Limited Partner in its reasonable discretion.

Loan Documents: With respect to each Loan, any and all documents executed by the Partnership in connection with such Loan, including, without limitation, any of the following: the Bond Documents, loan applications, loan commitments, notes, mortgages, regulatory agreements, building loan agreements, security agreements, and financing statements.

Loans: The loans shown on Exhibit A-3, and any other loans made to the Partnership with the Consent of the Limited Partner.

Loss: The loss of the Partnership for federal income tax purposes arising from a sale or other disposition of all or any portion of the Partnership Property. If the value at which an asset is carried on the books of the Partnership pursuant to the capital account maintenance rules of Treasury Regulation Section 1.704-1(b) differs from its adjusted tax basis and loss is recognized from a disposition of such asset, the loss shall be computed by reference to the asset's book basis rather than its adjusted tax basis.

LP Interest FMV: The value of the Limited Partner's Interest determined in the manner provided in Section 14.01(a).

Management Agent: Allied Orion Group, LLC, a Texas limited liability company, or such other property management company that is acceptable to the Limited Partner.

Management Agreement: The Agreement between the Management Agent and the Partnership attached as Exhibit F.

Minimum Gain: The amount determined by computing for each Nonrecourse Liability and Partner Nonrecourse Debt, the amount of Gain, if any, that would be realized by the Partnership if it disposed of the asset securing such liability for no consideration other than full satisfaction of the liability, and by then aggregating the separately computed Gains. For purposes of determining the amount of such Gain with respect to a particular Nonrecourse Liability or Partner Nonrecourse Debt, the adjusted basis for federal income tax purposes (or its adjusted book value if it is carried on the Partnership's books, maintained in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv), at a value different from its adjusted tax basis) of the asset securing the liability shall be allocated among all the liabilities that the asset secures in the manner set forth in

Treasury Regulation Section 1.704-2(d)(2)(ii) (or successor provisions). It is the intent that Minimum Gain shall be computed in accordance with Treasury Regulation Section 1.704-2.

Minimum Set-Aside Test: The set-aside test selected by the Partnership pursuant to Section 42(g) of the Code with respect to the percentage of Units in its Project to be occupied by tenants with incomes equal to no more than a certain percentage of area median income. The Partnership has selected or will select the Average Income Test as the Minimum Set-Aside Test.

Mortgagees: The payees under the Loans, together with any successors or assigns in such capacity.

Mortgage Notes: The notes executed by the Partnership in favor of the Mortgagees for each of the Loans.

Mortgages: The mortgages or deeds of trust that grant security interests in the Partnership Property which secure the Mortgage Notes.

Net Cash Flow: The amount, determined for any Fiscal Year or portion thereof, equal to the excess, if any, of

- (i) Cash Flow, over
- (ii) the aggregate amount of the fees and other expenses payable from Cash Flow in such year set forth on Exhibit A-4.

Net Losses: The net loss of the Partnership for federal income tax purposes for each taxable year, calculated without regard to Gain or Loss and without regard to those items that are specially allocated in accordance with Regulatory Allocations or otherwise pursuant to Section 7.03; *provided, however*, that in determining net loss (i) any tax-exempt income received by the Partnership shall be included as an item of gross income, (ii) any expenditure of the Partnership described (or treated under Treasury Regulation Section 1.704-1(b)(2)(iv)(b) as described) in Section 705(a)(2)(B) of the Code shall be treated as a deductible expense, (iii) if the fair market value on the date that the asset is contributed to the Partnership (or if the basis of such asset for book purposes is adjusted under the Treasury Regulations, such adjusted book basis) differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, the amount for depreciation, amortization and other cost recovery deductions shall be equal to an amount which bears the same ratio to such beginning fair market value (or adjusted book basis) as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis, and (iv) if the value at which an asset is carried on the books of the Partnership differs from its adjusted tax basis and gain or loss is recognized from a disposition of such asset, the gain or loss shall be computed by reference to the asset's book basis rather than its adjusted tax basis.

Net Profits: The taxable income of the Partnership for federal income tax purposes for each taxable year, calculated without regard to Gain or Loss and without regard to those items

which are specially allocated in accordance with the Regulatory Allocations or otherwise pursuant to Section 7.03; *provided, however*, that in determining taxable income (i) any tax-exempt income received by the Partnership shall be included as an item of gross income, (ii) any expenditure of the Partnership described (or treated under Treasury Regulation Section 1.704-1(b)(2)(iv)(b) as described) in Section 705(a)(2)(B) of the Code shall be treated as a deductible expense, (iii) if the fair market value on the date that the asset is contributed to the Partnership (or if the basis of such asset for book purposes is adjusted under the Treasury Regulations, such adjusted book basis) differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, the amount for depreciation, amortization and other cost recovery deductions shall be equal to an amount which bears the same ratio to such beginning fair market value (or adjusted book basis) as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis, and (iv) if the value at which an asset is carried on the books of the Partnership differs from its adjusted tax basis and gain or loss is recognized from a disposition of such asset, the gain or loss shall be computed by reference to the asset's book basis rather than its adjusted tax basis.

Nonrecourse Liability: Any liability to the extent that no Partner or related person bears (or is deemed to bear) the economic risk of loss within the meaning of Treasury Regulation Section 1.752-2.

Notice: A writing containing the information required by this Agreement and sent (i) by registered or certified mail, postage prepaid, return receipt requested, (ii) by commercial delivery service, (iii) by hand delivery, or (iv) by electronic mail, paid for by the sender, to a Partner at the last address or addresses designated for such purpose by such Partner in Section 15.02 or as provided therein, the date of receipt of such registered mail or certified mail or the date of actual receipt of such writing by commercial delivery service or hand delivery, being deemed the date of such Notice. If delivered by electronic mail, transmission shall be to the electronic mail address set forth in Section 15.02, with a “hard” copy of such notice sent by (i), (ii) or (iii) above as soon as practicable after delivery of such electronic copy; any notice sent by electronic mail will be deemed to be delivered on the date such notice was sent, if such notice was sent during the business hours of the recipient, or if such notice was sent other than during the business hours of the recipient, on the next business day following the date such notice was sent.

Notice Certifications: The certifications described in Section 3.02(c) and more fully set forth in Exhibit A-7 required to be provided by the General Partner to the Limited Partner in the Additional Capital Contribution Notices.

Operating Deficit: With respect to any period of time beginning after the Completion Date, the amount by which Project Expenses exceed the sum of: (i) Operating Revenue; and (ii) amounts available for the payment of such Project Expenses in the Operating Reserve in accordance with the provisions of Exhibit A-6, including the Consent of the Limited Partner.

Operating Deficit Contribution: A capital contribution to the Partnership by the General Partner, which shall be required under the circumstances described in Section 5.14 and shall be treated as Capital Contributions of the General Partner.

Operating Reserve: The reserve to be funded pursuant to Section 5.18 as described in paragraph (i) of Exhibit A-6.

Operating Reserve Amount: The amount of the Operating Reserve shown on Exhibit A-2.

Operating Revenue: For any specified period of time, the amount of gross revenues from all sources derived from the Project as the result of the normal operation of the Project received on a cash basis, including (a) proceeds from rental interruption insurance, (b) proceeds from temporary condemnation in the nature of a lease, and (c) security deposits applied to rent and (d) rental and operating subsidies which shall be calculated on an accrual basis but only if received within sixty (60) days of such accrual, and excluding (i) non-recurring revenue such as Sale Proceeds and Refinancing Proceeds or (ii) tenant-based voucher rental income exceeding maximum allowable rents allowed by Section 42 of the Code.

Owner's Title Policy Amount: The required minimum amount of the Title Policy as shown on Exhibit A-2.

Partner or Partners: The General Partner, Special Limited Partner, and the Limited Partner, either individually or collectively.

Partner Nonrecourse Debt: Any Partnership liability to the extent the liability is nonrecourse for purposes of Treasury Regulation Section 1.1001-2 and a Partner (or related person within the meaning of Treasury Regulation Section 1.752-4(b)) bears the economic risk of loss under Treasury Regulation Section 1.752-2.

Partnership: South Terrace Waco, LP, a limited partnership formed under and pursuant to the Act.

Partnership Administration Fee: The fee payable to the Administrator pursuant to the Partnership Administration Agreement attached hereto as Exhibit E.

Partnership Property: The Partnership's leasehold interest in the land and improvements comprising a project known as South Terrace, which contains two hundred fifty (250) Units in one hundred twenty-nine (129) buildings, located on one (1) site in Waco, Texas, the legal description and street address of which are set forth on Exhibit B attached and made a part hereof, together with such additions or improvements thereto as may hereafter be acquired by the Partnership in accordance with this Agreement.

Partnership Representative: As defined in Section 13.04(b)(i).

Percentage Interest: As to any Partner, the percentage in the Partnership shown opposite the name of such Partner in Exhibit A, as it may be amended from time to time in accordance with this Agreement.

Person: An individual or entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, cooperative, or association, joint stock company, unincorporated organization, or government agency or political subdivision thereof, and the heirs, executors, administrators, legal representatives, successors, and assigns of such Person where the context so requires.

Plans and Specifications: The plans and specifications for the Project stamped with the seal of an architect and/or engineer, which are subject to the approval of the Limited Partner, and any changes thereto which, if such change constitutes a change in the design, scope or value of the Project, shall have received the approval of the Limited Partner.

Prime Rate: The prime rate as defined in Section 3.02(g).

Project: The aggregate of all of the individual buildings, dwelling Units, common areas, and improvements located in or around the Partnership Property.

Project Documents: The construction contracts, Plans and Specifications, agreements with architects and engineers, surveys and permits, Environmental Reports, , agreements relating to real estate taxation and assessments relating to the Partnership Property, the Ground Lease, the Fee Agreements, the Guaranty Agreement, all applications, reservations, carryover allocations, restrictive covenants, the Extended Use Agreement, and all other agreements and documents related to the Credit, the HUD Documents, and any other material document or instrument executed in connection with any of the aforesaid documents.

Project Expenses: All costs and expenses of any type incurred on an accrual basis incident to the equipping, financing, ownership and operation of the Project, including, without limitation, amounts required to be funded into the Replacement Reserve (including prior unfunded annual deposits) or any other reserve required to be funded under Exhibit A-6 or by any lender, payments of fees to the Partners or their Affiliates (other than fees, the payment of which is contingent on the amount of Cash Flow or Capital Proceeds), taxes, required payments of principal and interest on any Loans or obligations that are not contingent on the amount of Cash Flow or Capital Proceeds, and costs of capital improvements to the Partnership Property incurred after the Completion Date and not funded or to be funded from Capital Proceeds or the Partnership's Replacement Reserve (described on Exhibit A-6). For purposes of the foregoing calculation, debt service and other amounts payable in connection with any Loan or other loan shall be equal to the regularly scheduled payments under the Loan Documents (absent default or maturity). Additionally, Project Expenses shall include (a) real estate taxes or PILOT payments at full projected assessment, to the extent not abated or reduced by statute, (b) reserve requirements imposed on the Project by the Project Documents, the Loan Documents or this Agreement and (c) on an annualized basis, all projected expenditures, including those of a seasonal nature, which might be expected to be incurred on an unequal basis during a full annual period of operation.

Project FMV: The value of the Project determined in the manner provided in Section 14.01(b).

Projected Credits: The aggregate amount of Credits projected to be received by the Limited Partner based on the projections prepared in accordance with Sections 3.03(a) and 3.03(c).

Projected IRR: The amount shown on the "Project IRR" line on the Taxable Income, Capital Accounts and Tax Benefits page of the Projections.

Projections: The projections of the anticipated results of the operation of the Partnership based on information provided by the General Partner attached hereto as Exhibit H to this Agreement.

Property Tax Exemption: The exemption from property taxes available under Chapters 392 and 303 of the Texas Local Government Code.

Qualified Occupancy: The occupancy of a Credit Unit by a Qualifying Tenant or the state of being held for occupancy by a Qualifying Tenant after such Unit becomes vacant subsequent to its rental to a Qualifying Tenant.

Qualifying Tenant: A tenant whose income does not exceed the relevant limit set forth in Section 42(g)(1) of the Code and/or other regulatory requirement.

RAD Conversion Commitment: That certain Rental Assistance Demonstration Conversion Commitment (HUD Form 52624) provided by HUD to the Housing Authority and the Partnership and signed by HUD on [_____], and by the Housing Authority and the Partnership on [_____], as the same may be amended.

RAD HAP Contract: The PBRA Housing Assistance Payments Contract for the Conversion of Public Housing to Project-Based Section 8 (Component 1) to be entered into by and between the United States of America, acting through the Department of Housing and Urban Development, and the Partnership, as authorized by the RAD Conversion Commitment, as authorized by the RAD Program.

RAD Program: The Rental Assistance Demonstration (RAD) Program created by the Consolidated and Further Continuing Appropriations Act of 2012, and Notice PIH-2012-32, REV-2, as further amended from time to time.

RAD Use Agreement: The Rental Assistance Demonstration Use Agreement to be entered into by and between HUD and the Partnership, as the same may be amended from time to time.

Refinancing Proceeds: The excess of the gross proceeds of any borrowings by the Partnership other than the initial Loans set forth on Exhibit A-3 and any other Loans approved by the Limited Partner over the sum of the following to the extent paid out of such gross proceeds: (i) any amounts disbursed to repay then existing loans of the Partnership and to pay and provide for all debts and obligations of the Partnership then to be paid or which are otherwise then due (not

including, however, any amounts funded by Operating Deficit Contributions made to the Partnership by the General Partner), (ii) all reasonable expenses of such borrowings, including, without limitation, all commitment fees, brokers' commissions, and attorneys' fees, (iii) all amounts paid to improve the Partnership Property or for any other purpose in order to satisfy conditions to or established in connection with such borrowings, and (iv) any amounts used to meet the operating expenses of the Partnership Property or set aside by the General Partner for reserves.

Regulatory Allocations: The special allocations set forth in Sections 7.03(a), (b), (c), and (e), which are intended to comply with certain requirements of Treasury Regulation Sections 1.704-1(b) and 1.704-2.

Removal Default: With respect to the General Partner, a Removal Default described in Section 9.02(a).

Rent Restriction Test: As defined under Section 42(g) of the Code.

Replacement Reserve: The reserve to be funded pursuant to Section 5.18 as described in paragraph (ii) of Exhibit A-6.

Required Debt Service Coverage: As to any specified period of time (the "**Period**"), the operation of the Project such that the Operating Revenue for the Period less the greater of (i) the Project Expenses for the Period or (ii) the lesser of the Project Expenses shown on (a) the Projections or (b) the current approved Budget for the Project (prorated for the Period), equals or exceeds one hundred fifteen percent (115%) of the aggregate amount of principal and interest payments due during such Period on all Loans (assuming debt service requirements after Loan Conversion), but excluding any such payments that are contingent on Cash Flow. For purposes of this definition only, the term "**Project Expenses**" shall not include any debt service on the Loans.

Sale Proceeds: The excess of all cash receipts and other consideration arising from the sale or other disposition of all or any portion of the Partnership Property or any proceeds realized from condemnation, insured casualty, or insured title defect, but excluding proceeds from rental interruption insurance or a temporary condemnation in the nature of a lease, if any, over the sum of the following to the extent paid out of such cash receipts and other consideration: (i) the amount of cash disbursed or to be disbursed in connection with or as an expense of such sale or other disposition, (ii) the amount necessary for the payment of all debts and obligations of the Partnership arising from or otherwise related to such sale or other disposition or to which the Partnership Property is subject and which are otherwise then due (not including, however, any Capital Contributions made to the Partnership by the General Partner), (iii) the amount of insured casualty proceeds required by the Limited Partner to be used to restore the Partnership Property, and (iv) any amounts set aside by the General Partner for reserves.

SLP Obligations: The obligations described in Section 5.21(a).

SLP Obligations Period: The period described in Section 5.21(a).

Special Flood Hazard Area: The area defined by the National Flood Insurance Program requiring mandatory purchase of flood insurance.

Special Limited Partner: Each of Brinshore Development, L.L.C. and South Terrace Waco SLP, LLC, and any person who becomes a Substitute Special Limited Partner as provided herein, in each such Person's capacity as special limited partner.

Sponsor: The Housing Authority.

Sponsor Loan(s): The loans, if any, made by the Sponsor, the General Partner, or any Affiliate of any of them to the Partnership, including the Sponsor Loan identified on Exhibit A-3.

Stabilization Date: Beginning after the Completion Date, the date on which the Project has satisfied the Required Debt Service Coverage for a period of three (3) consecutive calendar months evidenced as single time period throughout which: (i) physical occupancy of the residential units equals or exceeds projected occupancy (calculated as (1 - vacancy rate of 7.5%) times the "Total Rental Units" shown on the "Rental Income Assumptions and Applicable Fraction" page of the Projections) and (ii) Operating Revenue is at least equal to the Effective Gross Income shown on the "Project Cash Flow" page of the Projections.

State: The state in which the Project is located.

Substitute Limited Partner: Any Person admitted from time to time to the Partnership as a Limited Partner in accordance with the provisions of Article X hereof and so reflected on Exhibit A, as such Exhibit A may be amended from time to time in accordance with this Agreement.

Tenant Income Certification: A tenant's initial tax credit certification, including the tenant income certification/certificate of resident eligibility, all sources used in verifying income and assets (including, but not limited to, third party verification, checking and savings accounts, pay stubs, verification of assets, etc.), a copy of one completed lease signed and dated for each building, and a copy of the first and last page of each resident lease in each building showing the start date of the lease and signature of the resident(s) and owner.

Term: The period of time the Partnership shall continue in existence as stated in Section 1.07.

Title Policy: That certain title policy issued by Fidelity National Title Insurance Company in the amount of the Owner's Title Policy Amount in favor of the Partnership and in force as of the date hereof insuring the Partnership's title to the Partnership Property.

Total LIH Reduction Amount: The amount defined in Section 3.03(b)(iv).

Transfer Agreement: The Transfer Agreement in the form attached hereto as Exhibit M.

Treasury Regulations: The temporary and final regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

Units: The individual units of residential rental housing located on the Partnership Property.

Wincopin Loan: A loan as described in Section 10.01(f).

2.02 Rules of Construction

(a) Unless the context clearly indicates to the contrary, the following rules apply to the construction of this Agreement:

(i) Words importing the singular number include the plural number and words importing the plural number include the singular number;

(ii) Words of any gender include correlative words of all other genders;

(iii) The table of contents and the headings or captions used in this Agreement are for convenience of reference and do not constitute a part of this Agreement, nor affect its meaning, construction, or effect;

(iv) Any reference in this Agreement to a particular "Article," "Section," or other subdivision shall be to such Article, Section, or subdivision of this Agreement unless the context shall otherwise require;

(v) Each reference in this Agreement to an agreement or contract shall include all amendments, modifications, and supplements to such agreement or contract unless the context shall otherwise require; and

(vi) When any reference is made in this document or any of the schedules or exhibits attached hereto to the Agreement, it shall mean this Agreement, together with all other schedules and exhibits attached hereto, as though one document.

(b) In the event there is more than one Limited Partner or more than one General Partner, the following additional rules of construction shall apply unless otherwise provided:

(i) Unless otherwise provided herein, allocations to the General Partner and Limited Partner of Gain, Net Profits, Net Losses, Loss and credits under Article VII, and distributions of Net Cash Flow and Capital Proceeds under Article VIII shall be further allocated and/or distributed between or among the General Partners and/or Limited Partners in proportion to each General Partner's or Limited Partner's respective Percentage Interest as set forth on Exhibit A. Unless otherwise provided herein, no General Partner shall have a superior right to receive distributions than any other General Partner and no Limited Partner shall have a superior right to receive distributions than any other Limited Partner;

(ii) Unless otherwise provided herein, with respect to any matter on which the approval or ratification of the General Partner or Limited Partner is required or may be given, such approval or ratification shall not be deemed to have been given unless given by Consent of the General Partner or Limited Partner, as the case may be; provided, however, that, except as

otherwise expressly provided herein, in no event shall the Special Limited Partner have any approval rights;

(iii) Unless otherwise provided herein, with respect to any matter on which the approval or ratification of the General Partner, Special Limited Partner or Limited Partner is required or may be given, each General Partner or Limited Partner, as the case may be, shall be entitled to vote; and

(iv) Unless otherwise provided herein, the General Partner's obligations under this Agreement shall be joint and several as to each General Partner.

ARTICLE III

Partnership Interests and Sources of Funds

3.01 Identity of Partners and Percentage Interests

The names and business addresses of the General Partner, the Limited Partner, and the Special Limited Partner are as identified on Exhibit A, as such exhibit may be amended from time to time in accordance with this Agreement and each such Partner has the Percentage Interest indicated next to its name.

3.02 Capital Contributions

(a) *General Partner.* Subject to the provisions of this Section 3.02, the General Partner shall be obligated to (and does hereby covenant and agree to) contribute to the capital of the Partnership, by wire transfer or other form of immediately available funds, the aggregate amount set forth after the General Partner's name on Exhibit A no later than the Admission Date.

(b) *Limited Partner and Special Limited Partner.* Subject to the provisions of this Section 3.02, the Limited Partner shall be obligated to (and does hereby covenant and agree to) contribute to the capital of the Partnership, by wire transfer or other form of immediately available funds, the aggregate amount set forth after the Limited Partner's name on Exhibit A. The Limited Partner shall pay its Capital Contribution in Installments, in the amounts and at the times indicated on Exhibit A-1; *provided, however,* that the date for payment of any Additional Capital Contribution shall be the Additional Capital Contribution Due Date, which may be deferred in accordance with Section 3.02(d). Except as provided in this Section 3.02(b), the Limited Partner shall not be obligated to make any Capital Contributions to the Partnership, and all required Capital Contributions shall be subject to any applicable adjustments; *provided, however,* that the Limited Partner shall have the right to make further Capital Contributions to the Partnership, including the right to agree to make a limited or unlimited contribution to the extent necessary to eliminate a deficit in its Capital Account in accordance with Section 3.08, provided that any such deficit restoration shall be at the option of the Limited Partner and shall not be enforceable against the Limited Partner by any Person.

The Partners specifically acknowledge that the Limited Partner's Additional Capital Contributions may be adjusted pursuant to the terms of Section 3.03. In the event the Limited Partner's Additional Capital Contributions are so adjusted, Exhibits A, A-1, and A-2, the Development Services Agreement attached as Exhibit C, and the Projections attached as Exhibit H will be revised accordingly and such revised Exhibits shall constitute a valid amendment to this Agreement. The Limited Partner shall cause a copy of the revised Exhibits to be delivered to the General Partner. If the General Partner shall disagree as to any amount in the revised Exhibits, the General Partner shall give Notice and an explanation to the Limited Partner of such disagreement within twenty (20) days after receipt of such revised Exhibits. Failure by the General Partner to respond within such twenty (20) day period shall be deemed approval by the General Partner.

Subject to the provisions of this Section 3.02, the Special Limited Partner shall be obligated to (and does hereby covenant and agree to) contribute to the Capital of the Partnership, by wire transfer or other form of available funds, the aggregate amount set forth after the Special Limited Partner's name on Exhibit A no later than the Admission Date.

(c) *Notice Certifications.* The General Partner shall deliver an Additional Capital Contribution Notice to the Limited Partner which shall include the Notice Certifications in the exact form attached as Exhibit A-7 not more than thirty (30) days and not less than twenty (20) days (ten (10) days for Additional Capital Contributions prior to the Completion Date) in advance of the due date of each Additional Capital Contribution.

(d) *Deferral of Additional Capital Contribution Due Date.* Should the General Partner fail to certify that each of the relevant Notice Certifications is true and correct in its Additional Capital Contribution Notice, or should any of the relevant Notice Certifications be in fact untrue, the Additional Capital Contribution Due Date shall be deferred until twenty (20) days (ten (10) days for Additional Capital Contributions made prior to the Completion Date) after such time as the General Partner is able to and does certify that each of the relevant Notice Certifications is true (which certificate shall be no greater than ninety (90) days prior to the date of the Additional Capital Contribution), and each of the relevant Notice Certifications is in fact true, and failure to pay such Additional Capital Contribution prior to such time shall not constitute a default of the Limited Partner.

(e) *General Partner Default.* Under no circumstances shall the Limited Partner be obligated to make any Additional Capital Contribution at any time that the General Partner is in default under this Agreement or any Project Document or Loan Document.

(f) *Discretion to Waive Preconditions.* The Limited Partner, in its sole and absolute discretion, may waive, in whole or in part, any one or more preconditions to the payment of any Additional Capital Contribution and may accelerate or otherwise pay all or a portion of the amount of such Additional Capital Contribution that would have been due had all of the preconditions been satisfied. The waiver of any precondition, in whole or in part, shall not prevent the Limited Partner from asserting the failure of the precondition as a defense against the requirement of paying the remainder of an Additional Capital Contribution or any other Additional Capital Contribution. Upon request from the Limited Partner, the General Partner, with the assistance of the

Accountants, shall provide the information necessary for the Limited Partner to determine the necessity and amount of an acceleration of any Additional Capital Contribution.

(g) *Default.* In the event that there is more than one Limited Partner, each Limited Partner shall be considered separately as a Limited Partner for purposes of this Section 3.02(g). In the event that a Limited Partner fails to pay any portion of any Additional Capital Contribution then due and payable (as such Additional Capital Contribution may be adjusted in accordance with Section 3.03) by the Additional Capital Contribution Due Date (as the same may be deferred pursuant to Section 3.02(d)) and any such failure is not cured within thirty (30) days after written Notice of such failure, such Limited Partner shall be deemed to be in default of its obligations under this Agreement and the General Partner shall be entitled to take all actions available to the Partnership, including, without limitation, instituting a suit at law or in equity; *provided, however,* in the event of a Final Determination in favor of the Partnership, the defaulting Limited Partner shall pay to the Partnership all Additional Capital Contributions and accrued interest at the prime rate as published from time to time by The Wall Street Journal (the "**Prime Rate**") plus two percent (2%) thereon, accruing from the date which is thirty (30) days after written Notice described above. Such payment shall constitute the sole remedy of the Partnership under this Section 3.02. Notwithstanding any provisions of Section 3.02, upon payment of all amounts owed pursuant to the terms of this Section 3.02(g) as a result of the default of such Limited Partner, and provided such payment is received prior to the acquisition by another Person of the defaulting Limited Partner's Interest, such Limited Partner shall be fully reinstated to its former Interest and Percentage Interest in the Partnership, including, but not limited to, the defaulting Limited Partner's former share of distributions, as though a default under this Section 3.02(g) had not occurred. The obligation of the Limited Partner to make payments of its Capital Contributions is nonrecourse to the partners of the Limited Partner, and the partners of the Limited Partner shall have no personal liability in the event of any default by the Limited Partner.

(h) *Sale of Limited Partner's Interest.* Subject to the provisions of Section 3.02(g) in the event of a default pursuant to Section 3.02(g), the Partnership may offer to sell the defaulting Limited Partner's Interest first to the non-defaulting Limited Partners, and if they do not collectively purchase all of the defaulting Limited Partner's Interest, then the balance to any other Person on such commercially reasonable terms and conditions as the General Partner deems most favorable under the circumstances. Any amount that the Person acquiring the Interest of the defaulting Limited Partner shall pay in consideration of the acquisition of such Interest shall be applied in the following order: (i) to the payment of all reasonable fees and expenses incurred by the Partnership in connection with such sale; (ii) to the payment of the Additional Capital Contribution payment and any interest thereon then required to be paid by the defaulting Limited Partner; (iii) to the payment, if any, of any future Additional Capital Contributions of the defaulting Limited Partner; and (iv) any balance to the defaulting Limited Partner. In no event may a sale under this Section 3.02(h) be made to the General Partner or any Affiliate thereof.

(i) *Obligations of Defaulting Limited Partner upon Sale.* The obligations of the defaulting Limited Partner to the Partnership shall be extinguished upon completion of the transfer of the defaulting Limited Partner's Interest to a purchaser described in Section 3.02(h); *provided, however,* that the obligation of the defaulting Limited Partner to make Additional Capital

Contributions shall only be extinguished by, and to the extent of, the aggregate of payments made and to be made by the purchaser or purchasers of the defaulting Limited Partner's Interest.

(j) *Rights of Nondefaulting Limited Partners.* All rights and benefits of a defaulting Limited Partner attributable to such Partner's Interest in the Partnership shall be suspended during the period of default, and such suspension shall terminate on the date of the curing of such default (if such curing is permitted under Section 3.02(g)), or upon the admission of a purchaser of such Interest pursuant to this Section as a Substitute Limited Partner. Upon the termination of such defaulting Limited Partner's Interest in the Partnership, all rights and benefits of such defaulting Limited Partner attributable to such Partner's Interest in the Partnership shall terminate. If such suspension is in effect at the end of the Partnership's Fiscal Year, the profits and losses and Credits attributable to the defaulting Limited Partner's Interest during the period of suspension that have not been allocated to such defaulting Limited Partner in a tax return filed by the Partnership shall be allocated to the extent permitted under the Code and the Treasury Regulations thereto and this Agreement, to the non-defaulting Limited Partners, pro rata in accordance with their Interests, until the admission of a Substitute Limited Partner in place of the defaulting Limited Partner.

3.03 LIH Adjustments to Capital Contributions

(a) *Adjustment at Cost Certification and upon Receipt of IRS Form 8609.* As of the date of Cost Certification, the Accountants shall prepare projections of the Credits available and allocable to the Limited Partner (the "**Projected Credits**") for the Project based upon the Accountant's calculation of the eligible basis and qualified basis of the Project and the credit percentage applicable to the Project. If the Projected Credits are less than the "**LIH Target Amount**" shown on Exhibit A-2, the Limited Partner's Capital Contribution (including Capital Contributions already paid to the Partnership) shall be reduced by an amount equal to \$0.93 for every dollar by which the Projected Credits are less than the LIH Target Amount to the extent such difference was not caused by the Partnership's election to fix the applicable percentage for the Project during the month in which it is placed in service in accordance with Section 42(b)(1)(A)(i) of the Code. Any decrease in the Limited Partner's Capital Contribution will be subtracted from the Additional Capital Contribution due as of Cost Certification, and if insufficient, from the next succeeding Additional Capital Contributions until the full reduction has been taken into account. In connection with the foregoing, if the amount of the reduction computed in this Section 3.03(a) exceeds the sum of all subsequent Additional Capital Contributions (as previously reduced pursuant to Sections 3.03(b) and 3.03(c)), the General Partner shall immediately make a Credit Adjuster Advance equal to the amount of such excess, and the Partnership shall immediately thereafter make a special distribution to the Limited Partner, which shall neither reduce nor be limited by Net Cash Flow, equal to such amount. The adjustments required under this Section 3.03(a) shall also be made based on the final IRS Forms 8609 for the Project. In the event Credits are available over a fifteen (15) year period under Code Section 42(f)(3), the Limited Partner's next succeeding Capital Contributions shall be reduced to reflect reduced Credits over the Credit Period in an amount which will result in the Limited Partner receiving the Projected IRR assuming no change from the timing of the Capital Contributions shown on the Projections with respect to its investment in the Partnership.

(b) *Adjustments for Credit Reductions.*

(i) *Events Causing Adjustments.* In the event the portion of Credit to be allocated to the Limited Partner that the Partnership claims (as determined by the Accountants) with respect to any taxable year after the Lease-up Period is less than the Projected Credits for that year, and/or the Partnership determines or the Accountants determine that the Partnership must recapture any of the Credit allocated to the Limited Partner that the Partnership claimed in any previous taxable year (either event constituting a "**Credit Reduction**"), the Limited Partner's Additional Capital Contributions shall be reduced in the manner provided in Section 3.03(b)(ii). Solely for the purpose of avoidance of doubt, the LIH Adjustment Limit will not apply to any Credit Reduction which is the result of the amount of Credits actually shown on the final IRS Form 8609 being less than the amount of the Projected Credits set forth on the Cost Certification, regardless of when the final IRS Form 8609 is issued.

(ii) *Additional Capital Contributions Subject to Adjustment.* Upon the occurrence of a Credit Reduction, the amount of the next succeeding Additional Capital Contribution, after adjusting such Additional Capital Contribution as provided in Section 3.03(c), shall be reduced by the lesser of (A) the Total LIH Reduction Amount (as defined in Section 3.03(b)(iv)) or (B) the LIH Adjustment Limit. In the event that the amount determined in the previous sentence exceeds the amount of the next succeeding Additional Capital Contribution, such excess shall reduce the second succeeding Additional Capital Contribution, and subsequent Additional Capital Contributions, until such excess is eliminated in each case, not to reduce Capital Contributions, as adjusted in accordance with Section 3.03(c), by an amount in excess of the LIH Adjustment Limit. Solely for the purpose of avoidance of doubt, the LIH Adjustment Limit will not apply to any Credit Reduction which is the result of a determination by the Accountants, any Governmental Agency, or the IRS that the actual amount of Credits will be less than the amount of the Projected Credits set forth on the Cost Certification.

(iii) *Credit Adjuster Advances.* If, during the Compliance Period, the Total LIH Reduction Amount exceeds the sum of all subsequent Additional Capital Contributions (as previously reduced pursuant to Sections 3.03(a) and 3.03(c)), or if all Additional Capital Contributions have been made, the General Partner shall immediately make a Credit Adjuster Advance equal to the amount of such excess but in no event in excess of the LIH Adjustment Limit and the Partnership shall thereafter make a special distribution to the Limited Partner, neither to reduce nor to be limited by Net Cash Flow, equal to such amount.

(iv) *Total LIH Reduction Amount.* The Total LIH Reduction Amount for a taxable year shall equal \$1.00 multiplied by the sum of (A) the amount by which the portion of the Credit to be allocated to the Limited Partner that the Partnership claims for that year (based on the lesser of the General Partner's estimate for such year provided to the Limited Partner or the actual tax return) is less than the Projected Credit for that year, (B) the amount by which the portion of the Credit to be allocated to the Limited Partner in any future year from such event is, as a result of the event giving rise to a Credit Reduction, less than the Projected Credit for such future year, and (C) the portion of the Credit allocated to the Limited Partner that the Partnership claimed but that the Partnership or the Accountants determine must be recaptured during such taxable year, if any, plus any interest and penalties imposed by the IRS as a result of such recapture or reduction.

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The Partners intend that the adjustments in this Section 3.03(b) shall not duplicate adjustments made in Section 3.03(a) or 3.03(c) and will not reduce the General Partner's obligations under Section 3.03(a) or 3.03(c).

(c) *Adjustment for Delay in Lease-up.*

(i) In order to take into account a delay in lease-up, in addition to the adjustments provided for in Sections 3.03(a) and 3.03(b), if the Projected Credits for the Lease-up Period, calculated by the Accountant using the actual basis methodology, are less than the amount shown on Exhibit A-2, as adjusted pursuant to Section 3.03(a), (the "***Lease-up Projection***") when the Fourth Installment of the Limited Partner's Capital Contribution is due, the Fourth Installment shall be reduced by \$0.63 for each dollar by which the Projected Credits for the Lease-up Period are less than the Lease-up Projection. If the Fourth Installment is insufficient, the next succeeding Additional Capital Contributions will be reduced until the full reduction has been taken into account. In connection with the foregoing, if the amount of the reduction computed in this Section 3.03(c)(i) exceeds the sum of all subsequent Additional Capital Contributions (as previously reduced pursuant to Sections 3.03(a) and 3.03(b)), the General Partner shall make a Credit Adjuster Advance equal to the amount of such excess, and the Partnership shall thereafter make a special distribution to the Limited Partner, which shall neither reduce nor be limited by Net Cash Flow, equal to such amount.

(ii) In addition to the adjustment described above, if the Limited Partner is not entitled to claim Credits for any year in the Lease-up Period (based on the lesser of the General Partner's estimate for such year provided to the Limited Partner or the filed tax return) in at least the amount of the Lease-up Projection (as adjusted to take into account any reduction pursuant to Section 3.03(c)(i)), when any Installment of the Limited Partner's Capital Contribution is ultimately paid, such Installment shall be reduced by \$0.63 for every dollar by which the actual Credits are less than the Lease-up Projection for that year. If such Installment is insufficient, the next succeeding Additional Capital Contributions will be reduced until the full reduction has been taken into account. In connection with the foregoing, if the amount of the reduction computed in this Section 3.03(c)(ii) exceeds the sum of all subsequent Additional Capital Contributions (as previously reduced pursuant to Sections 3.03(a) and 3.03(b)), the General Partner shall make a Credit Adjuster Advance equal to the amount of such excess, and the Partnership shall thereafter make a special distribution to the Limited Partner, which shall neither reduce nor be limited by Net Cash Flow, equal to such amount.

In computing the adjustment under paragraphs (i) and (ii) above, there shall be no duplicate reduction in the amount of the Limited Partner's Capital Contributions under Sections 3.03(c)(i) and (ii) and under Sections 3.03(a) and 3.03(b).

(d) [Intentionally Omitted]

(e) *Adjustment for Change to Depreciation or Failure to Make Code Section 163(j)(7)(B) Election.* In the event that if for any taxable year any building in the Project is not entitled to the depreciable life shown on Exhibit A-8, or the Partnership fails to elect to be treated as an "electing trade or business" pursuant to Code Section 163(j)(7)(B), the Limited Partner's next

succeeding Capital Contributions shall, at the option of the Limited Partner, be reduced to reflect the reduction in tax benefits due to such change to depreciation or failure to make the required election. The reduction in the Limited Partner's Capital Contribution shall be made in such an amount that will provide the Limited Partner with the Projected IRR. In connection with the foregoing, if the amount of the reduction computed in this Section 3.03(e) exceeds the sum of all subsequent Additional Capital Contributions (as previously reduced pursuant to Sections 3.03(a), 3.03(b) and 3.03(c)), the General Partner shall make a Credit Adjuster Advance equal to the amount of such excess, and the Partnership shall thereafter make a special distribution to the Limited Partner, which shall neither reduce nor be limited by Net Cash Flow, equal to such amount.

(f) (i) *Upward Adjuster.* If the Credits shown on IRS Form 8609 are more than the LIH Target Amount and the increase in Credits is approved by the Limited Partner and does not (i) have an adverse impact on the tax benefits available to the Limited Partner, (ii) result from an increase in acquisition Tax Credits or (iii) have any adverse effect on the 50% Bond Calculation (as such term is defined under Section 5.11), the Limited Partner's Fifth Installment of its Capital Contribution shall be increased by \$0.93 for every dollar of such increase allocable to the Limited Partner up to the maximum amount set forth herein. If the Credits for the Project for 2021 shown on the Limited Partner's tax return which has been approved by the Limited Partner are greater than the amount shown on Exhibit A-2 for such year (other than an increase in acquisition Credits), as adjusted to reflect an increase in Credits pursuant to the previous sentence, and such increase in Credits is due solely to the Partnership renting the Credit Units at a faster rate than shown in the Projections, the Limited Partner's Fifth Installment of its Capital Contribution shall be increased by \$0.63 for every dollar of such increase up to the maximum amount set forth herein, provided that if the increase in 2021 Credits results in Credits becoming available over a fifteen (15) year period under Section 42(f)(3) of the Code, the upward adjuster shall be reduced to reflect the reduced value of Credits over the Credit Period.

(ii) The maximum increase of the Limited Partner's Capital Contribution under this Section 3.03(f) shall be limited to five percent (5%) of the Limited Partner's Capital Contribution shown on Exhibit A to this Agreement. Notwithstanding any other provision of this Agreement, subject to the provisions of the applicable Loan Documents, unless otherwise approved by the Limited Partner, the amount by which the Limited Partner's Capital Contribution is increased pursuant to this Section 3.03(f) shall be applied first to any amount then due to the Limited Partner, then to the reimbursement of any Development Advances, then to pay Deferred Development Fee (as such term is defined in the Development Services Agreement attached as Exhibit C to this Agreement), then to pay an incentive lease-up fee of up to one-twelfth of the gross rent shown on the Projections for such year, and any remaining balance will be applied as Capital Proceeds in accordance with Section 8.02.

(g) *Determination of Adjustment Amounts.* If the Limited Partner disagrees as to the amount of the Projected Credits and/or the Projected Credits for the Lease-up Period as calculated by the Accountant, the Limited Partner shall give Notice to the General Partner of such disagreement within twenty (20) days after the later of (a) receipt by the Limited Partner of IRS Form 8609 and required lease-up reporting and (b) delivery of the respective Accountant's calculation (the "**Contribution Dispute Notification**"), and the Limited Partner shall pay that

portion of the next Installment of the Limited Partner's Capital Contribution based on that portion of the Projected Credit not in dispute. With respect to the amount or the timing of the amount of such Projected Credit in dispute, if the General Partner and the Limited Partner cannot agree on the amount of the adjustment to the Capital Contribution within five (5) days after the giving of the Contribution Dispute Notification, the General Partner and the Limited Partner shall jointly designate a certified public accountant (which shall not be the Accountants) as an arbitrator (or if the General Partner and the Limited Partner cannot agree upon an arbitrator within twenty (20) days, such arbitrator shall be a certified public accountant chosen by the American Arbitration Association). The designation of an arbitrator hereunder shall automatically delay the due date for payment of the portion of Capital Contribution until ten (10) business days after the conclusion of such arbitration (unless prior to the expiration of such period the General Partner and the Limited Partner agree upon the amount of the adjustment, if any). Such arbitrator shall be directed to promptly conduct, at the expense of the Partnership, an arbitration to determine the amount of the Projected Credit which the Partnership is entitled to claim and to allocate to the Limited Partner on a basis that is prudent and reasonable. Such arbitrator shall be directed to give notice of his/her determination within sixty (60) days after the Limited Partner gives the notice of disagreement specified in this Section 3.03(g), and upon the giving of such notice of determination the amount determined by such arbitrator shall be deemed the amount of the Projected Credit which the Partnership is entitled to claim and to allocate to the Limited Partner for the purpose of determining any adjustment to the Limited Partner's Capital Contribution. The costs and expenses of arbitration pursuant to this Section 3.03(g) shall be treated as a Partnership expense.

(h) *Excluded Credit Adjustment Amount.* Notwithstanding anything to the contrary set forth in this Agreement, no adjustment shall be made with regard to any reduction or recapture of Credits which would otherwise take place pursuant to this Agreement if such reduction or recapture is due solely to (i) an act or omission of the Limited Partner attributable to gross negligence or intentional misconduct of the Limited Partner in violation of this Agreement; (ii) the transfer by the Limited Partner of all or a portion of its Interest in the Partnership; or (iii) any change in the Code that occurs after the date of this Agreement with which the General Partner is unable to comply despite the exercise of good faith and reasonable efforts.

3.04 [Intentionally Omitted]

3.05 Additional Advances

The General Partner shall advance to the Partnership, in addition to any Credit Adjuster Advances required by Section 3.03, an Additional Advance in an amount required by the Partnership in order to (i) pay in full, prior to the end of the Compliance Period for the first building to start the Credit, any unpaid portion of the Development Fee, and (ii) pay any amount required to fund the reserve accounts required on Exhibit A-6 that are not funded as a result of any Capital Contribution adjustment.

3.06 No Interest on Capital Contributions

No interest shall accrue or be payable to any Partner by reason of its Capital Contribution or its Capital Account.

3.07 Right to Require Repayment of Capital

A Partner shall not have the right to withdraw from the Partnership all or any part of its Capital Contribution. No Partner shall have any right to demand and receive property of the Partnership in return for its Capital Contribution or in respect of its Interest, except as provided in this Agreement. No Limited Partner shall have priority over any other Limited Partner as to any return of Capital Contributions or as to any distributions made by the Partnership under Article VIII.

3.08 Deficit Restoration

(a) If, upon liquidation of the General Partner's Interest (whether or not in connection with the liquidation of the Partnership), the General Partner has a negative balance in its Capital Account (as determined after taking into account Capital Account adjustments pursuant to Section 7.01 as well as adjustments for the Partnership taxable year during which the liquidation of the General Partner's Interest occurs, other than those for contributions made pursuant to this Section 3.08), then the General Partner shall be unconditionally and irrevocably required to contribute to the capital of the Partnership, immediately prior to the liquidation of the General Partner's Interest, the amount necessary to restore its Capital Account to zero. If, upon liquidation of the Limited Partner's Interest (whether or not in connection with the liquidation of the Partnership), the Limited Partner has a negative balance in its Capital Account, the Limited Partner shall have no obligation to make any contribution to the capital of the Partnership and the negative balance of the Limited Partner's Capital Account shall not be considered a debt owed by the Limited Partner to the Partnership or any other Person for any reason whatsoever.

(b) Notwithstanding anything to the contrary contained in this Agreement, \$1,250,000 of the Third Installment of the Limited Partner's Capital Contribution shall become noncontingent and payable in all events as of December 31, 2021 and shall be paid thereafter upon the earlier of the payment of the remaining portion of such Installment or the end of the Partnership's taxable year in which the Limited Partner's Interest is liquidated (or, if later, within ninety (90) days after the date of such liquidation). Except as otherwise provided in this Section 3.08(b), to the extent the Partnership is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g), the Limited Partner shall be obligated to restore a deficit in its Capital Account up to a limited dollar amount (the "**Designated Amount**"). The Designated Amount shall be zero until the Limited Partner notifies the Partnership in writing of its election to have a different amount apply. Such notification shall be provided to the Partnership and shall specify the Designated Amount. Such election shall be irrevocable. Notwithstanding the foregoing, the Designated Amount may be increased or reduced by written notice from the Limited Partner at any subsequent date, but no subsequent reduction to the Designated Amount shall reduce the same below the Limited Partner's deficit balance in its Capital Account (as such Capital Account is increased by the Limited Partner's share of Partnership Minimum Gain and the Limited Partner's Capital Contribution) at the end of the Partnership's immediately preceding tax year.

3.09 No Third-Party Beneficiary

None of the provisions of this Agreement shall be construed as existing for the benefit of any third party, including any creditor of the Partnership or for the benefit of any third-party creditor of the Partners, and no provision shall be enforceable by a party not a signatory to this Agreement.

ARTICLE IV

Right to Mortgage; General Partner Bound by Loan Documents

4.01 Right to Mortgage

(a) The Partnership shall be authorized to borrow from the Mortgagees whatever amounts may be required, subject to the provisions hereof, in connection with the acquisition, development, construction and/or rehabilitation of the Partnership Property, and the meeting of the expenses of operating the Project (including, without limitation, any items for which the Mortgagees may provide mortgage funds), and shall secure the same by the Mortgages. Such borrowing shall not at any given time exceed the amount of unpaid principal due including accrued interest, nor be at a higher interest rate, nor change the payment terms, under the initial Mortgage Notes.

(b) Except with respect to the Construction Loan, the Loans shall provide that no Partner shall have any personal liability for the payment of all or any part of such Mortgage Notes, except for customary exclusions for fraud, misappropriation of funds or waste.

(c) Subject to provisions of this Agreement with respect to related party loans, a limited partner or member (such limited partner or member being referred to herein as a "**Related Mortgagee**") in any entity that is a Partner at any time may make, own, acquire, guarantee or otherwise credit enhance, in whole or in part, a loan secured by a mortgage, deed of trust, trust deed, or other security instrument encumbering the Project owned by the Partnership (any such loan being referred to as a "**Related Mortgage Loan**"). Under no circumstances will a Related Mortgagee be considered to be acting on behalf or as an agent or the alter ego of such Partner. A Related Mortgagee may take any actions that the Related Mortgagee, in its discretion, determines to be advisable in connection with a Related Mortgage Loan (including in connection with the enforcement of a Related Mortgage Loan). By acquiring an interest in the Partnership, each Partner acknowledges that no Related Mortgagee owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such Related Mortgagee being a limited partner or member in a Partner. Neither the Partnership nor any Partner will make any claim against a Related Mortgagee, or against the Partner in which the Related Mortgagee is a partner or member, relating to a Related Mortgage Loan and alleging any breach of any fiduciary duty, duty of care, or other duty whatsoever to the Partnership or to any Partner based in any way upon the Related Mortgagee's status as a limited partner or member of a Partner.

(d) The General Partner shall not have any authority to enter into any loan on behalf of the Partnership (or on the General Partner's behalf to the extent the proceeds will be used in the

Project) which has not closed as of the Admission Date without the Consent of the Limited Partner. Such Consent will be provided or withheld by the Limited Partner after it has been provided an opportunity to review all loan documents to confirm that the loan amount and terms are consistent with the underlying assumptions in the Projections and the terms approved by the Limited Partner as of the Admission Date as reflected in the Projections.

4.02 General Partner Bound by Loan Documents and Project Documents

The General Partner, on behalf of the Partnership, shall be bound by the terms of the Loan Documents and the Project Documents. Any incoming general partner of the Partnership shall as a condition of receiving any Interest agree to be bound by the Loan Documents and the Project Documents to the same extent and on the same terms as any other General Partner.

4.03 RAD Provisions

Notwithstanding any other clause or provision in this Agreement and so long as the RAD Use Agreement is in effect, the following provisions shall apply:

(a) If any of the provisions of this Agreement conflict with the terms of the RAD Use Agreement, the provisions of the RAD Use Agreement shall control.

(b) The provisions in this Section 4.03 are required to be inserted into this Agreement by HUD and may not be amended without HUD's prior written approval. If there is a conflict between any of these HUD-required provisions and any other provision of this Agreement, the terms of these HUD-required provisions will govern. If there is a conflict between any of the provisions in the Articles and these HUD-required provisions of this Agreement, these HUD-required provisions will govern. If there is a conflict between the Use Agreement or these HUD-required provisions relating to the RAD Program and any HUD-required provisions relating to mortgage insurance provided in connection with the National Housing Act, the more restrictive provisions shall control.

(c) The General Partner may be removed for cause by the Limited Partner pursuant to Section 9.02(a) of this Agreement and the Limited Partner may cause its designee to be admitted as General Partner pursuant to Section 9.02(b) of this Agreement, but in each case only subject to the conditions set forth in Section 2.25(d) of the "Low Income Housing Tax Credit Provisions" of the RAD HAP Contract and the HAP Contract.

(d) The Partners acknowledge that provision of rental assistance to the Project depends on the General Partner to be a partner in the Partnership and to be controlled by the Sponsor. The General Partner may not transfer all or part of its Interest in the Partnership without prior written consent of HUD. Failure of the General Partner to be controlled by the Sponsor, except as provided above in Section 4.03(c), shall be a violation of this Agreement and may cause termination of such rental assistance.

(e) Neither the Partnership nor any partner shall have any authority to:

- (i) Take any action in violation of the Use Agreement; or
- (ii) Fail to renew the RAD HAP Contract or the HAP Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by the Sponsor or HUD.

(f) Without the consent of the General Partner (and provided that the General Partner has not been removed for cause by the Limited Partner in accordance with Section 4.03(c)), neither the Partnership nor any Partner shall have any authority to:

- (i) Except to the extent permitted by the RAD HAP Contract, the HAP Contract, the AHAP or RAD Use Agreement, transfer, convey, assign, mortgage, pledge, sell, lease, sublease or otherwise dispose of, at any time, the Project or any part thereof; or

- (ii) Amend, renew or terminate the Management Agreement or enter into a new property management agreement.

ARTICLE V

Rights, Powers and Obligations of the General Partner and the Special Limited Partner

5.01 Authority of General Partner

(a) Subject to the terms of this Agreement, the General Partner shall have the right, power, and authority, acting for and on behalf of and in the name of the Partnership, to: (i) execute and deliver on behalf of the Partnership any contract, agreement, or other instrument or document required or otherwise appropriate to acquire, construct, rehabilitate, renovate, improve, lease, operate, sell, encumber, mortgage, convey, or refinance the Partnership Property (or any part thereof); (ii) convey the Partnership Property by deed, mortgage, certificate, bill of sale, agreement, or otherwise, as appropriate; and (iii) bring, compromise, settle, and defend actions at law or in equity.

(b) All decisions made for and on behalf of the Partnership by the General Partner (when acting in its capacity as the General Partner of the Partnership) shall be binding upon the Partnership. Except as expressly otherwise set forth in this Agreement, the General Partner (acting for and on behalf of and in the name of the Partnership), in extension and not in limitation of the rights and powers given it by law or by the other provisions of this Agreement, shall, in its sole discretion, have the full and entire right, power and authority, in the management of the Partnership's day-to-day business, to do any and all acts and things necessary, proper, ordinary, customary or advisable to effectuate the purposes of the Partnership. In so doing, the General Partner shall take all actions necessary or appropriate to protect the interests of the Limited Partner and of the Partnership. In furtherance and not in limitation of the foregoing provisions of this Article V and of the other provisions of this Agreement, the General Partner is, as is more fully set forth in Section 5.01(a), specifically authorized and empowered to execute any and all instruments and documents as shall be required by any lender in connection with any loan or loans, including

but not limited to executing the Mortgages, Mortgage Notes, any contract, building loan agreement, bank resolution and signature card, release, discharge, or any other document or instrument in any way related thereto or necessary or appropriate in connection therewith, all of which must be in accordance with this Agreement.

5.02 Limitations on the Authority of the General Partner

Notwithstanding any other provision of this Agreement, the General Partner shall have no authority to perform any act in violation of any applicable law or regulations, the Loan Documents, or the Project Documents; to do any act required to be approved, consented to, voted on, or ratified by the Limited Partner under the Act or under this Agreement unless such approval, vote, consent, or ratification has been obtained; to cause the Partnership to engage in any business other than as set forth in Section 1.06; or do any act that would make it impossible to carry out the business of the Partnership as contemplated herein. The General Partner shall have no authority to engage in the following activities without the prior Consent of the Limited Partner, prior Consent of the Special Limited Partner and, if required, the consent of the Mortgagees:

(a) Effect a sale of all or any portion of the Partnership Property (other than a sale in connection with the Buyout Option described in Section 14.01 and the Right of First Refusal described in Section 14.02 of this Agreement), including the Units and any commercial and/or community space, or submit a request to the Authority to find a buyer for the Project pursuant to a qualified contract under Section 42(h)(6)(E)(i)(II);

(b) Effect a refinancing, encumbrance, mortgage, conveyance, or other disposition of all or a substantial portion of the Partnership Property other than the Loans;

(c) As landlord, sublease the Partnership Property as an entirety, or sublease any portion of the Partnership Property except in the normal course of business, including residential leases;

(d) Except with respect to the Construction Loan and Sponsor Loan(s), become subject to any economic risk of loss within the meaning of Treasury Regulation Section 1.752-2 with respect to the Mortgage Notes, the Mortgages, or any of the Loan Documents;

(e) Following the Completion Date, construct any new capital improvements or replace any existing capital improvements costing in excess of Ten Thousand Dollars (\$10,000) and not contemplated in the Budget;

(f) On behalf of the Partnership, acquire any real property in addition to the Partnership Property;

(g) During the Compliance Period, lease or otherwise operate any of the Credit Units in such a manner that such Credit Units would fail to be treated as a "low-income unit" under Section 42(i)(3) of the Code, or lease or operate the Project in such a manner that the Project would fail to be treated as a qualified low-income housing project under Section 42(g)(1)(B) of the Code;

(h) On behalf of the Partnership, incur debt not in the ordinary course of business or arrange for the receipt of any grant of funds, nor incur debt in the ordinary course of business in excess of Twenty Thousand Dollars (\$20,000) in the aggregate at any one time outstanding, except as specifically permitted in this Agreement;

(i) Change the nature of the Partnership's business;

(j) (i) Voluntarily file a petition under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or (ii) consent to or acquiesce to an involuntarily filing of a petition under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or (iii) consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for the General Partner or the Partnership or for any substantial part of the General Partner's or the Partnership's property, or (iv) make any assignment for the benefit of the General Partner's or the Partnership's creditors, (v) take any action in furtherance of any of the foregoing; (or) take or consent to any other action which would constitute an Event of Bankruptcy;

(k) Dissolve or wind up the Partnership;

(l) Confess any judgment except as required by the Loan Documents or initiate any litigation on behalf of the Partnership, or compromise any claim or liability in excess of Ten Thousand Dollars (\$10,000) owed by or to the Partnership (in each case, except for routine tenant eviction actions or items covered by one or more of the Partnership Property's insurance policies);

(m) Modify or amend this Agreement;

(n) Prepay the Mortgage Notes (except in connection with the conversion of any Construction Loan);

(o) Admit any Person as a Partner, except as otherwise provided in this Agreement;

(p) Permit any Person to borrow from the Partnership or commingle Partnership funds with the funds of any Person;

(q) Permit the Partnership to pay directly or indirectly the General Partner or any Affiliate a commission or fee in connection with the reinvestment or distribution of Capital Proceeds or liquidating distributions belonging to the Partnership except as provided for herein;

(r) On behalf of the Partnership or itself, receive any rebates or give-ups or participate in any reciprocal business relationships in circumvention of this Agreement;

(s) Make application for or accept increase or increases in the principal amount of Loans or materially modify the Loans;

(t) Make any changes to the Management Agreement or dismiss or replace the Management Agent;

(u) Approve the form and substance of any accountant certification of the itemized amount of construction, rehabilitation, acquisition and development costs of the Project and the eligible basis and applicable percentage of each building in the Project;

(v) Modify, in any material respect, any Loan Document or Project Document;

(w) Change the source of any Sponsor Loan or General Partner Capital Contribution;

(x) Delegate its authority, power and right to manage the operation of the Partnership Property except as set forth in Sections 5.03 and 5.21;

(y) Permit the Partnership, or any other Person on behalf of or in connection with the Partnership, to pay directly or indirectly the General Partner or any Affiliate any fees except as provided for herein;

(z) Submit the completed and executed Form 8609 to the IRS without Limited Partner review and approval;

(aa) Permit (i) the conveyance by the shareholders, partners or members of the General Partner, Developer or the Guarantor of any ownership interest or (ii) any change in control of the General Partner, Developer or the Guarantor;

(bb) Dismiss or replace the Accountants;

(cc) Permit the Partnership to enter into any swaps, caps, collars or other interest rate hedge products;

(dd) Apply the proceeds realized from any condemnation, insured casualty or insured title defect; or

(ee) Do any act in contravention of this Agreement.

5.03 Overall Management of Business

(a) Subject to the terms of this Agreement, the General Partner shall have full and exclusive power and right to manage and control the business and affairs of the Partnership. Any action required or permitted to be taken by the General Partner hereunder may be taken by such of its proper officers or agents as it shall validly designate and duly authorize for such purpose.

(b) The General Partner may delegate its authority, power, and right to manage the Partnership Property to the Management Agent; *provided, however*, that any such delegation shall

not relieve the General Partner of its obligations and responsibilities to ensure the proper management of the Partnership Property.

(c) The Partnership Representative shall maintain the books and records of the Partnership and prepare or cause to be prepared all tax and information returns required of the Partnership or considered necessary by the General Partner (including, but not limited to, federal, state, and local income tax and information returns and any amended returns), which returns shall be reviewed in advance by the Accountants, and which returns are subject to the review of the Limited Partner as provided in Section 13.03(a)(iv). The Partnership Representative shall, with the Consent of the Limited Partner, be responsible for making all elections required or allowed under the Code or the Treasury Regulations including, but not limited to, elections pursuant to Sections 42, 168, 709, and 754 of the Code, and all elections required or allowed under State or local law. No election shall be made without the Consent of the Limited Partner. The Partnership Representative shall cause the Partnership to retain all records relating to the Credits for each year of the Compliance Period required by Treasury Regulations 1.42-5 for a period of at least six (6) years after the due date (with extensions) for filing the Partnership tax returns for each year and shall permit any Limited Partner which transfers its Interest in the Partnership to a Substitute Limited Partner to have access to such records.

5.04 Duty of the General Partner to Maintain the Low-Income Housing Status of the Partnership Property

(a) During the Extended Use Period, the General Partner shall hold for occupancy one hundred percent (100%) of the Credit Units in the Project in such a manner as to qualify each such Unit as a "low-income unit" under Section 42(i)(3) of the Code and the Project as a "qualified low-income housing project" under Section 42(g)(1)(B) of the Code, as such sections of the Code are interpreted from time to time in Treasury Regulations and rulings promulgated thereunder. The General Partner shall not, by act or omission, permit any act to be taken that would cause the termination or discontinuance of the qualification of each Credit Unit as a "low-income unit" under Section 42(i)(3) of the Code or the qualification of the Project as a "qualified low-income housing project" under Section 42(g)(1)(B) of the Code.

(b) During the Extended Use Period, the General Partner shall prepare and submit to the Secretary of the Treasury (or any other governmental authority designated for such purpose), on a timely basis, any and all annual reports, information returns, and other certifications and information and shall take any and all other action required (i) to insure that the Partnership (and its Partners) will continue to qualify for the Credit for each of the Credit Units and the Partnership Property, and (ii) to avoid recapture or reduction of the Credit or the imposition of penalties or interest on the Partnership or any of the Partners for failure to comply with Section 42 of the Code. The General Partner shall concurrently provide the Limited Partner with copies of all such communication.

(c) The General Partner shall use its best efforts to develop strategies to maintain the Credit Units as low-income housing after the end of the Compliance Period for the Extended Use Period under Section 42 of the Code and thereafter.

(d) In addition to the requirements of Section 5.04(a), the General Partner shall at all times hold at least thirty (30) Units in the Project available for occupancy for families having thirty percent (30%) or less of area median income, two hundred ten (210) Units in the Project available for occupancy for families having sixty percent (60%) or less of area median income, and ten (10) Units in the Project available for occupancy for families having eighty percent (80%) or less of area median income as agreed to in the Project's Credit application, the Loan Documents, the Project Documents and other requirements related to the Credit as applicable to the Project and the Partnership.

5.05 Outside Activities

The General Partner shall devote to the management of the business of the Partnership so much of its time as it deems reasonably necessary to the efficient operation of the Partnership Property, the Project, and the Units and in order to comply with this Agreement. The General Partner is and shall remain a single purpose entity and shall not engage in and possess any interest in other business ventures (including, without limitation, limited partnerships and limited liability companies) of any kind, nature, or description whatsoever, independently or with others, whether existing at the date hereof or hereafter coming into existence, including, without limitation, acting as general partner, managing member or limited partner of other partnerships or limited liability companies that own, directly or through interests in other partnerships, housing projects similar to, or in competition with, the Project.

5.06 Liability to Partnership and Limited Partner

(a) The General Partner shall not be liable, responsible, or accountable in damages or otherwise to the Limited Partner, the Special Limited Partner or to the Partnership for any acts performed in good faith and in a manner reasonably believed by the General Partner to be within the scope of authority of the General Partner pursuant to this Agreement and in the best interest of the Partnership; *provided, however*, that the General Partner shall be liable for its actions and/or omissions to the extent they are attributable to gross negligence, fraud, willful misconduct, malfeasance, material breach of any representation, warranty, covenant or agreement under this Agreement, breach of its fiduciary duty, or actions performed outside the scope of its authority.

(b) The Special Limited Partner shall not be liable, responsible, or accountable in damages or otherwise to the Limited Partner, the General Partner or to the Partnership for any acts performed in good faith and in a manner reasonably believed by the Special Limited Partner to be within the scope of authority delegated to the Special Limited Partner pursuant to Section 5.21 of this Agreement and in the best interest of the Partnership; *provided, however*, that the Special Limited Partner shall be liable for its actions and/or omissions to the extent they are attributable to gross negligence, fraud, willful misconduct, malfeasance, material breach of any representation, warranty, covenant or agreement under this Agreement or actions performed outside the scope of the authority delegated to it under this Agreement.

5.07 Indemnification of General Partner and the Special Limited Partner

(a) The Partnership shall indemnify, defend, and hold harmless the General Partner and the Special Limited Partner from and against any loss, liability, damage, cost, or expense (including reasonable attorneys' fees) arising out of or alleged to arise out of any demands, claims, suits, actions, or proceedings against the General Partner or Special Limited Partner, as applicable, by reason of any act or omission performed by it (including its employees and agents) while acting in good faith on behalf of the Partnership and in a manner reasonably believed by the General Partner or Special Limited Partner to be within the scope of the authority of the General Partner or Special Limited Partner, as applicable, pursuant to this Agreement and in the best interest of the Partnership, and any amount expended in any settlement of any such claim of liability, loss, or damage; *provided, however*, that: (i) the General Partner Special Limited Partner, as applicable, must have in good faith believed that such action was in the best interests of the Partnership, and such course of action or inaction must not have constituted gross negligence, fraud, willful misconduct, malfeasance, material breach of any representation, warranty, covenant or agreement set forth in this Agreement, or breach of its fiduciary duty; and (ii) any such indemnification shall be recoverable from the assets of the Partnership, and no Partner shall be personally liable therefor. This indemnity shall be operative only in the context of third-party suits, and not in connection with demands, claims, suits, actions or proceedings initiated by any Partner or any Affiliate thereof against another Partner.

(b) The Partnership shall not pay for any insurance covering liability of the General Partner Special Limited Partner for actions or omissions for which indemnification is not permitted hereunder.

(c) Notwithstanding anything contained in this Section 5.07, neither the General Partner nor Special Limited Partner shall not be indemnified or saved harmless from any liability, loss, damage, cost, or expense incurred by it in connection with: (i) any civil penalties imposed by law as a result of the negligence, fraud, willful misconduct or malfeasance of the General Partner or Special Limited Partner, as applicable; (ii) criminal fines or penalties imposed by law; (iii) any claim or settlement involving the allegation that federal or state securities laws were violated by the General Partner, the Special Limited Partner or the Partnership; or (iv) any claim involving gross negligence, fraud, willful misconduct, malfeasance, material breach of any representation, warranty, covenant or agreement set forth in this Agreement, or breach of a fiduciary duty, unless (A) the General Partner Special Limited Partner, as applicable, is successful in defending such action on the merits to a final unappealable determination, (B) such claims have been dismissed in favor of the General Partner Special Limited Partner, as applicable, with prejudice on the merits by a court of competent jurisdiction in a final unappealable verdict, judgment, or order, or (C) a court of competent jurisdiction approves a final settlement and determines that the General Partner Special Limited Partner, as applicable, is entitled to costs.

(d) The provision of advances from the Partnership to the General Partner or Special Limited Partner for reasonable legal expenses and other costs as a result of a legal action pursuant to Section 5.07(e) is permissible only if the following three conditions are satisfied: (i) the legal action relates to the performance of the duties or services by the General Partner or Special Limited Partner, as applicable, on behalf of the Partnership; (ii) the legal action is initiated by a third party

who is not a Partner or Affiliate thereof; and (iii) the General Partner Special Limited Partner, as applicable, covenants in advance to repay the advance of funds to the Partnership in accordance with Section 5.07(e) in the event it is determined that the General Partner or Special Limited Partner is not entitled to indemnification hereunder.

(e) The General Partner and the Special Limited Partner, when entitled to indemnification pursuant to this Section 5.07, shall be entitled to receive, upon application therefor, and subject to the Limited Partner's approval, not to be unreasonably withheld, reasonable advances to cover the costs of defending any proceedings against it; *provided, however*, that the General Partner or Special Limited Partner agrees that if it receives such advances, it shall repay such advances to the Partnership, with interest thereon, at an annual rate equal to the Prime Rate plus two percent (2%), computed on a daily basis, from the date made until repaid, if the General Partner Special Limited Partner is determined not to be entitled to indemnification under this Section 5.07. All rights of the General Partner Special Limited Partner, as applicable, to indemnification shall (to the full extent permitted by law) survive the dissolution of the Partnership and the dissolution, insolvency, bankruptcy or withdrawal of the General Partner and Special Limited Partner.

(f) The indemnification rights contained in this Section 5.07 shall be limited to out-of-pocket loss or expense. Nothing contained herein shall constitute a waiver by the Limited Partner or its Affiliates of any right that it may have against any party under federal, state, or common law principles.

The indemnification authorized by this Section 5.07 shall include, but not be limited to, the costs and expenses (including reasonable attorneys' fees) of the removal of any liens affecting any property of the indemnitee as a result of such legal action.

5.08 Indemnification of Partnership and Limited Partner

(a) The General Partner shall defend, indemnify, and save harmless (i) the Partnership and each Partner and their partners from any loss, liability, damage, cost, or expense (including reasonable attorneys' fees) incurred by reason of any demands, claims, suits, actions, or proceeding arising (1) out of the General Partner's gross negligence, fraud, willful misconduct, malfeasance, material breach of any representation, warranty, covenant, or agreement set forth in this Agreement, breach of fiduciary duty, or actions performed outside the scope of the authority of the General Partner pursuant to this Agreement, or (2) as a result of the General Partner's failure to maintain insurance as required by this Agreement, and (ii) the Limited Partner from any liability incurred by it for Partnership obligations (including, without limitation, the Mortgage Notes) in excess of its Capital Contribution, except to the extent that a Final Determination has been made that the Limited Partner has taken actions or exercised rights with respect to the operation of the Partnership in excess of those actions or rights granted or allowed under this Agreement or the Act. The foregoing indemnification shall be a recourse obligation of the General Partner, and shall survive the dissolution of the Partnership and/or the insolvency, bankruptcy, removal or withdrawal of the General Partner. The indemnification authorized by this Section 5.08 shall include, but not be limited to, the costs and expenses (including reasonable attorneys' fees) of the removal of any liens affecting any property of the indemnitee as a result of such legal action.

(b) *General Partner's Indemnification of Partnership and Limited Partner for Income Tax Liability.* The General Partner shall indemnify the Partnership and the Limited Partner for any reduction in tax benefits suffered (on an After-Tax Basis assuming a federal income tax rate of the maximum federal corporate income tax rate in effect at the time of the determination by the Partnership or the Limited Partner) in any taxable year attributable to any taxable grant not approved by the Limited Partner. The foregoing indemnification shall be a recourse obligation of the General Partner, and shall survive the dissolution of the Partnership and/or the insolvency, bankruptcy, removal, or withdrawal of the General Partner. The indemnification authorized by this Section 5.08(b) shall include, but not be limited to, the costs and expenses (including reasonable attorneys' fees) of the removal of any liens affecting any property of the indemnitee as a result of such legal action.

5.09 Environmental Indemnification

The General Partner shall indemnify and hold harmless the Limited Partner and any partner of the Limited Partner (the "*Indemnified Parties*") from any and against all claims, actions, causes of action, damages, costs, liability and expense (including, without limitation, attorneys' fees, court costs and remedial response costs) incurred or suffered by, or asserted by any Person, entity or governmental agency against the Indemnified Parties related to breach of the General Partner's representations, warranties or covenants, or an alleged violation of the Environmental Laws, or the presence of Environmental Hazards in, on, under or emanating from the Partnership Property. Notwithstanding the foregoing, the General Partner shall not have an indemnification liability if the violation of the Environmental Laws or the presence of the Environmental Hazards is due to conditions arising after the effective date of the General Partner's (a) removal, if any, or (b) withdrawal, sale, transfer or assignment of its Interest pursuant to a right to do so under this Agreement. The foregoing indemnification shall be a recourse obligation of the General Partner, and shall survive the dissolution of the Partnership and/or the insolvency, bankruptcy, or withdrawal of the General Partner. The indemnification authorized by this Section 5.09 shall include, but not be limited to, the costs and expenses (including reasonable attorneys' fees) of the removal of any liens affecting any property of the indemnitee as a result of such legal action.

5.10 Representations and Warranties of the General Partner

The General Partner hereby represents and warrants to the Limited Partner and the Special Limited Partner that the following are true and correct as of the date hereof and will be true and correct for the Term, unless specifically otherwise provided.

(a) The Partnership is a duly organized limited partnership validly existing and in good standing under the laws of the State of Texas and has undertaken all acts, including without limitation, the filing of all certificates and the payment of all fees, taxes, and other sums necessary for the Partnership to operate as a limited partnership in the State of Texas and to enable the Partnership to engage in its business.

(b) No event has occurred that has caused, and the General Partner has not acted in any manner that will cause (i) the Partnership to be treated for federal income tax purposes as an

association taxable as a corporation, (ii) the Partnership to fail to qualify as a limited partnership under the Act, or (iii) the Limited Partner to be liable for Partnership obligations.

(c) All consents or approvals of any governmental authority, or any other Person, necessary in connection with the transactions contemplated by this Agreement or necessary to admit the Limited Partner to the Partnership, have been obtained by the General Partner and the Partnership has taken all action under the laws of the State of Texas and any other applicable jurisdiction and has complied with all filing requirements necessary under the Act for the preservation of the limited liability of the Limited Partner.

(d) The General Partner or the Special Limited Partner has delivered to the Limited Partner true copies of all documents material to the Limited Partner's investment in the Partnership and true copies of all amendments to such documents and all other material information relevant to the Project or to the admission of the Limited Partner to the Partnership. All such information provided to the Limited Partner is accurate and complete in all material respects and the General Partner or the Special Limited Partner has not failed to provide the Limited Partner with any information necessary to make the information provided by the General Partner complete and accurate in all material respects.

(e) The Partnership is under no obligation, and neither the General Partner nor any of its Affiliates have taken any action that would cause the Partnership to be obligated, under any federal or State law, rule, or regulation to register the Interests or to comply with any exemption available for the sale of interests without registration.

(f) The General Partner (i) is a limited liability company validly existing and in good standing under the laws of the State of Texas and (ii) has full power to enter into and consummate this Agreement and all instruments pertaining hereto and to perform all acts related thereto. The consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by the General Partner or its Affiliates does not and will not result in any material breach or violation of, or default under, any governing instrument of the General Partner or its Affiliates or any agreements by which the General Partner or its Affiliates or any of its property is bound, or under any applicable law, administrative regulation, or court decree.

(g) No Event of Bankruptcy has occurred with respect to the General Partner or any of its Affiliates or the Guarantor.

(h) No litigation, action, investigation, event, or proceeding is pending or, to the best of its knowledge is threatened, that, if adversely resolved, would: (i) have a material adverse effect on the Partnership or the Partnership Property (or, to its knowledge, any adjacent or other property that would have a material adverse effect on the Partnership Property or the Partnership's investment in the Partnership Property); (ii) have a material adverse effect on the ability of the General Partner or any of its Affiliates to perform their respective obligations under this Agreement; (iii) have a material adverse effect on the financial condition of the General Partner; or (iv) constitute or result, if true, in a material breach of any representation, warranty, covenant, or agreement set forth in this Agreement.

(i) The General Partner has provided the Limited Partner and the Special Limited Partner with true and correct copies of any documents relevant to the Construction Loan and the Loan commitments and all documents evidencing or securing the Construction Loan or the Loans and, if requested by the Limited Partner or the Special Limited Partner, a complete set of the Plans and Specifications of the Project.

(j) All Loan Documents and Project Documents are in accord with applicable laws, codes and regulations and the construction of the Partnership Property will be completed in accordance with the Loan Documents, Project Documents and all applicable laws, codes and regulations.

(k) No default (or event that, with the giving of notice or the passage of time or both, would constitute a default) has occurred and is continuing under any of the Loan Documents, the Project Documents, or any other contract, agreement, or instrument to which the Partnership or the General Partner is subject, and the Loan Documents and the Project Documents are in full force and effect and the Partnership is entitled to the benefit of the Loan Documents and the Project Documents.

(l) Except with respect to the Construction Loan, none of the Partners or the Partnership has or will have, pursuant to the terms of the Loans, any personal liability as maker, guarantor, partner or otherwise with respect to the payment of principal or interest on the Loans, and in the event of default thereon, the sole recourse with respect to the payment of principal or interest on the Loans of any Mortgagee or other lender shall be to the Project and pledged collateral.

(m) Neither the General Partner nor any of its Affiliates nor the Partnership has entered into any agreement or contract for the payment or offset of any construction loan or loan discounts, additional interest, yield maintenance or other charges or financing fees or any agreement to incur any financial responsibility with respect to the Project or providing for the guaranty of payment of any such charges or fees relating to the Construction Loan or the Loans, other than those disclosed in this Agreement; and except for the Construction Loan and Sponsor Loan(s), in no event have they or the Partnership entered into any agreement or guaranty of any kind whatsoever (such as an escrow arrangement or letter of credit arrangement) that would subject the Partnership or any of its Partners or Affiliates to personal liability or economic risk of loss as to the Loans nor has the General Partner made any loan which shall be personally enforceable by any lender of the Loans or which may in any way affect allocation of the Projected Credit to the Limited Partner.

(n) The General Partner is not presently under any commitment to any real estate broker, rental agent, finder, syndicator or other intermediary with respect to the Project or any portion thereof except for the arrangements specifically described in this Agreement and the arrangements previously disclosed in writing to the Limited Partner.

(o) Except with respect to the Sponsor Loan(s), there are no outstanding loans or advances from the General Partner, the Special Limited Partner or their Affiliates to the Partnership

and, except as provided in Section 5.16, the Partnership has no unsatisfied obligation to make any payments of any kind to the General Partner, the Special Limited Partner or their Affiliates.

(p) The General Partner reasonably believes that, during the entire Term of the Partnership, the fair market value of the Project or the Partnership Property, including the value of Credits and below-market financing, will exceed the amount of nonrecourse indebtedness and any accrued interest thereon secured by the Project.

(q) There are no restrictions on the sale or refinancing of the Project, other than the restrictions set forth in the Loan Documents, the Project Documents, or under Section 42 of the Code and the RAD Program.

(r) The Partnership owns the Partnership Property, the buildings comprising the Project, and each of the Units with good and marketable title, free and clear of any liens, charges, or encumbrances other than the Mortgages, matters set forth in the Title Policy, and mechanics' or other liens that have been bonded against in such a manner as to preclude the holder of such lien from having any recourse to the Partnership Property, the Project, any of the Units, or the Partnership for payment of any debt secured thereby and the General Partner has not received notice of any such liens, charges, or encumbrances.

(s) The General Partner has not permitted the Partnership to accept any federal or non-federal grant of funds except as approved by the Limited Partner and the Special Limited Partner.

(t) All building, zoning, and other applicable certificates, permits, and licenses necessary to permit the construction and/or rehabilitation, use, occupancy, and operation of the Partnership Property and the Project have been obtained (other than such as will be issued only after the completion of the Project or any specified portion thereof), all improvements constructed or to be constructed on the Partnership Property have been or will be constructed and equipped in full compliance with the requirements of all governmental authorities having jurisdiction over the Partnership Property and neither the Partnership nor the General Partner has received any notice of or has any knowledge of any violation with respect to the Partnership Property of any law, rule, regulation, order, or decree of any governmental authority having jurisdiction that would have a material adverse effect on the Partnership Property or the Project or the Partnership's investment in the Partnership Property (including the Partnership's ability to transfer the Partnership Property in accordance with terms of this Agreement) or the construction and/or rehabilitation, use, occupancy, or operation thereof.

(u) All appropriate roadways and public utilities necessary to the operation of the Partnership Property, including, but not limited to, sanitary and storm sewers, water, gas (if applicable), and electricity, are available to the Partnership Property and each of the Units and are or will be connected to each Unit in the Project on or before the date that a certificate of occupancy is obtained for each Unit.

(v) No amendments, modifications, or other changes or additions have been made to the Environmental Reports. The General Partner warrants and represents that to the best of the

General Partner's knowledge, after due inquiry, except as disclosed in the Environmental Reports, there presently are not in, on or under the Partnership Property nor will there be in, on or under the Partnership Property, upon completion of the construction any Environmental Hazard. If any Environmental Hazard was found to exist or be present, it has been (or prior to the Completion Date will be) either removed from the Partnership Property and disposed of or encapsulated and/or otherwise corrected, contained and made safe and inaccessible, all in strict accordance with federal, state, and local statutes, laws, regulations, rules, and ordinances, any recommendations set forth in the Environmental Reports, and any requirements in the Loan Documents. The General Partner further represents to the best of the General Partner's knowledge, after due inquiry, that the Partnership Property is in compliance with all applicable Environmental Laws and the General Partner has not received notice of any violations of the Environmental Laws.

(w) In the event the Federal Drug Free Workplace Act of 1988 and the regulations promulgated thereunder, including without limitation, 54 Code of Federal Regulations 4956 (1989), as such Act and regulations have been amended, are applicable, the General Partner has complied with and has caused the Partnership to comply with such Act.

(x) No federal appropriated funds have been paid or will be paid, by or on behalf of the General Partner or the Partnership, to any Person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and/or the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.

(y) No funds have been paid for influencing or attempting to influence an officer or employee of a member of Congress in connection with a federal contract, grant, loan and/or cooperative agreement benefiting the Partnership and/or the General Partner. The Partnership and the General Partner have complied with all restrictions, certifications and disclosure requirements contained in the Byrd amendment to the fiscal 1990 appropriations measures for the United States Department of the Interior (P.L. 101-121) and with any guidelines and rules issued by any federal entity in connection therewith ("**Byrd Amendment**"), if applicable.

(z) Amounts paid to the General Partner and/or its Affiliates for services in accordance with the applicable Fee Agreements are reasonable in relation to the value of services provided and relate solely to the services actually rendered to the Partnership pursuant to the applicable Fee Agreements.

(aa) The Partnership has obtained a Code Section 42(m) letter establishing approval of Credit from the Authority in the amount shown on Exhibit A-2 (the "**Annual Credit Allocation**"), such Code Section 42(m) letter is in full force and effect, all information contained in any application for such letter or allocation of the Credit is complete and correct in all material respects, and the Project will have eligible basis with respect to the thirty percent (30%) present value credit related to rehabilitation/new construction expenditures (the "**Rehab/NC Basis Amount**") and the thirty percent (30%) present value credit related to acquisition expenditures (the "**Acquisition**").

Basis Amount") respectively in the amounts shown on Exhibit A-2. The eligible basis takes into account the fact that the Project qualifies for the one hundred thirty percent (130%) factor for eligible basis under Section 42(d)(5)(B) of the Code.

(bb) [Intentionally Omitted]

(cc) The General Partner represents and warrants that it and its Affiliates are (i) in compliance with all applicable anti-money laundering laws, including, without limitation, the USA Patriot Act, and the laws administered by the United States Treasury Department's Office of Foreign Assets Control ("**OFAC**"), including, without limitation, Executive Order 13224, (ii) not on the Specially Designated Nationals and Blocked Persons List maintained by OFAC, and (iii) not otherwise identified by a government entity or legal authority as a person with whom a U.S. Person is prohibited from transacting business. "**U.S. Person**" shall mean any United States citizen, any permanent resident alien, any entity organized under the laws of the United States (including foreign branches), or any person in the United States.

(dd) The Partnership has not made any elections under the Code without the Consent of the Limited Partner that would affect the amount, timing, availability, or allocation of Credits.

(ee) At all times during the terms of this Agreement, the Partnership shall comply with the provisions of the Fair Housing Act and the Americans with Disabilities Act.

(ff) Neither the General Partner, nor the Developer, nor any Affiliate of the General Partner or the Developer, has received any fee or any economic benefit that has not been fully and clearly disclosed to the relevant Authority.

(gg) The General Partner has not entered into or formed a joint venture with and is not acting as an agent of any Person with respect to ownership and operation of the Project or the Partnership and it will maintain its status as a separate and distinct subsidiary of the Sponsor and will observe all limited liability company formalities.

(hh) Prior to the date the rehabilitation expenditures were incurred, the Partnership acquired the Partnership Property by purchase within the meaning of Section 179(d)(2) of the Code and at the time of the acquisition, the Partnership and the seller were not related Persons within the meaning of Sections 267(b), 707(b), and 42(d)(2)(D) of the Code.

(ii) The Partnership Property was not previously placed in service by the Partnership or by a Person who was a related person within the meaning of Section 267(b), 707(b), or 179(d)(2) of the Code) determined in accordance with Section 42(d)(2)(D) of the Code with respect to the Partnership as of the time the Partnership Property was previously placed in service.

(jj) There has been at least ten years between the date of the acquisition of the Partnership Property owned by the Partnership and the date the Partnership Property was last placed in service.

(kk) The General Partner shall ensure that all requirements are met which are necessary to obtain or achieve compliance with the Minimum Set-Aside Test, the Rent Restriction Test, and any other requirements necessary for the Project to initially qualify, and to continue to qualify, for Credits, including all applicable requirements set forth in the Regulatory Agreement and the Extended Use Agreement. Upon request of the Limited Partner, the General Partner will take such actions and/or provide such information as are reasonably requested by the Limited Partner for the Project to meet the requirements of the Average Income Test under Section 42(g)(1)(C) of the Code, including any amendments thereto or Treasury Regulations or IRS guidance provided thereunder.

5.11 Covenants of the General Partner

The General Partner covenants to the Limited Partner that for the Term:

(a) The General Partner shall cause the Partnership to do all things necessary to maintain its status as a limited partnership in good standing and had, has, and shall continue to have full power and authority to acquire the Partnership Property and to develop, construct, operate, and maintain the Project in accordance with the terms of this Agreement and to enable the Partnership to engage in its business.

(b) The General Partner shall not act in any manner that will cause (i) the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (ii) the Partnership to fail to qualify as a limited partnership under the Act, or (iii) the Limited Partner to be liable for Partnership obligations.

(c) The Partnership shall continue to take all action under the laws of the State of Texas and any other applicable jurisdiction that is necessary to protect the limited liability of the Limited Partner.

(d) The General Partner shall, during and after the period in which it is a Partner, provide the Partnership with such information and sign such documents as are necessary for the Partnership to make timely, accurate and complete submissions of federal and state income tax returns.

(e) The General Partner shall furnish to counsel for the Limited Partner promptly as and when requested in connection with the rendering of any legal opinion concerning federal income tax relating to the Limited Partner's investment in the Partnership, all documents requested by counsel for the Limited Partner.

(f) The General Partner shall promptly inform the Limited Partner of any litigation, action, investigation, event, or proceeding that is pending or, to the best of its knowledge, is threatened which, if adversely resolved, could (i) have an adverse effect on the Partnership or the Partnership Property; (ii) have a material adverse effect on the ability of the General Partner or any of its Affiliates to perform their respective obligations under this Agreement; (iii) to the best of its knowledge, have an adverse effect on any adjacent property, which would have a material

adverse effect on the Partnership Property or the Partnership's investment in the Partnership Property; (iv) have a material adverse effect on the financial condition of the General Partner or any Guarantor; or (v) constitute or result, if true, in a material breach of any representation, warranty, covenant, or agreement set forth in this Agreement.

(g) The General Partner shall promptly inform the Partnership, the Limited Partner, and the Special Limited Partner upon receiving any notice of or having any knowledge of any violation with respect to the Partnership Property of any law, rule, regulation, order, or decree of any governmental authority having jurisdiction, which would have a material adverse effect on the Partnership Property (including the Partnership's ability to transfer the Partnership Property in accordance with the terms of this Agreement) or the Project or the construction, rehabilitation, use, occupancy, or operation thereof.

(h) The General Partner shall furnish to the Limited Partner, within five (5) business days of receipt thereof, a copy of any notice of default under the Mortgage Notes, the Mortgages, any of the Project Documents, or any of the Loan Documents given to the Partnership or the General Partner.

(i) The General Partner shall include the Limited Partner as a recipient of Notices under any (i) loan document; (ii) construction contract; or (iii) any other agreement pursuant to which a third party may obtain a lien against the Project.

(j) Except with respect to the Construction Loan and Sponsor Loan(s), the General Partner agrees that none of it, the Special Limited Partner or any of their Affiliates will at any time become subject to any economic risk of loss within the meaning of Treasury Regulation Section 1.752-2 with respect to any Partnership obligation. The General Partner agrees that it will not cause the Limited Partner to become, and it will take all steps necessary to prevent the Limited Partner at any time from becoming, personally liable for payment or performance under the Mortgage Notes or the Mortgages. Except with respect to the Construction Loan, the sole recourse of the Mortgagees under the Mortgage Notes with respect to the principal thereof, interest thereon or any other obligation thereunder, shall be to the assets of the Partnership and the Mortgage Notes shall contain similar nonrecourse provisions.

(k) Neither the General Partner nor any of its Affiliates nor the Partnership shall enter into any agreement or contract for the payment or offset of any construction loan or loan discounts, additional interest, yield maintenance or other charges or financing fees or any agreement to incur any financial responsibility with respect to the Project or providing for the guaranty of payment of any such charges or fees relating to the Construction Loan or the Loans, other than those approved by the Limited Partner; except with respect to the Construction Loan and Sponsor Loan(s), in no event shall the General Partner, the Special Limited Partner, their Affiliates, or the Partnership enter into any agreement or guaranty of any kind whatsoever (such as an escrow arrangement or letter of credit arrangement) that would subject the Partnership or any of its Partners or Affiliates to personal liability or economic risk of loss as to the Loans nor shall the General Partner make any loan that shall be personally enforceable by any lender of the Loans or that may in any way affect allocation of the Projected Credit to the Limited Partner.

(l) Except as specified herein, no Partner or Affiliate of any Partner shall make a loan to the Partnership. Any such Partner or Affiliate is referred to as a "**Lender**." For the purposes of this paragraph, "**Affiliate**" includes any person having an equity interest in any Partner that is a pass-through entity for federal income tax purposes. A Partner or an Affiliate may be a Lender if one of the following conditions is satisfied:

1. *Less than a Ten Percent (10%) Partner.*

(a) The Lender's or Affiliate's percentage Partnership Interest in each item of income, gain, loss, deduction and credit of the Partnership (directly or indirectly through a Partner of the Partnership) is less than ten percent (10%) for every year that the Lender or Affiliate is a Partner;

(b) The Limited Partner is informed of such relationship; and

(c) The loan made by such Partner or Affiliate will not (based on an analysis by accountants employed by the Limited Partner, or based on an opinion of counsel) affect the basis of any Partner in the Partnership, the basis of any partner in the Limited Partner, nor the allocation of any tax items among the Partners or among the partners of a Partner, under Section 752 or Section 704 of the Code, nor result in recapture of any tax credits previously allocated to the Partners, to such an extent that the amount and timing of tax credits and tax losses allowable to the Limited Partner and the partners thereof is less favorable than that assumed in the Projections; or

2. *Ten Percent (10%) or More Partner.* If a Lender's or Affiliate's percentage Partnership Interest in the Partnership (directly or indirectly through a Partner of the Partnership), determined as described in paragraph 1(a), above, is ten percent (10%) or more, then the Partner or Affiliate may make the loan if the Limited Partner Consents. As part of any request for such Consent, the General Partner shall furnish to the Limited Partner, if the Limited Partner so requests, an analysis from the Accountants, or an opinion of counsel to the Partnership (unless the Limited Partner elects to obtain an analysis from its accountant or an opinion of its counsel), to the effect that such loan will not affect the basis or allocations of tax items or recapture of tax credits of the Partnership, or of or among the Partners, or the partners thereof, as described in paragraph 1(c) above.

(m) The General Partner will not cause or allow restrictions on the sale or refinancing of the Project, other than the restrictions set forth in the Loan Documents and the Project Documents and under Section 42 of the Code.

(n) The General Partner will cause all of (i) the Partnership Property, (ii) the fixtures, maintenance supplies, tools, equipment and like property owned or to be owned by the Partnership or to be appurtenant to, or to be used in the operation of the Project, and (iii) the rents, revenues and profits earned from the operation of the Project, to be free and clear of all security interests and encumbrances except for the Mortgages described herein.

(o) The General Partner will cause the Partnership to operate in compliance with all applicable laws, rules and regulations.

(p) The General Partner will cause the Partnership to keep all public utilities necessary to the operation of the Partnership Property, including, but not limited to, sanitary and storm sewers, water, gas (if applicable), and electricity, operating in working condition, to the extent required by law and pursuant to the residential lease agreement of any of the Units.

(q) The General Partner will cause the Partnership Property, including each of the Units, to be operated in compliance with all applicable laws, rules and regulations including but not limited to zoning regulations, ordinances, and subdivision laws, rules, and regulations.

(r) The General Partner will cause the Partnership and the Management Agent to maintain insurance against risks that are of a character usually insured by Persons engaged in a similar business and in form and amount and covering such risks as is usually carried by such Persons including, but not limited to, insurance of the type described in the Insurance Requirements attached as Exhibit L; *provided, however*, that: (i) in addition to such requirements, the Partnership shall at all times comply with the insurance requirements imposed by the Mortgagees; (ii) all such insurance policies are and shall be in full force and effect during the Term; and (iii) the Limited Partner shall be named as a certificate holder and an additional insured on each such policy and shall have the right to receive thirty (30) days' notice prior to any termination or reduction of coverage by the insurer.

(s) The General Partner shall take all actions necessary to ensure that the Partnership Property contains no, and is not affected by the presence of, any Environmental Hazard, and to ensure that the Partnership Property is not in violation of any federal, state, or local statute, law, regulation, rule, or ordinance, including any Environmental Law. The General Partner shall promptly deliver to the Limited Partner any notice received from any source whatsoever of the existence or potential existence of any Environmental Hazard on the Partnership Property or of a violation of any federal, state, or local statute, law, regulation, rule or ordinance, including any Environmental Law with respect to the Partnership Property. If any Environmental Hazard is found to exist or be present, the General Partner shall commence promptly the taking of action to assure it will be either removed from the Partnership Property and disposed of or encapsulated and/or otherwise corrected, contained and made safe and inaccessible, all in strict accordance with federal, state and local statutes, laws, regulations, rules and ordinances, any recommendations set forth in the Environmental Reports, and any requirements in the Loan Documents. If, at any time during the term of the Partnership the Limited Partner determines that the foregoing representations or covenants in this Agreement relating to Environmental Hazards and Environmental Laws may not have been true when made, or may have become untrue, the Partnership shall promptly obtain an environmental audit of the Partnership Property. The scope of such audit and the company performing it shall be determined by the General Partner with the Consent of the Limited Partner.

Prior to the Completion Date, the General Partner shall satisfy the radon testing required by the procedures outlined in Exhibit A-9 attached to this Agreement.

(t) In the event the Federal Drug Free Workplace Act of 1988 and the regulations promulgated thereunder, including without limitation, 54 Code of Federal Regulations 4956 (1989), as such Act and regulations may be amended, are applicable, the General Partner shall comply with and will cause the Partnership and the Management Agent to comply with such Act and regulations.

(u) The General Partner will comply and will cause the Partnership to comply with the restrictions, certifications and disclosure requirements contained in the Byrd Amendment, if such Act is applicable.

(v) [Reserved].

(w) The General Partner shall investigate and report to the Limited Partner any proposal or offer of any Person, including the General Partner, to acquire the Partnership Property or the Interest of the Limited Partner.

(x) The General Partner will cause the Partnership to comply in all material respects with all of the terms and conditions of the residential lease agreement for each of the Units.

(y) The General Partner shall not employ any Person as an employee of the Partnership.

(z) The General Partner will cause more than fifty percent (50%) of the Partnership's aggregate basis (including land) in the Partnership Property to be financed with the proceeds of bonds that are exempt from tax under Section 103 of the Code and subject to the volume cap under Section 146 of the Code (including fully drawing and expending such proceeds on the rehabilitation of the Project (the "**50% Bond Calculation**") no later than the end of the first year of the Credit Period, and shall ensure that no portion of the Bond Loan will be repaid nor any portion of the tax exempt bonds will be redeemed prior to the later of (i) the date the last building in the Project is placed in service or (ii) the date sufficient proceeds of the Bond Loan have been disbursed to pay for Project Expenses in satisfaction of the 50% Bond Calculation.

(aa) The General Partner will cause the Project to be constructed and/or rehabilitated, and thereafter operated, as low-income housing as required by the Code in order to qualify for and maintain the Credit and other tax benefits anticipated in connection therewith.

(bb) The General Partner shall at all times during the Compliance Period and Extended Use Period rent the Credit Units to Qualifying Tenants, charge such tenants rental rates no greater than permitted under Section 42 of the Code, and in all other respects comply with the provisions of Section 42 of the Code and Treasury Regulations thereunder and any state or local law necessary to qualify for the Credit with respect to those Credit Units.

(cc) The General Partner will (i) execute on behalf of the Partnership all documents necessary to elect, pursuant to Sections 734, 743, and 754 of the Code, to adjust the basis of the Partnership's property, if, in the sole opinion of the accountants for the Limited Partner, such election would be advantageous to the Limited Partner; (ii) provide to the accountants for the

Limited Partner for review and approval before filing each IRS Form 8609, Low Income Housing Tax Credit Allocation Certification, for the Project; and (iii) make such elections on the IRS Form 8609, Low Income Housing Tax Credit Allocation Certification, which in the sole opinion of the accountants for the Limited Partner, are advantageous to the Limited Partner. In addition, the General Partner shall obtain the Consent of the Limited Partner to make any election under the Code that would affect the amount, timing, availability, or allocation of Credits.

(dd) The General Partner will not after the Admission Date permit the Partnership to accept any federal or non-federal grant of funds without the Consent of the Limited Partner.

(ee) No separate fee will be charged to the tenants of the Project for the use of any of the common area facilities (other than the coin-operated laundry facilities that may be leased by the Partnership and used on the premises).

(ff) Continual or frequent nursing, medical or psychiatric services will not be available to tenants in the Project.

(gg) The Project will not be operated as a hospital, nursing home, sanitarium, lifecare facility or intermediate care facility for the physically or mentally handicapped.

(hh) The General Partner will obtain flood insurance if the Partnership Property is at any time determined to be in a Special Flood Hazard Area.

(ii) The General Partner will include in all leases of Units to tenants an obligation of the tenant to immediately notify the property manager of any suspected water leaks, moisture problems, or mold in the dwelling units or common areas.

(jj) The General Partner shall elect to begin the Credit Period in 2021.

(kk) The General Partner will take all actions necessary or appropriate to prevent any portion of the Partnership Property from being treated as tax-exempt use property as defined in Section 168(h) of the Code, and in furtherance thereof, the General Partner shall make, and cause its sole member to make, an election in accordance with Section 168(h)(6) of the Code and elect to be treated as a corporation for federal income tax purposes.

(ll) The General Partner shall cause the Partnership to depreciate the “residential rental property” (as defined in Code Section 168(e)(2)) contained within the Partnership Property over a thirty (30) year term and the General Partner shall cause the Partnership to make an election to be treated as an “electing real property trade or business” under Section 163(j)(7)(B) of the Code, with such election being made no later than with respect to the first taxable year in which the first building in the Partnership Property is placed in service, in each case unless directed otherwise by the Limited Partner.

(mm) [Reserved]

(nn) The General Partner shall not permit its members to convey any of the ownership interest in General Partner at any time without the Consent of the Limited Partner.

(oo) The Project will be treated as residential rental property under Sections 168(c) and 168(e)(2) of the Code.

(pp) The General Partner will use its best efforts to lease the Units to achieve the rental income shown on the Projections.

(qq) The Partnership Property will qualify for the Property Tax Exemption for the Compliance Period.

(rr) The General Partner will promptly notify the Limited Partner of any participation of the Partnership in a "reportable transaction" within the meaning of Treasury Regulation §1.6011-4.

(ss) The General Partner is wholly-owned by a corporation which (i) is tax exempt under Section 501(c)(3) of the Code which is not controlled by or affiliated with a for profit entity, (ii) has as one of its purposes includes the fostering of low-income housing and (iii) will materially participate (within the meaning of Section 469(h) of the Code) in the development and operation of the Project throughout the Compliance Period.

(tt) The General Partner shall cause the Partnership to comply at all times with the terms of the Loan Documents and the Project Documents.

(uu) The General Partner shall not cause the Partnership to make an election under Section 168(k) of the Code to elect out of "bonus depreciation" for the personal property and site improvements on the Partnership Property unless directed otherwise by the Limited Partner.

(vv) In the event the Davis-Bacon Act of 1931 and the regulations promulgated thereunder, as such Act and regulations may be amended, are applicable, the General Partner will comply and will cause the Partnership to comply with such Act and regulations, and will provide supporting legal authority in the event such Act does not apply.

(ww) If the General Contractor is in default under the Construction Contract, the General Partner shall act in the best interests of the Partnership in enforcing the Partnership's rights and remedies under the Construction Contract within thirty (30) days of such default. If the General Partner fails in such regard, the Limited Partner shall have the right to enforce on behalf of the Partnership the Partnership's rights and remedies under the Construction Contract.

(xx) The General Partner will use the proceeds of all Capital Contributions in accordance with the "Equity" page of the Projections.

(yy) Each Qualifying Tenant has been charged a rental rate no greater than the applicable designated imputed income limitation with respect to the Unit occupied by such Qualifying Tenant.

(zz) The General Partner agrees to comply with the following provisions regarding anti-corruption, notwithstanding any other provision of this Agreement to the contrary:

1. Definitions:

Anti-Corruption Laws: All laws, rules, statutes, codes and regulations of any governmental entity applicable to the General Partner, its Affiliates or the Partnership concerning or relating to corruption or bribery, including laws prohibiting an offer, payment, promise to pay, or authorization of the payment or giving of money or anything else of value, to anyone, while knowing or believing that all or some portion of the money or thing of value will be offered, given, promised to, or retained by a Government Official or any other person for the purposes of obtaining or retaining business, securing any improper advantage or the improper performance of that person's or Government Official's function, or misuse of that person's or Government Official's position.

Government Official: An officer, employee or official of a government, government owned or controlled entity, political party or public international organization, or a candidate for political office.

2. There has been no violation by the General Partner or its Affiliates of Anti-Corruption Laws in connection with the execution of the transaction documents.
3. Without limitation, the General Partner and its Affiliates (i) are in compliance with Anti-Corruption Laws, and (ii) shall remain in compliance with Anti-Corruption Laws.
4. No action, suit or proceeding is pending or, to the General Partner's knowledge, threatened, relating to any Anti-Corruption Laws.
5. The General Partner shall notify the Limited Partner if it becomes aware of any violation of Anti-Corruption Laws, or circumstances likely to give rise to such a violation.
6. Upon request by the Limited Partner, the General Partner will provide information verifying its compliance with Anti-Corruption Laws.

5.12 No Compensation

Except as provided in the Fee Agreements, the General Partner and its Affiliates shall not be entitled to receive any compensation in connection with its performance of its duties as General Partner.

5.13 Obligation to Complete Construction

(a) The Special Limited Partner shall diligently pursue and complete the construction and/or rehabilitation of the Partnership Property or cause the same to be completed in a good and workmanlike manner, defect-free, free and clear of all mechanics', materialmen's, or similar liens or claims of liens, and shall equip the Partnership Property or cause the same to be equipped with all necessary and appropriate fixtures, equipment and articles of personal property, including refrigerators and ranges, all in accordance with the Plans and Specifications and the terms and requirements of this Agreement, the Loan Documents and the Project Documents, and shall provide for, or cause to be provided for, all other actions and performance required to arrive at the Completion Date and shall meet all requirements for obtaining and maintaining all necessary certificates of occupancy and use permits for all the Units in the Project and any commercial and/or community space. The Special Limited Partner or its Affiliates shall timely obtain all building, zoning, and other applicable certificates, permits, and licenses necessary to permit the construction and/or rehabilitation, use, occupancy, and operation of the Partnership Property and the Project or a specified portion thereof. All improvements constructed or to be constructed on the Partnership Property shall be constructed and equipped in full compliance with the requirements of all governmental authorities having jurisdiction over the Partnership Property.

The Special Limited Partner shall use its best efforts in representing the Partnership during the course of construction of the Project and in the administration of the Construction Contract by (i) providing adequate on-site representation at regularly scheduled meetings and at intervals commensurate with the on-site construction activities, (ii) actively enforcing the terms of performance specified in the Construction Contract, (iii) providing the Limited Partner with timely notice of any issues of non-compliance by the General Contractor, and (iv) acting as necessary in the interest of the Partnership to ensure that construction of the Project will be completed as originally contemplated.

The Special Limited Partners shall forward, on a monthly basis, all executed Construction Contract change orders, which shall be signed by the Architect and the General Contractor, to the Limited Partner. The Special Limited Partner shall not approve any change order without the Consent of the Limited Partner which change order (together with any related change orders) (i) exceeds Twenty Five Thousand Dollars (\$25,000), (ii) extends by more than ten (10) days the schedule in the Construction Contract, (iii) materially reduces the quality of construction materials, (iv) alters the design of the Project, (v) materially changes the scope of the work for the Project, (vi) adversely affects the appearance, structural integrity or quality of such work, (vii) reduces the floor area of the building or the aggregate number of rooms or units, or (viii) would result in the aggregate amount of change orders not approved by the Consent of the Limited Partner exceeding Two Hundred Fifty Thousand Dollars (\$250,000) or the aggregate amount of all change orders exceeding an amount equal to fifty percent (50%) of the hard cost contingency in the approved

construction budget. Notwithstanding the foregoing, the Special Limited Partner must obtain the Consent of the Limited Partner as to any change order which has not been approved by the Architect. In the event that the Limited Partner fails to provide such Consent to the Special Limited Partner within ten (10) business days of receipt by the Limited Partner of a change order request, the Limited Partner shall be deemed to have consented to the change order, provided that the General Partner has complied with the terms of this paragraph.

In addition, the Special Limited Partner shall cause to be completed and provided to the Limited Partner in a timely manner Construction Reports in the form attached as Exhibit K to this Agreement, and monthly lease-up progress reports in accordance with Section 13.03(a)(vii) of this Agreement.

(b) If the Special Limited Partner determines that the Designated Proceeds are insufficient to:

(i) Complete the construction and/or rehabilitation of the Project as required under Section 5.13(a) above, in the manner and within the time necessary to comply with all of the terms, covenants and conditions of the Partnership Agreement, the Loan Documents and the Project Documents, including all future amendments thereto;

(ii) Arrive at the Completion Date in conformity with the Loan Documents;

(iii) Discharge all Partnership liabilities and obligations arising out of any casualty not covered by insurance proceeds;

(iv) Meet all requirements for obtaining and maintaining all necessary certificates of occupancy and use permits;

(v) Pay or provide for all requirements of the ongoing business operations of the Partnership applicable to the period prior to the later of (y) the Stabilization Date, or (z) Loan Conversion;

(vi) Pay or provide for all amounts necessary to correct defects, including all latent defects, discovered within one (1) year after the later of (y) the Completion Date and (z) for each Unit, initial occupancy of such Unit, including all obligations, expenses, costs, liabilities, or expenditures in respect thereof, applicable to the period prior to such date;

(vii) Arrive at the Stabilization Date; and

(viii) Achieve Loan Conversion;

then, in any of such events, the General Partner or the Special Limited Partner shall directly pay all funds ("***Development Advances***") that, in the reasonable judgment of the Special Limited Partner, shall be necessary to accomplish the foregoing at such time as those costs and expenses become due and payable. If the Designated Proceeds are insufficient at any time to meet the payments required under this Section 5.13(b), the General Partner and the Special Limited Partner

shall be required to furnish promptly funds needed to meet such requirements, and such funds shall be returned to the General Partner or the Special Limited Partner, as applicable, from any Designated Proceeds which thereafter become available. If Designated Proceeds are not sufficient to return all such funds paid by the General Partner or the Special Limited Partner, as applicable, then the shortfall shall be treated as a Development Advance pursuant to this Section. This is a guaranty of payment, not of collection. Any such Development Advances shall be deemed to be costs of the General Partner or the Special Limited Partner, as applicable, and not of the Partnership; *provided, however*, that if the Limited Partner determines, in its sole but reasonable discretion, that the repayment of or obligation to repay Development Advances to the General Partner or the Special Limited Partner, as applicable, is not likely to reduce tax benefits or Credits otherwise allocable to the Limited Partner, then Development Advances shall be repayable, without interest, solely as provided in Section 8.02 hereof.

5.14 Operating Deficit Contributions

If, at any time or from time to time after the later of (i) the Stabilization Date, or (ii) Loan Conversion, an Operating Deficit exists, then the General Partner shall contribute funds (an "***Operating Deficit Contribution***") to the Partnership as a contribution to capital in an amount equal to the amount of the Operating Deficit. The General Partner's obligation to make Operating Deficit Contributions after such date to fund Operating Deficits which are not funded from the Operating Reserve, shall be limited to the "***Maximum Operating Deficit Contribution***," as shown on Exhibit A-2. The obligation of the General Partner to make Operating Deficit Contributions shall terminate on the date that the following have occurred simultaneously: (i) the Project has operated at the Required Debt Service Coverage determined by audited financial statements for a period of at least two (2) consecutive Fiscal Years, which two (2) year period shall have commenced no earlier than three (3) years after the first day of the year in which the later of the Stabilization Date is achieved and Loan Conversion occurs; (ii) the RAD HAP Contract, the HAP Contract and any other rental or operating subsidy are in full force and effect; (iii) the balance in the Operating Reserve equals or exceeds the Operating Reserve Amount; and (iv) the Property Tax Exemption is in full force and effect. Operating Deficit Contributions shall be repayable, without interest, solely from Cash Flow or as provided in Article VIII hereof.

5.15 [Intentionally Omitted]

5.16 Dealing with Affiliates; Fees

(a) The General Partner may, for, in the name of and on behalf of, the Partnership, enter into agreements or contracts for performance of services for the Partnership with an Affiliate thereof and may authorize the Management Agent to enter into such agreements and contracts, and the General Partner may obligate the Partnership to pay compensation for and on account of any such services and may authorize the Management Agent to so obligate the Partnership; *provided, however*, such compensation and services shall be at costs to the Partnership not in excess of those that would be incurred in making arms'-length purchases of comparable services on the open market.

(b) The Partnership shall pay fees to the Partners and their Affiliates, which fees, and the agreements governing them, are described on Exhibit A-4.

(c) The Partnership shall pay the Management Agent from gross rental income, a Management Fee pursuant to the Property Management Agreement attached as Exhibit F to this Agreement.

5.17 Obligation to Purchase Interest of Limited Partner

(a) The General Partner shall be obligated, as provided in Section 5.17(b), to purchase the Limited Partner's Interest for one hundred percent (100%) of Capital Contributions made to date by the Limited Partner plus interest at the Prime Rate plus two percent (2%) (such interest beginning to accrue with respect to any Installment of the Limited Partner's Capital Contribution on the date on which such Installment is made), plus the costs and expenses (including reasonable attorneys' fees) incurred, if any, in connection with the enforcement of these provisions, less the Credits allocated to the Limited Partner not subject to recapture, if:

(i) the Partnership has not satisfied the 50% Bond Calculation by the end of the first year of the Credit Period;

(ii) the rehabilitation expenditures have not been placed in service in accordance with the requirements of Section 42 of the Code by December 31, 2022 or the Partnership does not receive IRS Form(s) 8609 by September 1 of the calendar year following the first year of the Credit Period for each building in the Project;

(iii) at any time before the Project has operated at Break-even for a period of three (3) consecutive calendar months, any Loan is in default, after the expiration of any applicable notice and cure period, or an action is commenced and successfully executed to foreclose, abandon, or permanently enjoin the construction of the Project;

(iv) the failure of the Project to achieve the minimum set-aside test or the rent restriction test under Section 42(g) of the Code prior to the end of the first year of the Credit Period;

(v) Loan Conversion is not achieved within eighteen (18) months following the Target Completion Date (or such longer period as permitted under the Loan commitments);

(vi) any Loan commitment is withdrawn and is not replaced by a comparable commitment acceptable to the Limited Partner within a reasonable period of time;

(vii) the Project has not operated at Break-even for a period of three (3) consecutive calendar months within eighteen (18) months of the Completion Date;

(viii) the Credit reflected on IRS Form(s) 8609 is less than seventy-five percent (75%) of the Annual Credit Allocation;

(ix) an Event of Bankruptcy with respect to the General Partner or the Guarantor occurs prior to the Completion Date; or

(x) the failure of the Project to timely designate the applicable imputation limitation of each Unit as required by the Code, the Regulations and the Credit Agency.

(b) Upon the occurrence of any of the events specified in Section 5.17(a), the General Partner or the Special Limited Partner shall, within forty-five (45) days thereafter, give Notice to the Limited Partner of the occurrence of such event and of the General Partner's obligation to purchase the Limited Partner's Interest. The Limited Partner, by Consent of the Limited Partner, may, by Notice to the General Partner and the Special Limited Partner given (i) not later than sixty (60) days after the General Partner's Notice or the Special Limited Partner's Notice, or (ii) at any time following the occurrence of any of such events if the General Partner or the Special Limited Partner has failed to give the required Notice, elect to require the General Partner to purchase the Limited Partner's Interest, notwithstanding that the Limited Partner may have actual knowledge of the occurrence of any such event. If the Limited Partner elects to have its Interest purchased, the General Partner or the Special Limited Partner shall purchase such Interest within ten (10) days after Notice from the Limited Partner of its election to have its Interest purchased. The Limited Partner may unconditionally waive at any time its right to require the General Partner to purchase its Interest by reason of the application of any of the numbered clauses of Section 5.17(a). The Limited Partner's election not to have its Interest purchased by reason of the application of one such clause shall not constitute a waiver with respect to any future obligation of the General Partner to purchase its Interest by reason of the application of any other such clause.

5.18 Reserves

The General Partner shall cause the Partnership to establish the reserves described on Exhibit A-6.

5.19 Proposed Budget

The General Partner has delivered to the Limited Partner a copy of the budget for the current Fiscal Year. No later than December 1 of each year, the General Partner shall submit to the Limited Partner a budget (the "**Proposed Budget**") for the ownership and operation of the Project, reflecting the reasonably projected income and expenses for the following calendar year. The Limited Partner shall review the Proposed Budget to determine the reasonableness of the projected figures. The Proposed Budget, as approved by the Limited Partner, shall become the "**Budget**" for the following year. During the period that a budget is not approved, the General Partner shall continue to operate the Project in accordance with the latest approved Budget (except for uncontrollable costs such as real estate taxes, insurance premiums, utilities, debt service) until a new Budget is approved by the General Partner and the Limited Partner.

5.20 Action for Breach

The representations, warranties and covenants in Sections 5.10 and 5.11 are being made by the General Partner to the Limited Partner in consideration for the investment in the Partnership

by the Limited Partner. Upon the occurrence of any breach of any representation, warranty, covenant or agreement contained herein, the General Partner shall diligently attempt to cure such breach, including cure by the Special Limited Partner. If such breach is not susceptible to cure, or if the General Partner fails to pursue a cure diligently, or if within ninety (90) days no cure has been achieved, then the Limited Partner may pursue any available legal or equitable remedy against the General Partner, without being required to dissolve the Partnership and notwithstanding the availability of any other remedy; *provided, however*, that with respect to any breach that results solely in a loss or reduction of the Credit, if such breach occurred despite the General Partner's good faith, diligent efforts to prevent such breach, the Limited Partner shall be limited to its remedies under Sections 3.03, 5.17, and 9.02.

5.21 Delegation of General Partner Duties

(a) Each of the General Partner and the Limited Partner acknowledges and agrees that the Special Limited Partner and its principals will have extensive liabilities and exposure in connection with the financing and development of the Partnership and the Partnership Property, as set forth under this Agreement and the Guaranty Agreement (the "**SLP Obligations**") and that the SLP Obligations shall terminate upon the later of (i) the Stabilization Date and (ii) the Partnership's receipt of Form(s) 8609's (the "**Release Date**"). Therefore, during the period beginning on the date hereof and ending on the Release Date (the "**SLP Obligations Period**"), the General Partner shall delegate its rights and responsibilities under Sections [5.01 and 5.03] to the Special Limited Partner, subject to the General Partner's right to revoke such delegation as set forth below. The Special Limited Partner accepts such delegation of the General Partner's responsibilities and agrees to perform such responsibilities in accordance with this Agreement. It is expressly acknowledged and agreed that the delegation to the Special Limited Partner herein is intended to facilitate the financing and development of the Partnership Property for the benefit of the Partnership. Such delegation is granted with the understanding that the Special Limited Partner will exercise such authority and undertake actions in furtherance thereof in a manner consistent with the purposes of the Partnership set forth in Section 1.06 of this Agreement. To the extent the General Partner reasonably determines that the Special Limited Partner's has exercised its authority in a manner that would violate the foregoing purposes, the General Partner shall provide the Special Limited Partner with notice regarding such violation. The Special Limited Partner shall then have a period of thirty (30) days to cure such violation, and if not so cured within such timeframe, the General Partner shall be entitled to revoke the delegation and exercise its authority as the General Partner of the Partnership and take such action as it deems reasonably necessary to cure such violation, subject to the Consent of the Special Limited Partner if required under this Agreement. So long as the delegation by the General Partner to the Special Limited Partner is in effect, (i) General Partner shall reasonably cooperate with the Special Limited Partner to assist the Special Limited Partner in carrying out the delegation set forth in this Section and (ii) the Special Limited Partner shall indemnify the General Partner and any of its Affiliates for any and all claims brought by any party against the General Partner arising from the exercise by the Special Limited Partner of the authority delegated to it under this Section 5.21, excluding claims arising from the actions of the General Partner or any affiliate thereof, and provided that such indemnification shall be required only to the extent indemnification is not already provided to the General Partner under Section 5.07 of this Agreement..

(b) During the SLP Obligations Period, the signature of the Special Limited Partner on behalf of the Partnership shall be both necessary and sufficient in order to bind the Partnership with respect to any agreement or document relating to any matter delegated to the Special Limited Partner under Section 5.21(a).

During the SLP Obligations Period, the General Partner shall not have the right to cause the Partnership to take any action that would constitute a Major Decision without the Consent of the Special Limited Partner. As used herein, a “Major Decision” shall mean any of the actions set forth in Exhibit N of this Agreement.

Section 5.22 Representations and Warranties of the Special Limited Partner

The Special Limited Partner hereby represents and warrants to the General Partner and the Limited Partner that the following are true and correct as of the date hereof and will be true and correct for the Term, unless specifically otherwise provided.

(a) The Special Limited Partner (i) is a limited liability company validly existing and in good standing under the laws of the state of Texas, and (ii) has full power to enter into this Agreement and to perform its obligations hereunder, and the consummation of all transactions contemplated herein to be performed by the Special Limited Partner does not and will not result in any material breach or violation of, or default under, any agreements by which the Special Limited Partner is bound, or under applicable law.

(b) The execution and delivery of this Agreement and all instruments pertaining thereto, and the performance of all acts heretofore or hereafter made or taken pertaining to the Partnership or the Partnership Property, has been or will be duly authorized by all company or other action, and the consummation of any such transactions with or on behalf of the Partnership does not constitute a breach or violation of, or a default under, the governing instruments of the Special Limited Partner or any agreement by which it or any of its properties is bound, nor does it or will it constitute a violation of applicable law.

(c) No Event of Bankruptcy has occurred with respect to the Special Limited Partner.

(d) No litigation, action, investigation, event, or proceeding is pending or, to the best of its knowledge, is threatened which, if adversely resolved, would (i) adversely affect the ability of the Special Limited Partner or its Affiliates to perform their respective obligations under this Agreement, (ii) adversely affect the financial condition of the Special Limited Partner, or (iii) constitute or result in, if true, a material breach of any representation, warranty, covenant, or agreement set forth in this Agreement.

ARTICLE VI

Rights and Obligations of the Limited Partner

6.01 Management of the Partnership

The Limited Partner shall not take part in the management or control of the business of the Partnership or transact any business in the name of the Partnership. The Limited Partner shall not have the power or authority to bind the Partnership or to sign any agreement or document in the name of the Partnership. No action taken by the Limited Partner in the exercise of its rights under this Agreement shall give the General Partner or the Partnership any right to claim the Limited Partner has acted as General Partner in the exercise of such rights.

6.02 Limitation on Liability of the Limited Partner

Notwithstanding any other provision of this Agreement, the liability of the Limited Partner shall be limited to its Capital Contributions at any given time as and when payable under the provisions of this Agreement. Except as otherwise provided in this Agreement, the Limited Partner shall not have any other liability to contribute money to, or in respect of the liabilities, obligations, debts or contracts of the Partnership, nor shall the Limited Partner be personally liable for any liabilities, obligations, debts or contracts of the Partnership. The Limited Partner shall not be obligated to make loans to the Partnership.

6.03 Outside Activities

Nothing herein contained in this Agreement shall be construed to constitute the Limited Partner hereof the agent of any other Partner hereof or to limit in any manner the Limited Partner in the carrying on of its own businesses or activities. The Limited Partner may engage in and possess any interest in other business ventures (including limited partnerships and limited liability companies) of every kind, nature and description, independently or with others, whether existing as of the date hereof or hereafter coming into existence, including, without limitation, acting as general partner or limited partner of other partnerships which own, directly or through interests in other partnerships, housing projects similar to, or in competition with, the Project. Neither the Partnership nor any of the Partners shall have any rights by virtue of this Agreement in or to any such other business ventures or to the income or profits derived therefrom and nothing shall be construed to render them partners in any such business ventures.

6.04 Execution of Amendments

The General Partner shall cause the due execution, acknowledgment, and filing for record (and publication, if required by the Act) of any amendment to this Agreement or further instruments in accordance with the Act, and shall cause a copy of the endorsed copy thereof to be furnished to the Limited Partner and the Special Limited Partner.

6.05 Inspection of the Project

The Limited Partner and/or its agent or designee shall have the right to inspect the Project, including without limitation inspection of the Units, at any time and the General Partner shall provide all reasonable assistance to the Limited Partner in such effort.

6.06 Representation and Warranties of the Limited Partner

The Limited Partner hereby represents and warrants to the General Partner and the Special Limited Partner that the following are true and correct as of the date hereof and will be true and correct for the Term, unless specifically otherwise provided.

(e) The Limited Partner (i) is a limited liability company validly existing and in good standing under the laws of the state of Maryland, and (ii) has full power to enter into this Agreement and to perform its obligations hereunder, and the consummation of all transactions contemplated herein to be performed by the Limited Partner does not and will not result in any material breach or violation of, or default under, any agreements by which the Limited Partner is bound, or under applicable law.

(f) The execution and delivery of this Agreement and all instruments pertaining thereto, and the performance of all acts heretofore or hereafter made or taken pertaining to the Partnership or the Partnership Property, has been or will be duly authorized by all company or other action, and the consummation of any such transactions with or on behalf of the Partnership does not constitute a breach or violation of, or a default under, the governing instruments of the Limited Partner or any agreement by which it or any of its properties is bound, nor does it or will it constitute a violation of applicable law.

(g) No Event of Bankruptcy has occurred with respect to the Limited Partner.

(h) No litigation, action, investigation, event, or proceeding is pending or, to the best of its knowledge, is threatened which, if adversely resolved, would (i) adversely affect the ability of the Limited Partner or its Affiliates to perform their respective obligations under this Agreement, (ii) adversely affect the financial condition of the Limited Partner, or (iii) constitute or result in, if true, a material breach of any representation, warranty, covenant, or agreement set forth in this Agreement.

ARTICLE VII

Allocations of Profits and Losses

7.01 Maintenance of Capital Accounts

The Partnership shall maintain a Capital Account for each Partner. Such Capital Account shall be maintained in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv). To each Partner's Capital Account there shall be credited (i) such Partner's Capital Contributions, (ii) the fair market value of any property such Partner contributes to the Partnership (net of liabilities

securing such property that the Partnership assumes or takes such property subject to) and (iii) its distributive share of Net Profits and Gains, tax-exempt income and any item in the nature of income or gain allocated to such Partner under Section 7.02. To each Partner's Capital Account there shall be debited (i) the amount of cash and the fair market value (as of the date of distribution) of any Partnership property (net of liabilities securing the distributed property that such Partner assumes or subject to which such Partner takes the distributed property) distributed to such Partner pursuant to any provision of this Agreement, (ii) such Partner's distributive share of Net Losses and Loss and any items in the nature of expenses or deductions that are allocated to such Partner pursuant to Section 7.02 and (iii) such Partner's distributive share of any other expenditures which are not deductible by the Partnership or which are not allowable as additions to the basis of Partnership Property.

7.02 Profits and Losses

(a) After giving effect to the special allocations set forth in Section 7.03, the Net Profits, Net Losses, Loss and credits of the Partnership shall be allocated fifty-one ten-thousandths of one percent (0.0051%) to the General Partner, forty-nine ten-thousandths of one percent (0.0049%) to the Special Limited Partner, and ninety-nine and ninety-nine/one-hundredths percent (99.99%) to the Limited Partner; *provided, however*, that Partnership gross income shall be allocated to the General Partner and the Special Limited Partner in the amount of Net Cash Flow distributed to the General Partner and the Special Limited Partner under Section 8.01, and *provided, further* that Gain shall be allocated among the Partners as follows:

(i) To the Limited Partner until the balance in the Limited Partner's Capital Account equals the sum of (x) the amount of the federal income tax liability imposed on the Limited Partner and its partners from a transaction giving rise to Sale or Refinancing Proceeds assuming all such Persons are subject to the maximum federal corporate income tax rate in effect at the time of the allocation, and (y) the Credit Deficiency; and

(ii) The balance, among the Partners so that, to the extent possible, the ratio of (x) the balance of the Limited Partner's Capital Account in excess of the balance described in Section 7.02(a)(i) to (y) the balance in the General Partner's Capital Account in excess of the unrepaid portion of any Operating Deficit Contribution, Credit Adjuster Advance or Additional Advance to (z) the balance in the Special Limited Partner's Capital Account is 90.0051 to 9.90 to 0.0049.

(b) For purposes of the allocations of Gain and Loss, a Partner's Capital Account shall be determined immediately prior to the event giving rise to the Gain and Loss as if, at such time, the books of the Partnership had been closed as though at the end of the taxable year.

7.03 Special Allocations and Limitations

The following provisions shall apply notwithstanding the provisions of Section 7.02. In the event that there is a conflict between any of the following provisions, the earlier listed provision shall govern.

(a) [Intentionally Omitted]

(b) If there is a net decrease in Minimum Gain attributable to Nonrecourse Liabilities during any taxable year, each Partner who has a share of the Minimum Gain attributable to such Nonrecourse Liabilities (as such share is determined pursuant to Treasury Regulation Section 1.704-2(g)) shall be specially allocated items of Partnership income and gain for such year (and, if necessary, for succeeding years) equal to each Partner's share of the net decrease in Minimum Gain (as such share is determined pursuant to Treasury Regulation Section 1.704-2(g)(2)). Notwithstanding the preceding sentence, a Partner shall not be specially allocated items of Partnership income and Gain to the extent:

(i) Such Partner's share of the net decrease in the Minimum Gain is caused by a guarantee, refinancing, or other change in the debt instrument causing it to become partially or wholly recourse debt or Partner Nonrecourse Debt, and such Partner bears the economic risk of loss (within the meaning of Treasury Regulation Section 1.752-2) for the newly guaranteed, refinanced, or otherwise changed liability;

(ii) Such Partner contributes capital to the Partnership that is used to repay the Nonrecourse Liability, and such Partner's share of the net decrease in Minimum Gain results from the repayment; or

(iii) If the Commissioner of the IRS waives or excepts such an allocation pursuant to Treasury Regulation Sections 1.704-2(f)(4) or (5).

It is the intent that items to be so allocated shall be determined and the allocations made in accordance with the minimum gain chargeback requirement of Treasury Regulation Section 1.704-2(f), and this Section 7.03(b) shall be interpreted consistently therewith.

(c) If there is a net decrease in Minimum Gain attributable to Partner Nonrecourse Debt during any taxable year, each Partner who has a share of the Minimum Gain attributable to such Partner Nonrecourse Debt (as such share is determined pursuant to Treasury Regulation Section 1.704-2(g)) shall be specially allocated items of Partnership income and Gain for such year (and, if necessary, for succeeding years) equal to such Partner's share of the net decrease in such Minimum Gain (as such share is determined pursuant to Treasury Regulation Section 1.704-2(g)(2)). Notwithstanding the preceding sentence, a Partner shall not be specially allocated items of Partnership income and Gain to the extent:

(i) The net decrease in such Minimum Gain arises because the liability ceases to be Partner Nonrecourse Debt due to a conversion, refinancing, or other change in the debt instrument that causes it to become partially or wholly a Nonrecourse Liability; or

(ii) Treasury Regulation Section 1.704-2(i) otherwise so provides.

It is the intent that items to be so allocated shall be determined and the allocations made in accordance with the minimum gain chargeback requirement of Treasury Regulation Section 1.704-2(i) and this Section 7.03(c) shall be interpreted consistently therewith.

(d) In the event a Partner unexpectedly receives in any taxable year any adjustments, allocations or distributions described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5), or (6) that cause or increase an Adjusted Capital Account Deficit of such Partner, items of Partnership income and Gain shall be specially allocated to such Partner in such taxable year (and, if necessary, in succeeding taxable years) in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Partner as quickly as possible. It is the intent that items to be so allocated shall be determined and the allocations made in accordance with the qualified income offset provision of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and Section 7.03(c) shall be interpreted consistently therewith.

(e) No Net Losses, Losses or Partnership deductions for any taxable year shall be allocated to the Limited Partner to the extent such allocation would cause or increase an Adjusted Capital Account Deficit with respect to such Partner, and such Net Losses, Losses or Partnership deductions shall instead be allocated to the General Partner.

(f) If in any taxable year there is a net increase during such year in the amount of Minimum Gain attributable to a Partner Nonrecourse Debt, any Partner bearing the economic risk of loss with respect to such debt (within the meaning of Treasury Regulation Section 1.752-2) shall be specially allocated items of Partnership loss or deduction in an amount equal to the excess of (i) such Partner's share of the amount of such net increase, over (ii) the aggregate amount of any distributions during such year to such Partner of the proceeds of such debt that are allocable to such increase in Minimum Gain. It is the intent that items to be so allocated shall be determined and the allocations made in accordance with the required allocation of "partner nonrecourse deductions" pursuant to Treasury Regulation Section 1.704-2(i), and this Section 7.03(f) shall be interpreted consistently therewith.

(g) The General Partner's interest in each material item of Partnership income, gain, loss, deduction, and credit will be equal to at least fifty-one ten-thousandths of one percent (0.0051%) of each such item at all times during the existence of the Partnership.

(h) The special allocations set forth in Sections 7.03(b), (c), (d) and (f) (the "**Regulatory Allocations**") are intended to comply with certain requirements of Treasury Regulation Sections 1.704-1(b) and 1.704-2. The Regulatory Allocations shall be taken into account in allocating other profits, losses and other items of income, gain, loss and deduction to the Partners so that, to the extent possible, the net amount of such allocations of profits and losses and other items shall be equal to the amount that would have been allocated to each Partner had the Regulatory Allocation not occurred. In the event that in any year the Regulatory Allocations alter the allocations of tax items to the Partners, to the extent possible, depreciation deductions shall nevertheless be allocated ninety-nine and ninety-nine/one-hundredths percent (99.99%) to the Limited Partner, fifty-one ten-thousandths of one percent (0.0051%) to the General Partner, and forty-nine ten-thousandths of one percent (0.0049%) to the Special Limited Partner.

(i) The respective interest of the Partners in the Net Profits, Net Losses, Gain, and Loss or items thereof shall remain as set forth above unless changed by amendment to this Agreement or by an assignment of a Partnership Interest authorized by the terms of this Agreement. Except as otherwise provided herein, for tax purposes, all items of income, gain, loss, deduction, or credit

shall be allocated to the Partners in the same manner as are Net Profits from operations; *provided, however,* that with respect to property contributed to the Partnership by a Partner, such items shall be shared among the Partners so as to take into account the variation between the basis of such property and its fair market value at the time of contribution in accordance with Section 704(c) of the Code.

(j) In accordance with Section 704(c) of the Code and the Treasury Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its initial fair market value (as used as book value of the property by the Partnership). In the event the book value of any Partnership property is adjusted upon: (i) acquisition of a Partnership interest by any Person in exchange for a capital contribution; or (ii) any non-pro rata distribution to Partners of Partnership property other than cash; subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its book value in the same manner as under Section 704(c) of the Code. Allocations pursuant to this Section 7.03 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Partner's Capital Account or share of Net Profits or Net Losses, other items, or distributions pursuant to any provision of this Agreement.

(k) Solely for purposes of determining a Partner's proportionate share of the "excess nonrecourse liabilities" of the Partnership within the meaning of Treasury Regulation Section 1.752-3(a)(3), the General Partner's interest in Partnership profits shall equal fifty-one ten-thousandths of one percent (0.0051%), the Special Limited Partner's interest in Partnership profits shall equal forty-nine ten-thousandths of one percent (0.0049%) and the Limited Partner's interest in Partnership profits shall equal ninety-nine and ninety-nine/one-hundredths percent (99.99%).

(l) In the event the General Partner makes an Operating Deficit Contribution in a particular year, the General Partner shall be specially allocated the expenses paid by the proceeds of such Operating Deficit Contribution, but in no event shall the General Partner be allocated any depreciation deductions; *provided, however,* that no such allocation will be made to the extent it would result in any portion of the Partnership Property being treated as tax-exempt use property under Section 168(h) of the Code or cause the General Partner to be a related Person within the meaning of Section 42(d)(2)(D) of the Code.

(m) If any Partner's Capital Contribution is used to fund any syndication fees or expenses referred to in Section 709 of the Code, such Partner shall be specially allocated such fees or expenses.

(n) If an Interest in the Partnership is transferred or a Partner becomes a Partner during a taxable year (including the admission of the Limited Partner), net income or net loss (and any item of income, gain, loss, deduction or credit) for such taxable year allocable to the transferred or new Interest shall be allocated among the Partners on an interim closing of the books basis, based upon that portion of such taxable year during which each was recognized as owning such Interest

and the amount of such Interest owned; provided, that such allocation must be in accordance with a method permissible under Section 706 of the Code and Treasury Regulations thereunder.

(o) In the event that any fee payable to any General Partner or any Affiliate shall be determined to be a non-deductible, non-capitalizable distribution from the Partnership to a Partner for federal income tax purposes, then there shall be allocated to such General Partner an amount of gross income equal to the amount of such distribution; *provided, however*, that no such allocation will be made to the extent it would result in any portion of the Partnership Property being treated as tax-exempt use property under Section 168(h) of the Code or cause the General Partner to be a related Person within the meaning of Section 42(d)(2)(D) of the Code.

(p) Nonrecourse deductions as defined in Treasury Regulation Section 1.704-2(b)(1) for any Fiscal Year shall be allocated ninety-nine and ninety-nine/one-hundredths percent (99.99%) to the Limited Partner, fifty-one ten-thousandths of one percent (0.0051%) to the General Partner, and forty-nine ten-thousandths of one percent (0.0049%) to the Special Limited Partner.

(q) Any taxable income realized by the Partnership as a result of any grant or discharge of indebtedness shall be allocated one hundred percent (100%) to the General Partner; *provided, however*, that no such allocation will be made to the extent it would result in any portion of the Partnership Property being treated as tax-exempt use property under Section 168(h) of the Code or cause the General Partner to be a related Person within the meaning of Section 42(d)(2)(D) of the Code.

ARTICLE VIII

Cash Distributions

8.01 Distributions of Net Cash Flow

Net Cash Flow, to the extent available, shall be distributed to and among the Partners annually within ninety (90) days after the close of each Fiscal Year, nine and nine-tenths of one percent (9.90%) to the General Partner, forty-nine ten-thousandths of one percent (0.0049%) to the Special Limited Partner, and ninety and fifty-one ten-thousandths of one percent (90.0051%) to the Limited Partner.

Notwithstanding the foregoing, in the event the General Partner or Special Limited Partner or any of their respective Affiliates have had to pay any sum under the Guaranty Agreement or any other obligation due in connection with this Partnership Agreement and Project, and there is Net Cash Flow available to distribute to the Partners as stated above, and the General Partner, Special Limited Partner and/or their respective Affiliates have not been fully reimbursed for paying such obligations, then the General Partner, Special Limited Partner and/or their respective Affiliates shall be reimbursed to the extent such Persons have not been reimbursed to the full extent of the unpaid sums paid under the Guaranty Agreement or the other obligations prior to the remaining Net Cash Flow being disbursed between the Partners as stated in this Section 8.01.

8.02 Distributions of Capital Proceeds

Any Capital Proceeds other than net proceeds upon liquidation of the Partnership resulting from the sale of the Partnership Property, which shall be governed by Article XII, shall be distributed to and among the Partners in the following amounts and order of priority:

- (a) To the Limited Partner in an amount equal to the Credit Deficiency;
- (b) To the Limited Partner in the amount of the maximum federal corporate income tax liability that would be imposed on the Limited Partner and its partners from the transaction giving rise to Sale or Refinancing Proceeds;
- (c) To the Limited Partner in the amount of any unpaid Investor Services Fee;
- (d) To pay any unpaid Development Fee;
- (e) To the General Partner to repay any unrepaid portion of any Operating Deficit Contribution, Credit Adjuster Advance or Additional Advance;
- (f) To pay any unpaid Partnership Administration Fee; and
- (g) The balance, nine and nine-tenths of one percent (9.90%) to the General Partner, forty-nine ten-thousandths of one percent (0.0049%) to the Special Limited Partner, and ninety and fifty-one ten-thousandths of one percent (90.0051%) to the Limited Partner.

Notwithstanding the foregoing, in the event the General Partner or Special Limited Partner or any of their respective Affiliates have had to pay any sum under the Guaranty Agreement or any other obligation due in connection with this Partnership Agreement and Project, and there are Capital Proceeds available to distribute to the Partners as stated above, and the General Partner, Special Limited Partner and/or their respective Affiliates have not been fully reimbursed for paying such obligations, then the General Partner, Special Limited Partner and/or their respective Affiliates shall be reimbursed to the extent such Persons have not been reimbursed to the full extent of the unpaid sums paid under the Guaranty Agreement or the other obligations prior to the remaining Capital Proceeds being disbursed between the Partners as stated in this Section 8.02.

ARTICLE IX

Admission of Successor and Additional General Partners; Removal and Withdrawal of General Partner

9.01 Admission of Successor or Additional General Partners

(a) The General Partner shall not have any right to retire or withdraw voluntarily from the Partnership or to sell, transfer, or assign all or any portion of its Interest, without the Consent of the Limited Partner. In the event that the Consent of the Limited Partner has been obtained by the General Partner, the General Partner shall designate one or more persons to be its successor. In no event shall the Interests of the other Partners be affected thereby. The designated successor

General Partner shall be admitted as such to the Partnership upon approval of the Limited Partner of such successor General Partner and upon satisfying the conditions of this Article IX and Section 15.01. Any voluntary withdrawal by the General Partner from the Partnership or any sale, transfer, or assignment by the General Partner of its Interest shall be effective only upon the admission in accordance with this Section 9.01(a) and Section 15.01 of a successor General Partner.

(b) The successor General Partner shall pay to the Partnership all costs and expenses incurred in connection with such substitution, including, without limitation, legal and other costs incurred in the review and processing of the assignment, in amending this Agreement, and in filing any necessary amended Certificate.

(c) The successor General Partner shall by its execution of this Agreement and as a condition precedent to receiving any Interest in the Partnership or the Partnership Property agree to be bound by this Agreement to the same extent and on the same terms as the predecessor General Partner.

(d) Upon the admission of the successor General Partner, an amendment to this Agreement reflecting such admission, and stating the agreement set forth in Section 9.01(c) and in all respects in compliance with the requirements of the Act shall be executed and an amendment to the Certificate shall be executed and filed in accordance with the Act, if necessary.

9.02 Removal of a General Partner for Default; Removal of Management Agent or Accountants

(a) The Limited Partner, by Consent of the Limited Partner, shall have the right to remove a general partner of the Partnership as the General Partner for any of the following reasons (each a "**Removal Default**"):

(i) The General Partner has committed an act or acts of gross negligence, willful misconduct, substantial mismanagement of the Project or Partnership, malfeasance, fraud, or an act or acts outside the scope of its authority, or has breached its fiduciary duties as the General Partner;

(ii) The General Partner has breached any representation, warranty, agreement or covenant contained in this Agreement which breach has or is likely to have a material adverse effect on the Partnership or the Limited Partner; *provided, however*, if such breach is capable of being cured and the General Partner effects such cure, including cure by the Special Limited Partner, within thirty (30) days after Notice from the Limited Partner (which period may be extended to ninety (90) days in the Limited Partner's reasonable discretion if such breach is capable of being cured within such ninety (90) day period and the General Partner is diligently pursuing such cure), a Removal Default shall not exist;

(iii) The Partnership has violated in any respect any provision of any Project Document or agreement with the Mortgagees or any governmental regulation, which violation has a material adverse effect on (a) the construction and/or rehabilitation, use, occupancy, or operation of the Partnership Property or the Project, (b) the ability of the Partnership to continue to operate

the Project as housing eligible for the Credit, (c) the ability of the Partnership, the General Partner or any of its Affiliates to perform their respective obligations under this Agreement or the Project Documents, or (d) the financial condition of the Partnership, the General Partner or the Guarantor; and such violation is not cured within any applicable notice and cure period;

(iv) The occurrence of a default on any Loan made to the Partnership that is not cured within the applicable cure period;

(v) The General Partner or the Partnership has taken any action or failed to take any action that (A) is likely to cause the termination of the Partnership for federal income tax purposes, (B) is likely to cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (C) violates any federal or state securities laws, (D) is likely to cause the Partnership to fail to qualify as a limited partnership under the Act, (E) is likely to cause a material reduction in the tax benefits or a material increase in the tax liability of the Limited Partner for which the General Partner is responsible to make a Credit Adjuster Advance and the General Partner fails to make the Credit Adjuster Advance in a timely manner in violation of Section 3.03, or (F) is likely to cause the Limited Partner to be liable for Partnership obligations in excess of its Capital Contributions; *provided, however*, with respect to any action or failure to act that is likely to cause any of the aforementioned events (each a "**Prohibited Event**"), if such action or failure to act is capable of being cured such that the Prohibited Event is no longer likely to occur, and the General Partner diligently proceeds to effect such cure, including cure by the Special Limited Partner, within thirty (30) days after Notice from the Limited Partner, but in any event prior to the occurrence of the Prohibited Event, a Removal Default shall not exist;

(vi) During the Compliance Period, the General Partner or the Management Agent operates the Partnership Property or the Project in a manner so as not to qualify as a "qualified low-income housing project" under Section 42(g)(1) of the Code;

(vii) The occurrence of material construction cost overruns, and/or Operating Deficits, unless such overruns and/or Operating Deficits are funded in accordance with Section 5.13 and/or 5.14 and in such a manner so as not to materially adversely affect the Project and the allocation of Credits to the Limited Partner;

(viii) A filing of a foreclosure or other creditor's action or exercise of control over the Project by a lender or other creditor, or the filing of a bankruptcy petition or similar creditor's action by or against the Partnership, the General Partner or the Guarantor which is not dismissed within ninety (90) days; *provided, however*, that no Removal Default shall occur on account of a Bankruptcy Action by or against the Guarantor if a substitute Guarantor, acceptable to the Limited Partner in its sole and absolute discretion, guarantees to the Limited Partner the due and punctual performance by the General Partner and Developer of all of their obligations under this Agreement and the Development Services Agreement;

(ix) The Partnership's failure to maintain records as required under the low income housing tax credit requirements, or the Partnership's failure to provide timely reports to the Limited Partner as required pursuant to the provisions of this Agreement;

(x) The construction schedule set forth in the Project Documents is delayed by more than ninety (90) days provided, however, if the General Partner, within fifteen (15) days after receipt of Notice from the Limited Partner, provides the Limited Partner with a plan, reasonably acceptable to the Limited Partner and agreed to in writing by the General Contractor, to cure the schedule delay or otherwise alleviate any adverse consequences to the Partnership as a result of the delay, and effects such cure within thirty (30) days after receipt of Notice from the Limited Partner (which period may be extended in the Limited Partner's sole discretion if the Limited Partner is diligently pursuing such cure), a Removal Default shall not exist, and provided further that any costs associated with effecting such cure shall be paid by the General Partner and treated as Development Advances in accordance with Section 5.13;

(xi) The General Partner withdraws or uses any Partnership Reserves, including the Operating Reserve or the Replacement Reserve, other than as permitted under this Agreement;

(xii) The occurrence of a default by the General Partner or an Affiliate under any Fee Agreement or the Property Management Agreement which has a material adverse effect on the Project, the Partnership or the Limited Partner, or the occurrence of a default by a Guarantor, provided however, if such default is capable of being cured and the General Partner or Affiliate or Guarantor, as the case may be, effects such cure within thirty (30) days after Notice from the Limited Partner (which period may be extended to ninety (90) days in the Limited Partner's reasonable discretion if such breach is capable of being cured within such ninety (90)-day period and the General Partner or Affiliate or Guarantor, as the case may be, is diligently pursuing such cure), a Removal Default shall not exist;

(xiii) The conveyance by the shareholders, partners or members of the General Partner, the Developer or the Guarantor of any change in ownership, or change in control of the General Partner, the Developer or the Guarantor, without the Consent of the Limited Partner (the foregoing shall not apply if (A) immediately following the conveyance or change of control, David Brint and Richard J. Sciortino remain in control of Brinshore as a Guarantor and the Developer and (B) such conveyance or change in control is made for estate tax planning purposes or among the existing owners of the entity, and the foregoing shall not apply to Brinshore as the Guarantor or the Developer following the Completion Date; or

(xv) The occurrence of any other event which, under the Act, requires the removal of the General Partner.

If a Removal Default shall occur and the Limited Partner elects to remove the General Partner, the removal of the General Partner shall become effective immediately upon the later of (i) delivery of written Notice of such removal to the General Partner from the Limited Partner, or (ii) the expiration of the allowable cure period pursuant to this Section 9.02(a). No additional action shall be necessary for the removal of the General Partner.

(b) Notwithstanding the right to remove the General Partner pursuant to Section 9.02(a), in the event of a Removal Default, the Limited Partner shall, in addition to all other rights and remedies which the Limited Partner may have under this Agreement or otherwise available at law or in equity, and at Limited Partner's sole discretion, have the right to cause its designee to be

admitted as a managing General Partner with the rights and obligations set forth in Section 5.01. Such admission shall occur immediately upon written notice of such designation from the Limited Partner, whereupon the designee shall hold a Percentage Interest as a General Partner of .009% and the General Partner shall hold a Percentage Interest as a General Partner equal to .001%. Upon such admission of the Limited Partner's designee as a General Partner, the designee General Partner shall file an amended Certificate of Limited Partnership indicating the designee as a General Partner. The exercise of the Limited Partner's rights to cause its designee to be admitted as a managing General Partner shall not preclude (1) its rights to remove the General Partner at a later date, pursuant to Section 9.02, or (2) its rights to cause the General Partner to repurchase the Limited Partner's Interests pursuant to Section 5.17 above.

(c) In accordance with Section 3.02(e), the Limited Partner shall have no obligation to make any Additional Capital Contribution at any time that the General Partner is in default under this Agreement.

(d) Upon the removal of the General Partner for any reason pursuant to Section 9.02(a), the remaining or successor General Partner shall cause the Partnership to redeem the removed General Partner's Interest for One Hundred Dollars (\$100), and such removed General Partner shall thereafter cease to have any interest in the capital, profits, losses, distributions, and all other economic incidents of ownership of the Partnership and any fee that has been earned by the General Partner and its Affiliates, pursuant to this Agreement, as of the occurrence of the Removal Default, shall be assignable to the Limited Partner's designee, except the Development Fee which shall be governed by Section 9.02(e). In addition, except as otherwise provided in this Agreement, upon the removal of the General Partner for any reason pursuant to Section 9.02(a), all agreements between the Partnership and the General Partner or any Affiliates of such General Partner including the Partnership Administration Agreement may, at the election of the Partnership, be terminated or assigned to the Limited Partner's designee and the Partnership shall have no further obligation under such agreements, if terminated.

(e) Notwithstanding the removal of the General Partner, the General Partner shall be and shall remain liable for all obligations and liabilities incurred by it as General Partner of the Partnership before such removal shall become effective and, in addition, the obligations and liabilities of the General Partner set forth in Section 9.04; *provided, however*, that if amounts otherwise payable to the General Partner or its Affiliates as a Development Fee are applied by the Partnership to meet the General Partner's obligations stated in Sections 5.13 and 5.14 of this Agreement, such application shall be treated as payment of such Development Fee, followed by satisfaction by the General Partner of an equal amount of the General Partner's liability to the Partnership and shall serve to reduce any such liabilities of the General Partner or any successor, except for any liability incurred as a result of its gross negligence, misconduct, fraud or breach of its fiduciary duties as General Partner of the Partnership. If the General Partner is removed as a Partner of the Partnership, then, immediately prior to such removal, the General Partner shall be deemed to have made a Capital Contribution to the Partnership in an amount equal to any unpaid installments of the Development Fee and the Partnership shall be deemed to have made a payment in an equal amount to pay off such amount of the Development Fee. The Developer shall look only to this obligation of the General Partner for the payment of the Development Fee and not to

any Partnership assets. Further, upon any such removal of the General Partner, at the election of the Partnership, either (i) the General Partner shall be deemed to make a Capital Contribution to the Partnership in an amount equal to the balance, including interest, of any Sponsor Loan or other loans from the removed General Partner, the Sponsor or any Affiliate of either entity, and the Partnership shall thereupon make a payment in an equal amount to pay off the amount due on such loans, or (ii) the General Partner shall be deemed to assign each Sponsor Loan or other loans from the removed General Partner, the Sponsor or any Affiliate of either entity to the Limited Partner's designee, and the Limited Partner's designee will thereafter be the owner and payee of each such loan, and the Partnership shall have no further obligation for payments to the General Partner, Sponsor or Affiliate under such loan.

The Limited Partner's right to remove the General Partner shall be in addition to any other rights or remedies the Partnership or the Limited Partner may have as the result of the General Partner's breach of this Agreement *provided, however*, that with respect to any breach that results solely in a loss or reduction of the Credit, if such breach occurred despite the General Partner's good faith, diligent efforts to prevent such breach, the Limited Partner shall be limited to its remedies under Sections 3.03 and 9.02(a).

(f) Upon removal of the General Partner, and with the Consent of the Special Limited Partner, the Limited Partner shall have the right, without the consent of any other Partner, to designate a successor General Partner and the Limited Partner may, within ninety (90) days of the sole General Partner's removal, elect to continue the business of the Partnership. If the removal of the General Partner gives the Partnership the right to terminate the Management Agreement, then the Limited Partner may terminate the Management Agreement, and may negotiate a new Management Agreement on behalf of the Partnership. In the event the General Partner shall be removed in accordance with the provisions of Section 9.02(a), such removal shall be "cause" for the termination of the Management Agreement.

(g) The removed General Partner shall be liable for all costs and expenses, including reasonable attorney fees, incurred in the admission of a successor General Partner and for all other costs, expenses, or damages incurred by the Partnership as a result of the removal which amounts may be offset against any amounts due to the removed General Partner due under Section 9.02(c).

(h) If (i) a default shall occur by the Management Agent under the Management Agreement which default could reasonably have a material adverse effect on any Limited Partner or the Partnership, and which default gives the Partnership the right to terminate the Management Agreement (a "**Management Agreement Default**") and (ii) the General Partner does not terminate the Management Agreement within ten (10) days of the Partnership's right to do so, the Limited Partner may, by Consent of the Limited Partner, require the General Partner to terminate the Management Agreement. If the General Partner does not terminate the Management Agreement within five (5) days of the Limited Partner's request, the Limited Partner shall have the right, on behalf of the Partnership, to terminate the Management Agreement. If the Management Agreement is terminated as provided in this Section 9.02(h), the General Partner shall proceed to retain a new Management Agent, and the new Management Agent and the new Management Agreement shall be subject to the Consent of the Limited Partner. In addition, the General Partner shall, either on its own or upon the written request of the Limited Partner, promptly terminate the Management

Agreement if cause for such termination exists under the Management Agreement. As used herein, "cause" shall include, but not be limited to, any one of the following: (i) the failure of the Management Agent to perform, keep or fulfill any of its duties under the Management Agreement or to comply with the covenants, undertakings, obligations or conditions set forth in the Management Agreement, and the continuance of any such default for a period of thirty (30) days after notice of such failure (except in the event of Management Agent's willful misconduct, in which case no notice shall be required), (ii) the Management Agent has operated the Project in a manner so as not to qualify as a "qualified low-income housing project" under Section 42(g)(1) of the Code, (iii) failure to materially comply with the record keeping, tenant qualification and rental requirements of the regulatory agreement, and Code Section 42 and the regulations, rulings and policies related thereto, (iv) any serious problem or repair requiring immediate action by the Management Agent which has not been remedied, (v) material mismanagement of the Project. "Cause" shall also include the following unless such occurrences are beyond the control of the Management Agent: (i) failure of the Project to generate at least 90% of the Projected Credits in any calendar year, (ii) the occurrence of a vacancy rate for the Project in excess of ten percent (10%) for any six (6) consecutive month period, or (iii) the occurrence of Operating Deficits for three (3) consecutive months.

(i) By the Consent of the Limited Partner, the Limited Partner shall have the right to require the General Partner to replace the Accountant or to obtain additional accounting services if there is financial mismanagement of the Partnership, including the failure to provide the reports required under this Agreement on a timely basis.

(j) In the event of a Removal Default under Section 9.02(a)(xii) occasioned by the occurrence of a default by a Guarantor, the Limited Partner, by Consent of the Limited Partner, shall have the right to remove the Special Limited Partner of the Partnership as a special limited partner.

9.03 Event of Bankruptcy of a General Partner

(a) A General Partner shall cease to be a General Partner upon an Event of Bankruptcy with respect to such General Partner, or, with the Consent of the Limited Partner, upon the occurrence of such General Partner's insolvency. Upon such an Event of Bankruptcy, or, with the Consent of the Limited Partner, such insolvency, the remaining or successor General Partner shall cause the Partnership to redeem the General Partner's Interest for One Hundred Dollars (\$100) and such General Partner shall thereafter cease to have any interest in the capital, profits, losses, distributions, and all other economic incidents of ownership of the Partnership; *provided, however*, such General Partner or its Affiliates, as the case may be, shall be entitled to receive any fee, pursuant to this Agreement, that has been earned by the General Partner or its Affiliates, as the case may be, as of the time of such Event of Bankruptcy or insolvency, which fee shall be offset by any amount owed to the Partnership and/or the Limited Partner by the General Partner or its Affiliates. In addition, upon any sale by a General Partner under this Section 9.03(a), all agreements between the Partnership and any Affiliates of such General Partner may, at the election of the Partnership, be terminated and the Partnership shall have no further obligation under any such agreements.

(b) If, at the time of an Event of Bankruptcy with respect to a General Partner, such General Partner was the sole General Partner, the Limited Partner shall have the right, in its sole discretion, to designate the successor General Partner and the Limited Partner may, within the maximum number of days permitted by the Act after the General Partner's ceasing to be a General Partner of the Partnership, elect to continue the business of the Partnership.

9.04 Liability of a Removed or Withdrawn General Partner

Any General Partner who for any reason voluntarily or involuntarily withdraws or is removed from the Partnership or sells, transfers, or assigns its Interest shall be and remain liable for all obligations, liabilities, and guarantees incurred by it as a General Partner and for all acts and/or omissions occurring prior to the time when the withdrawal, removal, sale, transfer, or assignment becomes effective. Notwithstanding anything to the contrary in this Agreement, the General Partner shall be and remain liable for any obligation or liability to the Limited Partner and the Partnership that may arise at any time under Section 5.13 regardless of whether the General Partner is a general partner in the Partnership.

9.05 Restrictions on Transfer of General Partner's Interest

Notwithstanding anything to the contrary in this Article IX, the assignment or transfer of a General Partner's Interest shall at all times be subject to any additional restrictions applicable to an assignment or transfer of the Interest of a Limited Partner as set forth in Article X hereof. No assignee or transferee of all or any part of the Interest of a General Partner shall have any right to become a General Partner except as provided in this Article IX.

9.06 Continuation of the Business of the Partnership

(a) If, at the time of an event described in Section 9.02 or Section 9.03 or any other event described in the Act with respect to a General Partner, such General Partner was not the sole General Partner, the remaining General Partner or General Partners shall continue the business of the Partnership and shall immediately: (i) give Notice to the Limited Partner of such event; and (ii) make any amendments to this Agreement and execute and file for recording any amendments or other documents or instruments necessary to reflect the termination of the Interest of the General Partner as to which such event has occurred and such General Partner's having ceased to be a General Partner and in order to comply with the requirements of the Act.

(b) A Person shall be admitted as a successor or additional General Partner with the Consent of the Limited Partner if an amendment to the Certificate evidencing the admission of such Person as a General Partner shall have been filed for recordation. Each General Partner hereby agrees to execute promptly any such amendment to the Certificate, if required, in the event of its withdrawal or removal pursuant to the provisions of this Article IX, and, in addition, hereby appoints Enterprise as its attorney-in-fact to execute any such amendment on its behalf and in its place and stead in the event of its withdrawal or removal, provided the Limited Partner first provides the General Partner at least ten (10) days' notice prior to exercising any such power of attorney. The election by the Limited Partner to remove any General Partner under Section 9.02 shall not limit or restrict the availability and use of any other remedy that the Limited Partner or

any other Partner might have with respect to any General Partner in connection with its undertakings and responsibilities under this Agreement, and they are understood by the parties hereto to be permitted by the Act as the exercise of powers not constituting participation in the control of the business so as to convert the limited partner interest of the Limited Partner into a general partner interest for any purpose or to any extent.

ARTICLE X

Assignability of Interests of Limited Partner

10.01 Substitution and Assignment of a Limited Partner's Interest

(a) Neither a Limited Partner nor a Special Limited Partner may sell, transfer, assign, pledge, or otherwise dispose of all or any part of its Interest without the Consent of the Partners, the granting or denying of which shall not be unreasonably withheld, and the payment by such Limited Partner, Special Limited Partner or either of its assignees of all costs of such assignment including the costs of filing the amended certificate, if applicable; *provided, however*, the Limited Partner shall have the absolute right to transfer up to one hundred percent (100%) of its Interest to any entity in which Enterprise serves as general partner, managing member or, directly or indirectly, controls the general partner or managing member, without obtaining the Consent of the General Partner(a "*Permitted Transfer*"). The Partners, at the sole expense of the assigning Limited Partner or Special Limited Partner, shall cooperate in good faith to effect a Permitted Transfer as expeditiously as possible, including without limitation the execution of appropriate amendments to, or updates of, the Project Documents and Loan Documents and/or any other documents which the assigning Limited Partner or Special Limited Partner reasonably determines necessary or appropriate to accomplish such Permitted Transfer, including, but not limited to, any amendments, updated corporate opinion, authorizing resolutions of the General Partner and any other documents reasonably deemed necessary and appropriate by the Limited Partner or the Special Limited Partner. The Partnership shall not be required to recognize any such assignment until the instrument conveying such Interest has been delivered to the General Partner for recordation on the books of the Partnership. If an assignee of the Limited Partner or the Special Limited Partner pursuant to this Section 10.01(a) does not become a Substitute Limited Partner or Substitute Special Limited Partner pursuant to Section 10.01(b), the Partnership shall not recognize the assignment, and the assignee shall not have any rights hereunder or any rights exercisable against the Partnership to receive any portion of the share of profits, losses and distributions of the Partnership to which the Limited Partner or Special Limited Partner would have been entitled if no such assignment had been made by the Limited Partner or Special Limited Partner. Any such profits, losses and distributions shall continue to be allocated as if there were no assignment.

(b) An assignee of the Interest of a Limited Partner or Special Limited Partner, or any portion thereof, shall become a Substitute Limited Partner or Substitute Special Limited Partner, as applicable, entitled to all the rights of a Limited Partner or Special Limited Partner, if, and only if:

- (i) The assignor grants to the assignee such right;

(ii) Except for those transfers permitted under Section 10.01(a), the General Partner, with the Consent of the Limited Partner, consents to such substitution, the granting or denying of which consent shall not be unreasonably withheld;

(iii) The assignor or assignee pays to the Partnership all costs and expenses incurred by the Partnership in connection with such substitution, including, without limitation, legal fees and costs incurred in the review and processing of the assignment, and in amending, if necessary, the Partnership's then current Agreement; and

(iv) The assignee executes and delivers such instruments, in form and substance satisfactory to the General Partner, as the General Partner may deem necessary or desirable to effect such substitution and to confirm the agreement of the assignee to be bound by all of the terms and provisions of this Agreement.

(c) Upon the admission of any Substitute Limited Partner or Substitute Special Limited Partner, an amendment to this Agreement, reflecting such admission, shall be executed by the Partners. Such amendment shall reflect the name, address and Capital Contribution of such Substitute Limited Partner or Substitute Special Limited Partner, and anything else required by the Act, and shall set forth the agreement of such Substitute Limited Partner or Substitute Special Limited Partner to be bound by all the provisions of this Agreement. The General Partner shall file such amended Certificate as the Act requires.

(d) The Partnership and the General Partner shall be entitled to treat each Person set forth on Exhibit A as the absolute owner of its Interest in all respects, and shall incur no liability for distributions of cash or other property made in good faith to such owner until such time as a written assignment of such Interest has been received and accepted by the General Partner and recorded on the books of the Partnership. The General Partner may refuse to accept an assignment until the end of the next successive quarterly accounting period.

(e) Beginning after the end of the Credit Period, the Limited Partner shall have the option to withdraw from the Partnership without the Consent of the General Partner. In addition, beginning after the end of the Credit Period, the Limited Partner may, in its sole and absolute discretion, elect to cause the General Partner or its designee to purchase the Limited Partner's entire Interest in the Partnership for one thousand dollars (\$1,000.00), but only if the General Partner provides adequate protection against the possibility of tax credit recapture prior to the end of the Compliance Period, which protection may include, but shall not be limited to, indemnification from a credit-worthy entity acceptable to the Limited Partner and/or a recapture bond. The General Partner agrees that the Partnership will continue to use and operate the Property as affordable housing in accordance with the requirements of Section 42 of the Code for the remainder of the Compliance Period. In the event of a transfer of the Limited Partner's Interest in accordance with this Section, the Limited Partner and the assignee shall execute and deliver such instruments, in form and substance satisfactory to the General Partner and the Limited Partner, as may be necessary to effect such transfer.

(f) Notwithstanding the foregoing provisions of Section 10.01, the Partners specifically acknowledge that: (i) pursuant to the terms and provisions of the Transfer Agreement

attached hereto as Exhibit M, Wincopin Circle LLLP contemplates the transfer of its Interest to an entity in which Enterprise is the general partner, managing member or directly or indirectly controls the general partner or managing member, (ii) all Partners hereby consent to such transfer and the insertion of the name of the transferee as the transferee thereunder, subject to Wincopin Circle LLLP providing confirmation reasonably satisfactory to the General Partner and the Special Limited Partner that the transferee is in fact an entity of the type described in clause (i) of this Section 10.01(f), (iii) such transfer shall be effective on such date as provided in the Transfer Agreement and shall constitute on such date a valid amendment to this Agreement, (iv) the transferee of the Interest of the Limited Partner pursuant to the Transfer Agreement shall be automatically admitted to the Partnership as a Substitute Limited Partner on the effective date of the Transfer Agreement, (v) the transferee of the Interest of the Limited Partner shall be subject to the same restrictions on transfer of its Interest in the Partnership as Wincopin Circle LLLP, and (vi) until such time as such Transfer Agreement is fully executed, Wincopin Circle LLLP may pledge its Interest to a third party lender to secure any loan (a "**Wincopin Loan**") made to Wincopin Circle LLLP which loan is used to finance any capital contributions made to the Partnership by Wincopin Circle LLLP. In the event that Wincopin Circle LLLP shall default under the terms of a Wincopin Loan and the lender thereunder shall exercise its remedies under such pledge, then such lender or any entity to which such lender may transfer Wincopin Circle LLLP's Interest shall become a Permitted Transferee and shall be admitted to the Partnership as a Substitute Limited Partner. Wincopin Circle LLLP shall cause a copy of the fully executed Transfer Agreement to be delivered to the General Partner.

(g) Notwithstanding the foregoing provisions of Section 10.01, the Partners specifically acknowledge that immediately upon the termination of the SLP Obligations Period: (i) the Special Limited Partner Interest of South Terrace Waco SLP, LLC shall transfer to South Terrace Waco GP, LLC, and (ii) the Partnership, the Limited Partner and the General Partner shall be deemed to have released, remised and forever discharged South Terraco Wago SLP, LLC from all of the obligations and from any and all other liabilities, claims, actions, or cause of actions, known or unknown, asserted or unasserted, which they may have relating to or growing out of any action or inaction taken or not taken in connection with South Terraco Wago SLP, LLC's Interest in the Partnership, (iii) the Partnership, the Limited Partner and the General Partner shall be deemed to have covenanted and agreed to indemnify South Terraco Wago SLP, LLC and its partners, officers, directors, shareholders and agents and hold South Terraco Wago SLP, LLC and its partners, officers, directors, shareholders and agents harmless from and against any loss, liability, damage, cost or expense incurred by reason of any demands, claims, suits, actions or proceeding arising out of South Terraco Wago SLP, LLC's ownership of a Special Limited Partner Interest in the Partnership or out of any of the Project Documents or any other documents relating to the Partnership or the Partnership Property. Upon the termination of the SLP Obligations Period, the General Partner, the Limited Partner and the Special Limited Partner shall execute an amendment to this Agreement memorializing clauses (i)-(iii) of this paragraph (g), provided that the Special Limited Partner Interest transfer and related obligations set forth in clauses (i)-(iii) shall be effective as of the termination date of the SLP Obligations Period without regard to whether such amendment was executed.

ARTICLE XI

Management Agent

11.01 General Partner to Engage Management Agent

The General Partner shall have responsibility for engaging a management agent (which may be an Affiliate of the General Partner) acceptable to the Limited Partner and, to the extent required by the applicable Project Documents, the approval of any Mortgagee or governmental authority having jurisdiction over the Project. The Management Agent shall manage and operate the Partnership Property in accordance with this Agreement and in accordance with the applicable Project Documents. The Property Management Agreement attached as Exhibit F shall provide that if the General Partner is removed pursuant to Section 9.02, or if the General Partner withdraws from the Partnership, and the Management Agent is an Affiliate of such removed or withdrawing General Partner, the Property Management Agreement will terminate upon written notice from the Limited Partner or from any designee General Partner designated under Section 9.02(b). Any removal of the Management Agent in accordance with Article IX hereof or hiring of a new Management Agent shall be made only upon obtaining the consents or approvals, if any, required by the Loan Documents, the Project Documents or this Agreement. If the General Partner shall at any time select a management agent other than the Management Agent, such successor to the Management Agent may (subject to the Consent of the Limited Partner and to any required consent or approval of the Mortgagees) be an Affiliate of the General Partner, but shall not be the General Partner. The Management Agent shall be entitled to receive such management fees as are included in the Budget and that comply with the applicable Project Documents. Any successor Management Agent shall be entitled to receive such management fees as may be agreed upon between the General Partner and such successor Management Agent consistent with the Budget, and that comply with the applicable Project Documents; provided however, that the Special Limited Partner reserves the right to consent to any change in the Management Fee.

ARTICLE XII

Dissolution of Partnership

12.01 Dissolution

The Partnership shall be dissolved, and the business of the Partnership shall be terminated in accordance with the Act, upon the occurrence of any of the following events:

(a) The dissolution, liquidation, withdrawal, removal and/or Event of Bankruptcy of a General Partner, under such circumstances where no other remaining General Partner desires to continue the Partnership; *provided, however*, that the Partnership shall not be dissolved as aforesaid if the Limited Partner shall, within the maximum number of days permitted by the Act, elect to continue the Partnership and the Partnership business, and shall designate a successor General Partner, which upon its admission to the Partnership shall immediately obtain all of the General Partner's rights to receive Net Cash Flow, Sale and Refinancing Proceeds, and the unpaid

portion of any fees pursuant to this Agreement, to the extent not already earned by the General Partner, for a purchase price of One Hundred Dollars (\$100);

- (b) An election to dissolve the Partnership made in writing by all of the Partners in accordance with the Act;
- (c) The sale or other disposition of all or substantially all of the Partnership Property;
- (d) The expiration of the Term; or
- (e) The occurrence of any other event causing the dissolution of a limited partnership under the laws of the State of Texas.

12.02 Distribution of Partnership Assets

Upon the dissolution of the Partnership, the Partnership business shall be wound up and its assets liquidated; and the net proceeds of such liquidation shall be distributed in the following order of priority (but in all events in accordance with the Act):

- (a) To the payment of the debts and liabilities of the Partnership (including any amounts that may be owed to any Partner) and the expenses of liquidation;
- (b) To establishing any reserves that the General Partner or liquidator, in accordance with sound business judgment, deems reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership, which reserves may be paid over to an escrow agent to be held by such agent for the purpose of (A) distributing such reserves in payment of the aforementioned contingencies, and (B) upon the expiration of such period as the General Partner or such liquidator may deem advisable, distributing the balance thereof in the manner provided in this Section 12.02; and
- (c) To the Partners in accordance with the then remaining balances in their respective Capital Accounts after all allocation of gain and all Capital Account adjustments have been made pursuant to Article VII.

Notwithstanding any other provision of this Agreement, upon Liquidation of a Partner's entire Interest in the Partnership, whether in liquidation of the Partnership or otherwise, such Partner shall receive a distribution in accordance with the positive balance in its Capital Account no later than the end of the taxable year of such Liquidation or, if later, within ninety (90) days of such Liquidation.

12.03 Termination of the Partnership

The Partnership shall terminate when all Partnership Property shall have been disposed of (except for any liquid assets not so disposed of), and the net proceeds therefrom, as well as any other liquid assets of the Partnership, have been distributed to the Partners as provided in this Article XII and in accordance with the Act.

ARTICLE XIII

Accounting and Reports

13.01 Bank Accounts

The General Partner shall deposit the funds of the Partnership in the name of the Partnership in such separate bank account or accounts, and with such bank or banks whose deposits are insured by an agency of the federal government, as shall be determined by, and in the sole discretion of, the General Partner. The General Partner shall arrange for the appropriate conduct and operation of such account or accounts.

13.02 Books of Account

There shall be kept at the principal office of the Partnership true, correct, and complete books of account, maintained in accordance with generally accepted accounting principles, consistently applied, in which shall be entered fully and accurately each and every transaction of the Partnership. For federal income tax and financial reporting purposes, the Partnership shall use the accrual method of accounting. Each Partner shall have access thereto to inspect and copy such books of account at all reasonable times. Any Partner shall further have the right to a private audit of the books and records of the Partnership, provided that such audit is made at the expense of the Partner desiring the same and is made at reasonable times during normal business hours after due Notice. The Partnership shall retain all books and records for the longer of (i) the period required under this Agreement or (ii) the longest of the period required by applicable laws and regulations, Section 42 of the Code, the Project Documents and Loan Documents.

13.03 Reports

(a) The General Partner shall cause to be prepared and delivered to the Limited Partner and, when required, shall cause the Partnership to file with relevant governmental agencies, each of the following:

(i) *Quarterly Financial Reports of the Partnership*. As soon as available and in any event not later than twenty (20) days after the end of the first, second and third quarters of each year, to be completed and transmitted electronically to the Limited Partner via the designated reporting website:

(A) unaudited financial statements of the Partnership, certified by the General Partner as presenting fairly the financial condition of the Partnership at the date of such statements, including (1) the balance sheet as of the end of such quarter, and (2) the year-to-date statement of operations, if any. Such unaudited financial statements shall be prepared in accordance with generally accepted accounting principles applied on a consistent basis; and

(B) copies of (1) reserve activity, (2) status report and narrative description of material developments, (3) vacancy report and (4) monthly occupancy reports.

(ii) *Annual Audited Financial Statements of the Partnership.* As soon as available, and in any event not later than forty-five (45) days after the end of each year in draft form and not later than sixty (60) days after the end of each year in final form, to be completed using the Limited Partner's standard template and transmitted electronically to the Limited Partner via the designated reporting website (except that bank statements and rent rolls can be submitted electronically or as hard copy):

(A) the audited financial statements of the Partnership, as of the end of such year, including the balance sheet and the related statement of operations, statement of changes in Partners' Capital Accounts and statement of cash flows with the report of the Accountants thereon to the effect that such statements present fairly the financial position at the end of such year and the results of its operations and changes in financial position for the year then ended in conformity with generally accepted accounting principles applied on a consistent basis; notwithstanding anything to the contrary in this Agreement, the General Partner shall provide the Limited Partner at least fifteen (15) days to review such financial statements; provided that drafts not timely received may require a longer review period, and provided further all such financial statements are subject to the approval of the Limited Partner; upon such approval, the General Partner shall immediately provide such statements in final form; and

(B) copies of (1) the rent rolls for the Project indicating the rent, family size, family income and area median income for each tenant, (2) the bank statements, (3) status report and narrative description of material developments, (4) vacancy report, and (5) if the Partnership has elected to use the Average Income Test, the designated imputed income limitation for each Unit.

(iii) *Annual Financial Statements and Tax Returns of the General Partner and the Guarantor.*

(A) As soon as available and in any event not later than two hundred forty (240) days after the end of the Guarantor's fiscal year, prepared on a "consolidating" basis (or with supplemental consolidating schedules attached), the audited financial statements of the Guarantor as of the end of each such fiscal year, including the balance sheets, related statement of operations, statement of changes in Partners' Capital Accounts or retained earnings, and statements of cash flows, with the report of a certified public accountant thereon to the effect that such statements present fairly the financial position at the end of such year and the result of its operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

(B) Upon request, as soon as available and in any event not later than two hundred forty (240) days after the end of the General Partner's fiscal year, the financial statements of the General Partner as of the end of each such fiscal year, including the balance sheet, related statement of operations and statement of cash flows.

(iv) *Annual Partnership Return.* As soon as available and in any event not later than forty-five (45) days after the end of each fiscal year in draft form and not later than sixty (60) days after the end of each fiscal year in final form, all information necessary for the preparation of

the Limited Partner's federal income tax return for each fiscal year in respect of income, gains, losses, deductions, or credits and the allocation thereof to each Partner, including a Schedule K-1 (or other comparable form subsequently required by the IRS) and a copy of the federal "Partnership Return" and any state or local partnership tax return required to be filed by the Partnership. Notwithstanding anything to the contrary in this Agreement, the General Partner shall provide the Limited Partner at least fifteen (15) days to review the federal "Partnership Return," provided that drafts not timely received may require a longer review period, and provided further that such federal "Partnership Return" is subject to the approval of the Limited Partner. Upon such approval, the General Partner shall immediately provide such tax returns to the Limited Partner in final form.

(v) *Periodic Reports Requiring Limited Partner Approval.* Any and all periodic reports required to be provided to the Limited Partner by any federal, state, or local government agency having jurisdiction over the Project, the Partnership Property, or the Partnership.

(vi) *Notice of Defaults, IRS Proceedings and Significant Developments.* Immediately upon receipt thereof (A) notice of any default under any Loan or financial obligation of the Partnership, (B) notice of any IRS proceeding involving the Partnership, or (C) any payment or draw made under any operating deficit guaranty, construction completion guaranty, performance bond or letter of credit, and any other significant developments affecting the Partnership, its business or assets.

(vii) *Construction and Lease-up Progress.* With each construction draw submitted to the Limited Partner (regardless of whether such draw requires an equity Installment), but in no event less than once a month, a report on the progress of construction in the form attached as Exhibit K to this Agreement. If the Special Limited Partner determines that the actual amount with respect to any line item in the then approved budget for the development of the Project is or likely will be less than the amount of such line item as set forth in the then approved budget for the development of the Project (a "*Cost Savings*"), the Special Limited Partner will notify the Limited Partner and the General Partner of such Cost Savings and such Cost Savings will be utilized only as approved by the Limited Partner and by any lender or any governmental authority whose approval to such use is required.

As soon as available, and in no event later than fifteen (15) days after the end of each month, a monthly report on the progress of lease-up submitted electronically in accordance with Enterprise's lease-up tracking procedures.

(viii) *Tenant Income Certifications.* As soon as available, and in no event later than sixty (60) days after a Unit is qualified, copies of all initial Tenant Income Certifications.

(ix) *Cost Certification.* As soon as available, and in no event later than seventy five (75) days after the Completion Date, the Cost Certification prepared by the Accountants.

(x) *Deficits; Draws on Bonds, Guaranties, or Reserves.* Within five (5) business days of the exercise thereof, notice of any draw, call or demand for payment of any

Operating Deficit, contractor performance bonds or construction completion guarantee, and any draw on the Operating Reserve.

(xi) *Nonrecourse Liabilities.* As soon as possible, notice of any contemplated repayment or guarantee of any nonrecourse obligation of the Partnership or any other conversion of such nonrecourse obligation to a recourse obligation.

(xii) *Filings.* Within ten (10) days of filing or receipt, copies of all annual reports or other filings (including the Extended Use Agreement) submitted to the Authority and copies of all IRS Forms 8823 or correspondence with the Authority with respect to the Partnership or the Project.

(xiii) *Minimum Set Aside Reports.* The General Partner will provide a schedule of the applicable unit designations for purposes of the Average Income Test and a certification by the General Partner and Management Agent that the Project remains in compliance with such Average Income Test, including all final or temporary regulations promulgated with respect to Code Section 42(g)(1)(c) and other applicable guidance with respect thereto.

(xiv) *Information Requested by the Limited Partner.* Such other information regarding the state of the business, financial condition and affairs of the Partnership, as the Limited Partner, from time to time, may reasonably request, including, but not limited to, a certification by the General Partner that (A) all Loan payments and taxes and insurance payments with respect to the Project are current as of the date of the year-end report, (B) there is no default under any material provision of the Loan or Project Documents or this Agreement, or if there is any default, a description thereof, and (C) there is no building, health or fire code violation or, to the best of its knowledge, similar violation of a governmental law, ordinance or regulation against the Project or, if there is such violation, a description thereof.

(b) The General Partner shall promptly respond to all reasonable requests for information made by the Limited Partner.

(c) The General Partner shall deliver to the Limited Partner from time to time, and within ten (10) days after request therefor, all such further statements and information as the Limited Partner may request in order to enable the Limited Partner to determine or verify the amounts of all payments that the General Partner shall be required to make to the Partners and the amounts of credits, and all such statements and information needed by the Limited Partner in connection with reports and forms required to be filed by the Limited Partner pursuant to federal or state securities law.

(d) In the event that the Partnership's annual audited financial statements or tax returns provided for in Sections 13.03(a)(ii) and (iv) are not provided within the time frames set forth therein, the General Partner shall be obligated to pay to the Limited Partner the sum of Fifty Dollars (\$50) per day unless the General Partner is able to demonstrate that its failure to timely provide such statements or returns was not caused by the General Partner and that it is taking all commercially reasonable efforts to provide such statements or returns as soon as possible. In the event the statements or returns are not provided on a timely basis and the General Partner is unable

to demonstrate that it is diligently taking all commercially reasonable steps to provide such statements or returns as soon as possible, the Limited Partner may direct the General Partner to dismiss the Accountants, and to designate successor Accountants, subject to the approval of the Limited Partner.

13.04 Partnership Representative

(a) *Defined Terms.* For purposes of this Section 13.04, the following terms shall have the meanings set forth below:

Administrative Adjustment Request: An administrative adjustment request under Code Section 6227.

Adjustment Year: The Partnership taxable year in which (i) in the case of an adjustment pursuant to the decision of a court in a proceeding brought under Code Section 6234, such decision becomes final, (ii) in the case of an Administrative Adjustment Request, such Administrative Adjustment Request is made, or (iii) in any other case, a notice of final Partnership Adjustment is mailed under Code Section 6231 or, if the Partnership waives the restrictions under Code Section 6232(b) (regarding limitations on assessment), the date the waiver is executed by the IRS.

Adjustment Year Partner: Any Person who held an interest in the Partnership at any time during an Adjustment Year.

Former Partner: Any Person who was a Reviewed Year Partner but is not an Adjustment Year Partner.

Imputed Underpayment: Has the meaning set forth in Section 6225 of the Code.

Indirect Partner: Any Person who has an interest in the Partnership through its interest in one or more Pass-Through Partners.

Partnership Adjustment: Any adjustment to any “partnership-related item,” as such term is defined in Code Section 6241(2), or any Partner’s distributive share thereof, in any case as described in any applicable Regulations or other guidance prescribed by the IRS.

Pass-through Partner: A pass-through entity that holds an interest in the Partnership, including a partnership (as described in Treas. Reg. § 301.7701-2(c)(1) including a foreign entity that is classified as a partnership under Treas. Reg. § 301.7701-3(b)(2)(i)(A) or (c), an S corporation, a trust (other than a trust described in the next sentence) and a decedent’s estate. For purposes of this definition, a pass-through entity does not include a disregarded entity described in Treas. Reg. § 301.7701-2(c)(2)(i) or a trust that is wholly owned by only one Person, whether the grantor or another Person, and the trust reports the owner’s information to payors under Treas. Reg. § 1.671-4(b)(2)(i)(A).

Reviewed Year: The Partnership taxable year to which a Partnership Adjustment relates.

Reviewed Year Partner: Any Person who held an interest in the Partnership at any time during the Reviewed Year.

Revised Partnership Audit Rules: Subchapter 63C of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74 and the Protecting Americans from Tax Hikes Act of 2015, P.L. 114-113), and the Treasury Regulations promulgated thereunder, as amended from time to time.

Taxes: Any tax, penalties, additions to tax, additional amounts, and interest as described in Section 6226 of the Code.

(b) *Partnership Representative.*

(i) Appointment and Designation. The Partners hereby authorize the Partnership to appoint the General Partner as the initial partnership representative of the Partnership pursuant to Section 6223(a) of the Code (the “**Partnership Representative**”). The General Partner shall be appointed the Partnership Representative for each taxable year of the Partnership provided that if an event or circumstance has occurred which, with the giving of notice or the passage of time, would constitute a Removal Default hereunder or a default by the Partnership Representative or Designated Individual of its/his/her duties and obligations under this Section 13.04, the Consent of the Limited Partner must be obtained before the Partnership Representative is appointed for any taxable year of the Partnership. The Partnership Representative shall timely designate an individual to serve as the sole individual through whom the Partnership Representative will act for purposes of the Revised Partnership Audit Rules (the “**Designated Individual**”) with the Consent of the Limited Partner. No later than the effective date of the designation of the Designated Individual as the Designated Individual or of the Partnership Representative as the Partnership Representative, such Designated Individual or Partnership Representative, as applicable, must agree in writing to be bound by the same obligations and restrictions imposed on the Partnership Representative under this Section 13.04 prior to and as condition of such designation.

(ii) Resignation; Revocation. The General Partner (and any successor Partnership Representative) may resign as the Partnership Representative by written notice to the Partnership, the Limited Partner, and the IRS. Notice of such resignation shall be given to the IRS in the time and manner prescribed by the IRS. The resigning Partnership Representative shall designate a successor Partnership Representative only as directed by or with the Consent of the Limited Partner. Upon removal of the General Partner for any reason pursuant to the provisions of Section 9.02(a) of this Agreement or, with the Consent of the Limited Partner, in the event of a default by the Partnership Representative or Designated Individual of its/his/her duties and obligations under this Section 13.04, the Partnership shall revoke the designation of the General Partner as the Partnership Representative for all taxable years during which such designation was in effect by written notice to the Partnership Representative and the IRS. The designation of the Designated Individual as the Designated Individual shall automatically terminate on the effective

date of the resignation or revocation of the applicable entity as Partnership Representative. Notice of such revocation shall be given to the IRS in the time and manner prescribed by the IRS and shall include the designation of another Person selected by the Limited Partner as the successor Partnership Representative for the Partnership taxable year for which the designation was in effect and the designation of another Person selected by the Limited Partner as the successor Designated Individual for the Partnership taxable year for which the designation was in effect. In furtherance hereof, the General Partner hereby constitutes and appoints the Limited Partner, with full power of substitution, its true and lawful attorney-in-fact in its name, place and stead to carry out fully the provisions of this Section 13.04(b)(ii) and take any action which the Limited Partner may deem necessary or appropriate in connection herewith. The power of attorney hereby granted shall be deemed to be coupled with an interest, shall be irrevocable and shall survive and shall not be affected by the subsequent incapacity, dissolution, resignation, revocation or other termination of the General Partner as the Partnership Representative.

(iii) Successor Partnership Representative. Any successor Partnership Representative must have a substantial presence in the United States, have been Consented to by the Limited Partner, and otherwise satisfy all statutory and regulatory requirements imposed by the Revised Partnership Audit Rules. The Person so designated must agree in writing to be bound by the terms of this Section 13.04 and shall not take any action in its capacity as Partnership Representative until the resignation and/or revocation of the prior Partnership Representative becomes effective under the Code or Treasury Regulations.

(iv) Notice of Communications. The Partnership Representative shall give the Partners prompt notice of any inquiry, notice, or other communication received from the IRS or other applicable tax authority regarding the tax treatment of the Partnership or the Partners, and shall, to the extent possible, give the Partners prior notice of and a reasonable opportunity to review and comment upon any written communication the Partnership Representative intends to make to any such taxing authority in connection with any examination, audit or other inquiry involving the Partnership. Without limiting the generality of the foregoing, the Partnership immediately shall send to all of the Partners copies of any notice of a proposed or final Partnership Adjustment received by the Partnership and/or the Partnership Representative from the IRS.

(v) Duties and Limitations on Authority. The Partnership Representative and any Designated Individual shall have all power and authority of a partnership representative and designated individual, respectively, as set forth in Section 6223 of the Code, and shall represent the Partnership and its Partners in all dealings with the IRS and state and local taxing authorities, provided, however, that, except as specifically provided in Section 13.04(c) below, the Partnership Representative shall not, without the Consent of the Limited Partner, have any power or authority to do any or all of the following:

- (A) make an election to opt out of the application of the Revised Partnership Audit Rules to the Partnership;
- (B) make a Push-Out Election;
- (C) file an Administrative Adjustment Request;

- (D) select any judicial forum for the litigation of any Partnership tax dispute; or
- (E) take any other action (or fail to take any action) that might reasonably be expected to require the payment of any material Taxes by the Partnership or the Limited Partner, or otherwise have a material adverse impact on the tax or economic position of the Partnership or the Limited Partner.

(vi) Fiduciary Relationship. The relationship of the Partnership Representative to the Limited Partner shall be that of a fiduciary, and the Partnership Representative shall have a fiduciary obligation to perform its duties in such manner as will serve the best interests of the Limited Partner.

(vii) Indemnification. To the extent of available funds, the Partnership shall indemnify the Partnership Representative against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) reasonably incurred by the Partnership Representative in its capacity as the Partnership Representative, and not its capacity as a Partner or a Former Partner, in connection with any audit or administrative or judicial proceeding in which the Partnership Representative is involved solely by reason of being the Partnership Representative of the Partnership, provided that the same were not the result of negligence, misconduct, fraud, breach of fiduciary duty or breach of this Agreement on the part of the Partnership Representative and were the result of a course of conduct which the Partnership Representative, in good faith, reasonably believed to be in the best interests of the Partnership and the Limited Partner and within the scope of its authority under this Section 13.04.

(c) *Modifications and Partnership Elections.*

(i) Modifications to Imputed Underpayment. If the Partnership and/or Partnership Representative receives notice of a proposed Partnership Adjustment from the IRS, the Partnership Representative shall so notify the Partners in accordance with the provisions of Section 13.04(b)(iv) above and, if requested to do so by the Limited Partner, shall request modification of the Imputed Underpayment proposed in such notice in accordance with any applicable Treasury Regulations, forms, instructions, and other guidance prescribed by the IRS. Any such request by the Limited Partner shall describe the modifications or adjustment factors that the Limited Partner believes affect the calculation of the Imputed Underpayment in sufficient detail to substantiate the request for modification. Unless an extension of time is granted by the IRS, all information required to support a requested modification shall be submitted by the Limited Partner to the Partnership Representative no later than one hundred eighty (180) days after the Limited Partner receives notice of the proposed Partnership Adjustment from the Partnership Representative, and the Partnership Representative shall submit such information to the IRS no later than two hundred seventy (270) days after the date the proposed Partnership Adjustment notice was mailed by the IRS.

(ii) Amended Returns. If requested to do so by the Limited Partner, the Partnership Representative shall request a modification of an Imputed Underpayment based on an

amended return (or, to the extent permitted by law, any similar statement) filed by a Partner (or Indirect Partner) that takes account of all of the Partnership adjustments properly allocable to such Partner (or Indirect Partner). Any such request shall be accompanied by an affidavit from the requesting Partner (or Indirect Partner) signed under penalties of perjury that the requesting Partner (or Indirect Partner) has either filed each required amended return (or similar statement) or provided all information to the IRS as requested pursuant to Code Section 6225(c)(2)(B)(iii), and paid all Taxes due as a result of taking into account the adjustments in the first affected year and all modification years, as such terms are defined and applied in any applicable Regulations, forms, instructions, and other guidance prescribed by the IRS.

(iii) Reallocation Adjustment. In the case of a Partnership Adjustment that reallocates the distributive share of any tax item from one Partner to another, the Partnership Representative shall be required to submit the modification request to the IRS under this Section 13.04(c) only if all Partners (or Indirect Partners) affected by such adjustment (“Affected Partners”) provide the affidavit(s) described in clause (ii) above or the Partnership Representative is notified by the IRS that one or more Affected Partners have taken (or will take) into account their allocable share of the adjustment through other modifications approved by the IRS (such as, but not limited to, a closing agreement).

(iv) Push-Out Election. If the Partnership receives notice of a final Partnership Adjustment from the IRS, the Partnership Representative shall so notify the Partners and any Former Partners in accordance with the provisions of Section 13.04(b)(iv) above and, if requested to do so by the General Partner, and only after a good faith consultation with the Limited Partner, shall make an election (a “*Push-Out Election*”) under Section 6226 of the Code with respect to one or more Imputed Underpayments set forth in the final Partnership Adjustment notice. Except as hereinafter provided, if a Push-Out Election is made, each Reviewed Year Partner shall take into account its allocable share of the Partnership Adjustments that relate to the specified Imputed Underpayment and shall be liable for any Taxes as described in Section 6226 of the Code and any applicable Treasury Regulations or other guidance prescribed by the IRS. Notwithstanding the foregoing, to the extent permitted by law, any Reviewed Year Partner that is a partnership or S corporation may, at its option and in accordance with any applicable Treasury Regulations or other guidance prescribed by the IRS, elect (in lieu of paying its allocable share of such Partnership Adjustments) to push out the liability for Taxes attributable to such Partnership Adjustments to its Partners (including Indirect Partners). Any Push-Out Election shall be filed within forty-five (45) days of the date the notice of final Partnership Adjustment is mailed by the IRS and shall be in such form, and shall contain such information, as required by any applicable Regulations, forms, instructions and other guidance prescribed by the IRS. If a Push-Out Election is made, the Partnership Representative shall furnish to each Reviewed Year Partner and the IRS, for each Reviewed Year within sixty (60) days after the date all of the Partnership Adjustments to which the statement relates are finally determined, a statement that includes all items and information required under any applicable Regulations, forms, instructions, and other guidance prescribed by the IRS. Furthermore, in the event that the General Partner makes a Push-Out Election against the advice of the Limited Partner, the General Partner will be obligated to reimburse to the Limited Partner, within ten (10) days’ demand, the additional interest (which additional interest shall be the incremental percentage increase described in Section 6226(c)(2)(C)

of the Code) paid by the Limited Partner as a result of the Push-Out Election but only to the extent that the total underpayment (including interest and penalties) paid by the Limited Partner exceeds what the Limited Partner's proportional share of the Partnership's imputed underpayment (including interest and penalties) would have been had a "push-out" election not been made.

(v) Reimbursement of Allocable Share of Imputed Underpayment. If the Partnership becomes obligated to make an Imputed Underpayment under Code Section 6225(a), each of the Partners (including any Former Partner) to whom such liability relates shall be obligated, within thirty (30) days after written notice from the General Partner, to pay an amount that, on an After-Tax Basis if such payment is treated as an indemnity payment under this Section 13.04(c)(v), is equal to its allocable share of such amount to the Partnership; *provided, however*, that if and to the extent that the Partnership's liability results from a loss, disallowance or recapture of Credits for which a Credit Adjuster Advance is due to such Person and has not been paid, the amount otherwise payable by such Person to the Partnership under this Section 13.04(c)(v) shall be reduced by the amount of any unpaid Credit Adjuster Advance payable to such Person so that the Partnership will bear the portion of the Imputed Underpayment equal to such reduction. Any amount not paid by a Partner (or Former Partner) within such 30-day period shall accrue interest at Prime Rate plus 2% until paid. Any such payment made by any Partner shall be treated as a Capital Contribution; *provided*, that such payment will be treated as an indemnity payment if the Limited Partner determines in its sole discretion that treatment as a Capital Contribution would result in a reallocation of tax losses or Credits. Any such payment made by any Former Partner shall be treated as an indemnity payment and not as a Capital Contribution or loan to the Partnership.

(vi) Withholding. Notwithstanding anything to the contrary contained herein, the General Partner shall cause the Partnership to withhold from any distribution or payment due to any Partner (or Former Partner) under this Agreement any amount due to the Partnership from such Partner (or Former Partner) under clause (v) above. Any amount(s) so withheld shall be applied by the Partnership to discharge the obligation in respect of which such amount was withheld. All amounts withheld pursuant to the provisions of this Section 13.04(c)(vi) with respect to a Partner (or Former Partner) shall be treated as if such amounts were distributed or paid, as applicable, to such Partner (or Former Partner).

(vii) Indemnity. To the extent that a portion of the Taxes imposed under Code Section 6225(a) relates to a Former Partner, the General Partner shall require such Former Partner to indemnify the Partnership for its allocable portion of such tax (including any penalties, additions to tax, additional amounts, and interest) to the extent such amounts have not been withheld pursuant to the provisions of Section 13.04(c)(vi). Each Partner acknowledges that, notwithstanding the transfer or liquidation of all or any portion of its Interest in the Partnership, it shall remain liable for Taxes with respect to its allocable share of income and gain of the Partnership for the Partnership's taxable years (or portions thereof) prior to such transfer or liquidation unless otherwise agreed to in writing by the Partners during the taxable year(s) (or portion thereof) to which the Taxes relate and all Former Partners during the Partnership's taxable year(s) (or portion(s) thereof) to which the Taxes relate.

(viii) If the IRS assesses a tax upon any Partner or Former Partner pursuant to Code Section 6232(f) with respect to one or more Imputed Underpayments (and interest and penalties thereon) set forth in the final Partnership Adjustment notice with respect to which a Push-Out Election is not made by the Partnership, such Partner or Former Partner shall be liable for such amount (as such amount may be subsequently reduced pursuant to Code Section 6232(f)(4) to reflect payments made by the Partnership with respect to the applicable Imputed Underpayment).

(ix) Continuing Obligations. Whether the liability is assessed to the Partnership or the Partners (or Former Partners), the parties hereto acknowledge and agree that nothing in this Section 13.04(c) is intended, nor shall it be construed, to modify or waive any obligations of the General Partner under this Agreement including, without limitation, the obligation to make a payment pursuant to the provisions of Section 3.03.

(d) *Consistent Tax Treatment.* Except as hereinafter provided, each Partner agrees that its treatment on its own federal income tax return of each item of income, gain, loss, deduction, or credit attributable to the Partnership shall be consistent with the treatment of such items on the Partnership return, including the amount, timing, and characterization of such items. Notwithstanding the foregoing general requirement, any Partner may file a statement identifying certain items that are inconsistent (or that may be inconsistent) in accordance with any applicable Treasury Regulations, forms, instructions, or other guidance provided by the IRS. Any such statement shall be attached to the Partner's tax return on which the item is treated inconsistently.

(e) *Tax Counsel or Accountants.* The Partnership Representative shall employ experienced tax counsel and/or accountants to represent the Partnership in connection with any audit or investigation of the Partnership by the IRS or any other taxing authority and in connection with all subsequent administrative and judicial proceedings arising out of such audit. Such counsel and/or accountants shall be responsible for representing the Partnership; it shall be the responsibility of the Partners, at their expense, to employ tax counsel or accountants to represent their respective separate interests.

(f) *Survival.* The obligations of each Partner or Former Partner under this Section shall survive the transfer, redemption or liquidation by such Partner of its Partnership Interest and the termination of this Agreement or the dissolution of the Partnership.

(g) *Amendments.* Upon the promulgation of revised Treasury Regulations implementing the Revised Partnership Audit Rules or upon further amendment of the Revised Partnership Audit Rules, the Partners will evaluate and consider options available with respect to preserving the allocation of responsibility and authority described in this Section 13.04, while conforming with the applicable provisions of the revised partnership audit procedures. The Partners agree to work together in good faith to make elections and amend this Agreement (if any party determines that an amendment is required) to maintain the intent of the parties with respect to the obligations and limitations of the Partnership Representative.

(h) *State and Local Income Tax Matters.* The provisions of this Section 13.04 shall also apply to state and local income tax matters affecting the Partnership to the extent the terms and conditions hereof have any application to audit procedures at the state and local level.

ARTICLE XIV

Buyout Option and Right of First Refusal

14.01 Buyout Option

(a) Beginning after the end of the Compliance Period, and only if at such time or times the General Partner has satisfied all obligations under this Agreement to the Limited Partner, the General Partner is not in default under any of the Project Documents, the Loan Documents or this Agreement, and no Event of Bankruptcy has occurred or is pending with respect to the General Partner or the Guarantor, the General Partner shall have the option (the “**Buyout Option**”) for an Affiliate to purchase the Limited Partner’s entire Interest in the Partnership or the Partnership Property for the “**Buyout Price**.” The Buyout Price shall equal (a) if the General Partner or its Affiliate is purchasing the Limited Partner’s entire Interest in the Partnership, the greater of (i) the fair market value of the Limited Partner’s Interest (the “**LP Interest FMV**”) as of the date of the Buyout Notice or (ii) One Dollar (\$1) plus all federal, state and local taxes attributable to such sale, including those incurred or to be incurred by the partners, direct or indirect, of the Limited Partner, to the extent they exceed the Exit Tax (“**Buyout Taxes**”), or (b) if the General Partner or its Affiliate is purchasing the Partnership Property, the greater of (i) the fair market value of the Partnership Property (the “**Partnership Property FMV**”) as of the date of the Buyout Notice, or (ii) \$1 plus the Buyout Taxes.

Additionally, the General Partner shall have the option to purchase the Limited Partner's Interest for the Buyout Price beginning the first calendar year after all Credits have been delivered if, in addition to satisfaction of the conditions above, (i) the Limited Partner (a) approves such exercise, in its sole and absolute discretion, or (b) determines, in its sole and absolute discretion, that the Partnership will provide the Limited Partner an internal rate of return calculated utilizing the same methodology as the Projections were calculated, but revised to reflect the actual delivery of Credits and losses to the Limited Partner through the exercise of the Buyout Option, in an amount at least equal to the internal rate of return as shown on the Projections, even after the exercise of the Buyout Option, (ii) the Limited Partner determines that an exercise of the Buyout Option after the Partnership has received all Credits available to it will not result in any negative tax consequences to the Limited Partner, (iii) to the extent required by the Limited Partner in its sole and absolute discretion, the General Partner provides adequate protection against the possibility of tax credit recapture prior to the end of the audit period applicable to the Compliance Period, which protection may include, but shall not be limited to, a guaranty or indemnification from a credit-worthy entity acceptable to the Limited Partner, and (iv) the General Partner and/or the Partnership shall pay to the Limited Partner all unpaid fees, loans, credit adjuster distributions and credit adjuster payments owed to the Limited Partner.

In order to exercise the Buyout Option, the General Partner shall provide written notice to the Limited Partner (the “**Buyout Notice**”) which shall include a proposed Buyout Price (with a copy of the appraisal and computations of both the LP Interest FMV (or Partnership Property FMV, as the case may be) and Buyout Taxes). The LP Interest FMV or Partnership Property FMV, as the case may be, shall be determined by an independent appraiser selected by

the General Partner who shall prepare an appraisal of the Limited Partner's interest or the Partnership Property, as the case may be, which appraisal may take into account any factors that the independent appraiser deems, in its sole and absolute discretion, relevant in determining the LP Interest FMV or Partnership Property FMV, including, but not limited to, appropriate discounts typically applied to the valuation of an limited partner's interest, and deferred maintenance and capital needs requirements set forth in a physical needs assessment.

The computation of the LP Interest FMV or Partnership Property FMV, as the case may be, shall be subject to the Consent of the Limited Partner (which will not be unreasonably withheld). In the event that the Limited Partner fails to notify the General Partner of such Consent of the Limited Partner within sixty (60) days of receipt of the Buyout Notice it shall be deemed to have accepted the computation. In the event that the Limited Partner notifies the General Partner of its desire to appoint a second appraiser, the Limited Partner shall appoint such appraiser within thirty (30) days after it notifies the General Partner of its election, and the two appraisers shall together appoint a third appraiser within fifteen (15) days after the appointment of the second appraiser. The three appraisers so appointed shall each determine the Project FMV within thirty (30) days after the appointment of the third appraiser, and the Project FMV shall be the average of the three appraisers' determinations; provided that if one or more of the appraisers' determinations is more than ten percent (10%) higher or lower than the average of the three determinations, such appraiser's determination shall be disregarded in determining the Project FMV, and provided, further, that if none of the appraisers' determinations is equal to or less than ten percent (10%) higher or lower than the average of the three determinations, the Project FMV shall be the middle of the three determinations.

The closing of the sale of the Limited Partner's Interest or the Partnership Property, as the case may be, to the General Partner shall occur within thirty (30) days after the Limited Partner consents to the computation of the Buyout Price. The entire Buyout Price shall be paid to the Limited Partner at the closing in cash or immediately available funds. All costs associated with the exercise of the Buyout Option other than the Limited Partner's attorney fees, including the costs of the appraiser appointed by the General Partner, the Accountants' fees and any filing fees and transfer taxes attributable to the Buyout shall be paid by the General Partner.

In the event the General Partner has not provided a Buyout Notice to the Limited Partner as required by this Section 14.01 not later than one (1) year after the end of the Compliance Period, the General Partner's right to exercise the Buyout Option shall terminate.

14.02 Right of First Refusal

With the Consent of the Special Limited Partner, and in accordance with the Right of First Refusal Agreement attached as Exhibit J to this Agreement, and provided there is no Removal Default with respect to the General Partner, the Partnership will not transfer, sell, alienate, assign, give, bequeath or otherwise dispose of the Partnership Property to any Person without first offering the Partnership Property for a period of forty-five (45) days to the Sponsor (if it then qualifies as an organization described in Section 42(i)(7)(A) of the Code) (the "**Purchaser**") at a price equal to the sum of (i) the principal amount of all outstanding indebtedness secured by the Partnership

Property, all other loans from the General Partner or its Affiliates, all Sponsor Loans, and any accrued interest on any of such debt; and (ii) all federal, state and local taxes attributable to such sale, including those incurred or to be incurred by the partners, direct or indirect, of the Limited Partner; *provided, however*, that such right of first refusal shall be conditioned upon the receipt by the Partnership of a bona fide offer for the Partnership Property which offer may be solicited by the General Partner. In the event the Sponsor has not exercised its Right of First Refusal within one (1) year after the end of the Compliance Period, the Sponsor's Right of First Refusal shall terminate. No approval from the Limited Partner or Special Limited Partner will be required in order for the Sponsor to purchase the Property pursuant to the Right of First Refusal.

ARTICLE XV

Miscellaneous Provisions

15.01 Amendments to Agreement

(a) Each Partner, including any additional Limited Partner or Special Limited Partner, Substitute Limited Partner and Substitute Special Limited Partner, additional General Partner, and successor General Partner shall become a signatory hereto by signing counterpart signature pages to this Agreement or an amendment to this Agreement or by granting a power of attorney to the General Partner therefor, and by signing any other instrument or instruments deemed necessary by the General Partner. By so signing, each Partner, including any additional Limited Partner and Substitute Limited Partner, additional General Partner, or successor General Partner, as the case may be, shall be deemed to have adopted, and to have agreed to be bound by, all the provisions of this Agreement.

(b) No amendments shall be adopted pursuant to this Section 15.01 unless the adoption of such amendment does not affect the limited liability of the Limited Partner under the Act or the status of the Partnership as a partnership for federal income tax purposes, or cause loss or recapture of the Credit for any Partner that has not transferred its Partnership Interest.

(c) In making any amendments, there shall be prepared and timely filed for recordation by the General Partner all documents and certificates required, if any, to be prepared and filed under the Act and under the laws of any other jurisdiction in which the Partnership is then formed or qualified.

(d) The proposal of an amendment may only be made:

(i) By the General Partner, upon Notice to the Limited Partner and the Special Limited Partner which shall include (A) the text of the amendment, and (B) a statement of the purpose of the amendment.

(ii) By the Limited Partner, upon Notice to the General Partner and the Special Limited Partner which shall include (A) the text of such amendment, and (B) a statement of the purpose of the amendment.

(e) No Amendments to this Agreement shall become effective prior to Partnership's receipt of Form(s) 8609 without the Consent of the Special Limited Partner, which Consent may be withheld in the sole discretion of the Special Limited Partner.

(f) Amendments to this Agreement shall become effective only upon the Consent of the General Partner and the Consent of the Limited Partner unless such Consent has been given under the terms of this Agreement. Consent may be withheld in the sole discretion of any Partner.

15.02 Notices

All Notices to be given under this Agreement shall be sent to the Persons shown on Exhibit A-5. Any Partner may change its Notice address by providing Notice thereof to all other Partners.

15.03 [Intentionally Omitted]

15.04 Action for Breach

The representations, warranties, covenants, agreements, and duties of the General Partner contained in this Agreement are being made in order to induce, and in consideration of, the Limited Partner's acquisition of its Interest. Upon the breach of any representation, warranty, covenant, agreement, or duty, the Limited Partner, if decided by Consent of the Limited Partner, may pursue any available legal or equitable remedy against the General Partner without being required to dissolve the Partnership and notwithstanding the availability of any other remedy.

15.05 Consent and Voting

No vote or Consent of the Limited Partner shall ever be construed to make the Limited Partner liable as a general partner or cause the Limited Partner to be liable for Partnership obligations. Except as otherwise expressly provided in this Agreement, the Special Limited Partner shall have no voting or consent rights under this Agreement.

15.06 Survival of Representations

All representations, warranties, and indemnifications contained herein shall survive the dissolution and final liquidation of the Partnership.

15.07 Entire Agreement

This Agreement contains the entire understanding between and among the parties and supersedes any prior understandings and agreements between and among them respecting the subject matter of this Agreement.

15.08 Applicable Law

It is the intention of the parties hereto that all questions with respect to the construction, enforcement, and interpretation of this Agreement and the rights and liabilities of the parties hereto

shall be determined in accordance with the laws of the United States of America and the laws of the State of Texas, without regard to Texas's internal conflict of laws principles.

15.09 Severability

This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable statutes, laws, ordinances, rules, and regulations. If any provision of this Agreement or the application thereof to any Person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law. In the event that any provision of this Agreement or the application thereof shall be invalid or unenforceable, the Partners agree to negotiate (on a reasonable basis) a substitute valid or enforceable provision providing for substantially the same effect as the invalid or unenforceable provision.

15.10 Binding Effect

When entered into by the parties hereto, this Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective spouses, heirs, executors and administrators, personal and legal representatives, successors and assigns.

15.11 Counterparts

This Agreement and any amendments hereto may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

15.12 Successor Statutes and Agencies

Any reference contained in this Agreement to specific statutory or regulatory provisions or to specific governmental agencies or entities shall include any successor statute or regulation, or agency or entity, as the case may be.

15.13 No Implied Waiver

No failure on the part of any Partner to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. No term or provision of this Agreement shall be deemed waived and no breach excused unless such waiver or excuse shall be in writing and signed by the party claimed to have so waived or excused.

15.14 Incorporation by Reference

Each document attached hereto as an exhibit is incorporated herein by reference and an occurrence of a default under an exhibit hereto shall constitute a default under this Agreement.

15.15 Special Limited Partner Limited Rights

The General Partner agrees to permit the Special Limited Partner to participate in all meetings relating to the Project, and the construction, development, management, operation, maintenance, and repair thereof as attended by the General Partner. The Special Limited Partner shall be entitled to participate with the General Partner in the Budget process, and in meetings between the General Partner and the Management Agent relative to setting the Budget for the Project. The General Partner agrees to give the Special Limited Partner notice of any default by the General Partner in its obligations under this Agreement, as well as any written notices received by the Partnership that the Partnership is in default under its obligations with respect to the Project. The Special Limited Partner shall have the opportunity to cure such default within ten (10) business days after receiving such notice from the General Partner.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

SOUTH TERRACE WACO, LP
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Signature Page

SOUTH TERRACE WACO GP, LLC,
General Partner

By: Waco Public Facility Corporation, its sole
member

By: _____
Name: _____
Title: _____

SOUTH TERRACE WACO, LP
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Signature Page

SOUTH TERRACE WACO SLP, LLC,
Special Limited Partner

By: Brinshore Development, L.L.C.,
its sole member

By: RJS Real Estate Services, Inc.,
its sole member

By: _____
Richard Sciortino
President

SOUTH TERRACE WACO, LP
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Signature Page

USE IF CLOSING INTO WINCOPIN CIRCLE LLLP:

WINCOPIN CIRCLE LLLP,
Limited Partner

By: Wincopin GP, LLC,
General Partner

By: _____
Name: _____
Title: _____

SOUTH TERRACE WACO, LP
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Signature Page

[NAME OF WITHDRAWING
LIMITED PARTNER],
Withdrawing Initial Limited Partner

By: _____
Name: _____
Title: _____

SOUTH TERRACE WACO, LP
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Exhibit A
Partners; Percentage Interests;
Capital Contribution Commitments

	Percentage Interests	Capital Contributions*
<u>General Partner</u>		
South Terrace Waco GP, LLC	0.0051%	\$100
<u>Limited Partner</u>		
Wincopin Circle LLLP	99.99%	\$13,073,585
<u>Special Limited Partner</u>		
South Terrace Waco SLP, LLC	0.0049%	\$100
TOTALS	100%	\$13,073,785

* The Capital Contribution of the Limited Partner will be paid in Installments as described on the following Exhibit A-1 upon the last to occur of the receipt and approval by the Limited Partner, to the satisfaction of the Limited Partner, of all conditions for such Installment and the date associated with such Installment. Each Additional Capital Contribution is due on the later of the scheduled due date or twenty (20) days (ten (10) days for Additional Capital Contributions made prior to the Completion Date) after receipt and approval by the Limited Partner of an Additional Capital Contribution Notice given by the General Partner, including the Notice Certifications in the exact form attached as Exhibit A-7, in accordance with Section 3.02(c). In addition, the amounts of the Capital Contributions are subject to adjustment as provided in this Agreement.

SOUTH TERRACE WACO, LP
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Exhibit A-1
Capital Contribution Installments

Installment	Amount of Installment	Conditions for Capital Contribution
<u>First</u>	\$1,961,038	Admission Date.
<u>Second</u>	\$1,000,000	<p>During Construction within ten (10) days after receipt of a written draw request acceptable to the Limited Partner which shall include:</p> <ul style="list-style-type: none"> (a) AIA forms G702 and G703, including all change orders not previously submitted and approved to the extent required under Section 5.13; (b) lien waivers signed by General Contractor on all amounts expended by it through the current draw as shown on the current AIA G702, in a form acceptable to the Limited Partner; (c) a draw schedule through the current draw detailing actual sources and uses to date and amounts remaining for each; (d) acceptable detail support for all soft costs not included in the general construction contract; (e) Exhibit K; and (f) such other items as the Limited Partner may reasonably require (including, but not limited to, an Independent Construction Inspector's Report to be obtained by the Limited Partner); <p>but not before July 1, 2021, and no more than \$500,000 shall be paid prior to October 1, 2021, and no draw request will be for an amount less than \$25,000; <i>provided, however</i>, no payment will be made after sixty (60) days from the Admission Date without the Limited Partner's receipt of copies of all loan documents for loans closed on or before the Admission Date and the Owner's title insurance policy.</p>

Installment	Amount of Installment	Conditions for Capital Contribution
<u>Third</u>	\$7,126,673	<p data-bbox="643 312 737 338">Latest of:</p> <ul style="list-style-type: none"> <li data-bbox="643 373 1435 617">(a) Completion Date (including, without limitation, receipt of temporary certificates of occupancy for one hundred percent (100%) of the Units, if required, receipt of a certificate of substantial completion signed by the architect of record, documenting that the buildings have been completed in accordance with the relevant Project Documents, excepting punch list items that do not impede occupancy on a full rent paying basis provided that funds are escrowed to complete them), and such other items as the Limited Partner may reasonably require, including, without limitation, the Independent Construction Inspector's Report; <li data-bbox="643 653 1435 701">(b) Lead free inspection certificate (for buildings built before 1978) or acceptable Operations and Maintenance Plan; <li data-bbox="643 737 1435 814">(c) satisfactory evidence of the Partnership's valid and timely election to be treated as an "electing real property trade or business" under Section 163(j)(7)(B) of the Code; <li data-bbox="643 850 1252 875">(d) copies of all insurance binders on the Partnership Property; <li data-bbox="643 911 667 936">(e) <li data-bbox="643 972 1435 1050">(f) evidence of the General Partner's Section 168(h)(6)(F) election, including evidence that Waco Public Facility Corporation attached such election to its tax return; <li data-bbox="643 1085 1435 1220">(g) an updated title report for the Project, evidencing that there are no recorded mechanic's liens that have not been released or bonded against so as to preclude the holder of such lien from having any recourse to the Partnership Property, the Project, any of the Units, or the Partnership for the debt secured thereby; <li data-bbox="643 1255 1435 1304">(h) an updated source and use schedule for the Project that confirms the Partnership will have sufficient funds available to achieve Loan Conversion; <li data-bbox="643 1339 667 1365">(i) <li data-bbox="643 1400 1435 1449">(j) all required annual and quarterly reporting items in accordance with Section 13.03; <li data-bbox="643 1484 1382 1509">(k) the satisfaction of all the conditions to all prior Capital Contributions; or <li data-bbox="643 1545 813 1570">(l) July 1, 2022. <p data-bbox="643 1606 1435 1740">Notwithstanding the foregoing, \$1,250,000 of this Installment shall become non-contingent and payable in all events upon December 31, 2021 and shall be paid thereafter upon the earlier of the payment of the remaining portion of this Installment or the end of the Partnership's taxable year in which the Limited Partner's Interest is liquidated (or, if later, within ninety (90) days after the date of such liquidation).</p>
<u>Fourth</u>	\$2,188,794	Latest of:

Installment	Amount of Installment	Conditions for Capital Contribution
		<p>(a) achievement of the Stabilization Date;</p> <p>(b) final release of lien from General Contractor, evidencing that the General Contractor has been paid in full and final AIA forms G702 and G703, including all change orders not previously submitted and approved to the extent required under Section 5.13 or, if not available, partial lien release detailing amount paid to date, amounts remaining to be paid, and confirmed sources to pay and current AIA form G702 and G703;</p> <p>(c) Final Cost Certification (before submission to the Authority), certified by the Accountant, which report shall include the Project's eligible basis, matching sources and uses, calculation of annual Credit, and calculation of the 50% Percent Test for bond-financed transactions, certified by the Accountant;</p> <p>(d) Projected Credits prepared pursuant to Sections 3.03(a) and 3.03(c);</p> <p>(e) the initial achievement of 98% Qualified Occupancy and receipt of all initial Tenant Income Certifications (including first and last page of lease and third-party confirmation);</p> <p>(f)</p> <p>(g) Loan Conversion (which may be achieved concurrent with this Installment) and delivery of (i) all executed loan documents related thereto and (ii) an updated title report evidencing that there are no recorded mechanic's liens that have not been released or bonded against so as to preclude the holder of such lien from having any recourse to the Partnership Property, the Project, any of the Units, or the Partnership for the debt secured thereby;</p> <p>(h) a final as-built ALTA/NSPS Land Title Survey, a draft of which will be submitted for review and approval prior to issuance in final, which includes the following certificate in substantial form: "This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2016 minimum standard detail requirements, and includes 2, 3, 4, 6(a), 6(b), 7(a), 7(b)(1), 7(c), 8, 9, 11, 13, 14, 16, 17, 18, 19, and 20 (the "As-Built Survey)";</p> <p>(i) permanent certificates of occupancy for 100% of the Units, if required;</p> <p>(j) a copy of the Extended Use Agreement with recording information from the city/county in which the Property is located;</p> <p>(k) all required annual and quarterly reporting items in accordance with Section 13.03;</p> <p>(l) evidence of satisfactory radon testing required by the procedures detailed in Exhibit A-9;</p> <p>(m) the RAD HAP Contract, the HAP Contract and any other operating or rental subsidy agreement;</p> <p>(n) evidence that application for the Property Tax Exemption for the Partnership Property has been filed with the appropriate party in a timely manner;</p>

Installment	Amount of Installment	Conditions for Capital Contribution
		<ul style="list-style-type: none"> (o) evidence that all Partnership reserve accounts required on Exhibit A-6 have been established; (p) the satisfaction of all the conditions to all prior Capital Contributions; or (q) October 1, 2022.
<u>Fifth</u>	\$463,000	<p>Latest of:</p> <ul style="list-style-type: none"> (a) a draft IRS Form 8609 with Parts I and II completed, before submission to the IRS, and the executed IRS Form 8609 as submitted to the IRS; (b) the Partnership's tax returns (including K-1s) and audited financial statements for the first year of the Credit Period for 2021; (c) evidence of the Property Tax Exemption for the Project; (d) the satisfaction of all the conditions to all prior Capital Contributions; or (e) April 1, 2023.
<u>Sixth</u>	\$334,080	<p>Latest of:</p> <ul style="list-style-type: none"> (a) the satisfaction of all the conditions to all prior Capital Contributions; or (b) January 1, 2027.
TOTAL	\$13,073,585	

Note: Defined terms used in this Exhibit A-1 have the meanings set forth in the Partnership Agreement. No Installment will be paid unless all required reporting items have been satisfied.

Equity being disbursed pursuant to "an acceptable written draw request" in the construction period Installments above will be disbursed based on construction values actually added to the Project, as evidenced by approved AIA Form G702 and G703 and separate invoice amounts. Scheduled amounts for such payments during the Installment as are set forth in the Projections Exhibit are not an indication that such equity amounts will be disbursed on those dates unless the above values have been proved by the applicable draw request and are not otherwise projected to be paid for from other funding sources.

Pursuant to Exhibit K, the General Partner is required to provide the Limited Partner with a schedule of all draws from other sources even if no Capital Contribution Installment is requested from the Limited Partner for such draw. The requirement of reports pursuant to Exhibit K is a condition of each Additional Capital Contribution made under this Exhibit A-1 during the construction of the Project.

SOUTH TERRACE WACO, LP
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Exhibit A-2
Fixed Dollar Amounts

Reference Term	Section Reference		Amount
Annual Credit Allocation	5.10(aa)		\$1,054,532
LIH Target Amount	3.03(a)		\$14,056,213
Lease-up Projection	3.03(c)(i)	2021 2022	\$548,192 \$1,332,998
Maximum Operating Deficit Contribution	5.14		\$968,000
Operating Reserve Amount	5.14		\$668,160
Owner's Title Policy Amount	2.01		\$43,860,675
Rehab/NC Basis Amount	5.10(aa)		\$33,799,102
Acquisition Basis Amount	5.10(aa)		\$11,257,365
Exit Tax	14.01		\$4,838,064

SOUTH TERRACE WACO, LP
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Exhibit A-3
Loans to the Project

<u>Mortgage Priority</u>	<u>Lender</u>	<u>Loan Amount</u>
	CitiBank, N.A. (the " <i>Construction Loan</i> ")	\$24,500,000
First	CitiBank, N.A. (the " <i>First Loan</i> ")	\$15,237,000
Second	Sponsor (the " <i>Sponsor Loan</i> ")	\$12,900,000
	TOTAL PERMANENT LOANS	\$28,137,000

* Indicates Loan not closed on the Admission Date.

SOUTH TERRACE WACO, LP
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Exhibit A-4
Fees; Priority; Uses of Cash Flow

Fees

<u>Fee</u>	<u>Governing Agreement</u>	<u>Fee Recipient</u>
Development Fee	Development Services Agreement	Developer
Property Management Fee	Property Management Agreement	Management Agent
Investor Services Fee	Investor Services Agreement	Limited Partner
Partnership Administration Fee	Partnership Administration Agreement	General Partner

Payments contingent on Cash Flow shall be made in the following order of priority:

First, to the Limited Partner, an amount equal to the Credit Deficiency;

Second, to the Limited Partner, an amount sufficient to pay federal income taxes on taxable income allocated to the Limited Partner for such Fiscal Year by the Partnership, assuming the Limited Partner is subject to the maximum corporate federal income tax rate then in effect;

Third, to pay the Investor Services Fee in accordance with the Investor Services Agreement, attached hereto as Exhibit I;

Fourth, from and after the Fourth Installment of the Limited Partner's Capital Contribution to fund the Operating Reserve up to \$334,080, and from and after the Sixth Installment of the Limited Partner's Capital Contribution to fund the Operating Reserve up to the Operating Reserve Amount;

Fifth, to pay the Deferred Development Fee, if any, in accordance with the Development Services Agreement, attached hereto as Exhibit C;

Sixth, to pay any deferred portion of the Property Management Fee in accordance with the Property Management Agreement;

Seventh, to the General Partner to repay any Operating Deficit Contribution;

Eighth, to pay the Partnership Administration Fee in accordance with the Partnership Administration Agreement, attached hereto as Exhibit E; and

Ninth, to repay the Sponsor Loan.

Any remaining Cash Flow shall constitute Net Cash Flow which is distributable to the Partners in accordance with Section 8.01 of this Agreement.

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SOUTH TERRACE WACO, LP
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Exhibit A-5
Notice Addresses

General Partner

South Terrace Waco GP, LLC
c/o Waco Housing Authority
4400 Cobbs Drive
Waco, Texas 76710
Telephone: () _____ - _____
Facsimile: () _____ - _____
Attention: Milet Hopping

With a copy to:

[Name, Esq.]
Coats Rose
9 Greenway Plaza, Ste. 1100
Houston, Texas 77046
Telephone: () _____ - _____
Facsimile: () _____ - _____

Limited Partner*

Wincopin Circle LLLP
c/o Enterprise Community
Asset Management, Inc.
70 Corporate Center
11000 Broken Land Parkway, Suite 700
Columbia, Maryland 21044
Telephone: (410) 964-0552
Facsimile: (410) 772-2630
Attention: Asset Management

With a copy to:

Email: sshack@enterprisecommunity.com
Attn: General Counsel

With a copy to:

Kenneth S. Gross, Esq.
Gallagher Evelius & Jones LLP
218 North Charles Street, Suite 400
Baltimore, Maryland 21201
Telephone: (410) 727-7702
Facsimile: (410) 468-2786

Special Limited Partner

South Terrace Waco SLP, LLC
c/o Brinshore Development, L.L.C.
666 Dundee Road Suite 1102
Northbrook, Illinois 60062
Tel: 224-927-5053; Fax: 847-562-9401
Email: richs@brinshore.com
Attention: Richard Sciortino

with a copy to:

Locke Lord LLP
600 Congress Avenue
Suite 2200
Austin, Texas 78701
Tel: 512-305-4707; Fax: 512-391-4707
Email: cbast@lockelord.com
Attention: Cynthia L. Bast

* The General Partner shall include the Limited Partner as a recipient of Notices under any (i) loan agreement; (ii) construction contract; or (iii) any other agreement pursuant to which a third party may obtain a lien against the Project.

SOUTH TERRACE WACO, LP
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Exhibit A-6
Partnership Reserves

The General Partner shall establish the following reserves in the name of the Partnership:

(i) *Operating Reserve.* An Operating Reserve equal to the Operating Reserve Amount to be funded in the amount of Three Hundred Thirty-Four Thousand Eighty Dollars (\$334,080) upon the payment of the Fourth Installment of the Limited Partner's Capital Contribution, and in the additional amount of Three Hundred Thirty-Four Thousand Eighty Dollars (\$334,080) upon the payment of the Sixth Installment of the Limited Partner's Capital Contribution. In addition, the General Partner shall fund the Operating Reserve from Cash Flow (calculated for this sole purpose prior to deducting contributions to the Operating Reserve) in order to maintain, to the extent possible, a balance at all times in the Operating Reserve equal to the Operating Reserve Amount. The Operating Reserve shall be deposited in an interest-bearing account in a bank approved by the Limited Partner. No withdrawal may be made from the account without the Consent of the Limited Partner. In the event funds are withdrawn from the account without required consent, Enterprise has the right to take sole control of the Operating Reserve, or to withdraw the balance in the Operating Reserve and deposit it into a new account which shall be established in the name of the Partnership. The General Partner hereby appoints Enterprise as Attorney in Fact for the purposes of taking control of the Operating Reserve as outlined above in the event of a default by the General Partner under this Exhibit A-6. Interest earned on the Operating Reserve shall be added to the Operating Reserve. The General Partner may use funds in the Operating Reserve only (a) after the later of (y) the Stabilization Date, or (z) Loan Conversion, and (b) with the Consent of the Limited Partner, for any Partnership purpose, but only to the extent the revenues of the Partnership are insufficient to accomplish such purposes. The Operating Reserve shall be maintained throughout the Term of the Partnership. Upon termination and winding up of the Partnership, subject to the provisions of Section 12.02, the balance in the Operating Reserve shall be used to (a) pay any tax (including exit and transfer taxes) imposed on the Partnership, Limited Partner and its partners as a result of the sale of the Partnership Property and winding up of the Partnership or (b) for other uses approved by the Limited Partner.

(ii) *Replacement Reserve.* A Replacement Reserve to be funded in the amount of Three Hundred Fifty Dollars (\$350) per unit per year, prorated for a partial year, increasing at three percent (3%) annually. The Replacement Reserve shall be deposited in an interest-bearing bank account. The Partnership shall utilize amounts in the Replacement Reserve to fund major repair, capital expenditures and replacement of capital items in the Project. No withdrawal may be made from the account for any capital expenditure during any calendar year in excess of Ten Thousand Dollars (\$10,000) without the Consent of the Limited Partner. In the event funds are withdrawn from the account without required consent, Enterprise has the right to take sole control of the Replacement Reserve, or to withdraw the balance in the Replacement Reserve and deposit into a

new account which shall be established in the name of the Partnership. The General Partner hereby appoints Enterprise as Attorney in Fact for the purposes of taking control of the Replacement Reserve as outlined above in the event of a default by the General Partner under this Exhibit A-6. Interest earned on the Replacement Reserve shall be added to the Replacement Reserve. Upon any sale of the Project, amounts in the Replacement Reserve shall be utilized to make any capital expenditures, repairs or improvements in connection with such sale or other uses approved by the Limited Partner.

(iii) [Intentionally Omitted]

(iv) *Investment of Reserve Accounts.* Funds in the reserve accounts shall be deposited in a banking institution whose deposits are insured by an agency of the federal government. If funds in Partnership reserve accounts deposited in any banking institution exceed Two Hundred Fifty Thousand Dollars (\$250,000), the Partnership accounts shall be deposited in a commercial bank having combined capital and surplus of not less than Two Hundred Fifty Million Dollars (\$250,000,000). The General Partner (or the Management Agent, as directed by the General Partner) may invest funds in the reserve accounts in domestic bank certificates which are insured by an agency of the federal government; in direct obligations of the federal government; in federal government agencies with an AA rating or better, federally guaranteed agencies, or in repurchase agreements which are direct obligations of the federal government or federal agencies, or which are specifically collateralized by federal government obligations. Any exceptions to the above policy must be approved by Enterprise. The General Partner (or the Management Agent as directed by the General Partner) shall select investment vehicles and maturities on such investment so as to maximize the Partnership's return taking into account the anticipated need for available cash in the reserve account(s). The term of any investment shall not exceed five (5) years.

SOUTH TERRACE WACO, LP
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Exhibit A-7
Notice Certifications

As a condition of payment of the Additional Capital Contribution requested by the Additional Capital Contribution Notice, the General Partner hereby certifies that, as of the date set forth below, the following representations and warranties remain true, correct, and not misleading as of the date set forth below. The following certifications (i) - (xiii) in this Exhibit A-7 are hereinafter referred to as "*Notice Certifications*."

(i) *Occupancy*. After the occurrence of the Completion Date, each Credit Unit is either (A) occupied by Qualifying Tenants or (B) held available for occupancy by Qualifying Tenants at the time of payment of each Additional Capital Contribution, and the operation of the Project and each Unit in all respects complies with the provisions of Section 42 of the Code.

(ii) *No Defaults; Documents in Force; No Jeopardizing Events*. No default (or event that, with the giving of notice or the passage of time or both, would constitute a default) has occurred and is continuing under any Loan Document, Project Document or the Agreement; the Loan Documents, the Project Documents and the Agreement are in full force and effect; and no event has occurred and is continuing that materially jeopardizes or is likely to materially jeopardize the ability of the Partnership to continue to operate the Project as housing eligible for the Credit.

(iii) *No Liens*. The Partnership owns the Partnership Property, the Project, and each of the Units free and clear of any liens (including mechanics' liens), charges, or encumbrances other than matters set forth in the Title Policy.

(iv) *No Bankruptcies*. No Event of Bankruptcy has occurred and is continuing, and no event has occurred that, with the passage of time, could become an Event of Bankruptcy, with respect to the General Partner or any of its Affiliates.

(v) *No Breach*. The General Partner is not in breach in any material respect of any provision of the Agreement to be observed or performed by it including, but not limited to, all representations, warranties, and covenants given by the General Partner, pursuant to this Agreement and all representations and warranties herein remain true and correct in all material respects.

(vi) *Advances Paid*. All Credit Adjuster Advances, Additional Advances, Development Advances, Operating Reserve deposits, Replacement Reserve deposits, Operating Deficit Contributions and any other deposits, advances, or contributions required to be made by the General Partner or its Affiliates pursuant to this Agreement (and any exhibits attached hereto) have been made.

(vii) *Environmental.* To the best knowledge of the General Partner after due inquiry, the Partnership Property contains no, and is not adversely affected by the presence of, any Environmental Hazard, except as stated below, nor is it in violation of any federal, state, or local law, regulation, rule, or ordinance, and no violation of any Environmental Law has occurred or is continuing. The General Partner has not received any notice from any source whatsoever of the existence of any Environmental Hazard or of a violation of any federal, state, or local law, regulation, rule or ordinance with respect to the Partnership Property. If any Environmental Hazard (including lead-based paint and asbestos) was found to exist or be present, it has been, or will be prior to the Completion Date, either removed from the Partnership Property and disposed of or encapsulated and/or otherwise corrected, contained and made safe and inaccessible, all in strict accordance with federal, state, and local statutes, laws, rules and regulations, any recommendations set forth in the Environmental Reports, and any requirements in the Loan Documents.

(viii) *Document Compliance.* All documents required by Section 13.03 of the Agreement to be provided to the Limited Partner as of such date have been delivered to the Limited Partner.

(ix) *No Audit.* There is no ongoing audit by the IRS in which the IRS is asserting, by means of a sixty (60) day letter, that the Credit available to the Partnership for any taxable year is less than ninety-five percent (95%) of the amount of Credit claimed by the Partnership for that year or that all or a portion of the Credit claimed with respect to any prior taxable year(s) must be recaptured pursuant to Section 42(j) or other relevant sections of the Code, or is unavailable to the Partnership.

(x) *Conformity with Laws.* The Project conforms in all material respects with applicable law.

(xi) *Prior Qualification.* The Partnership qualified for, and subject to adjustment as provided in the Agreement, has received all prior Additional Capital Contributions.

(xii) *All Prerequisites Satisfied.* The preconditions to payment of the Additional Capital Contribution described on Exhibit A-1 to the Agreement have occurred.

(xiii) *Sources and Uses in Balance.* The Partnership will have sufficient funds available from all sources to complete construction and convert all Loans to permanent status. **[DELETE AFTER LOAN CONVERSION.]**

SOUTH TERRACE WACO GP, LLC

Date

By: _____
Name: _____
Title: _____

SOUTH TERRACE WACO, LP
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Exhibit A-8
Significant Accounting Information

<u>Information Required</u>	<u>Data</u>
Taxpayer Identification Numbers	
Partnership	[_____]
Limited Partner	52-2331442
Quarterly Reporting Deadlines	
1st Quarter	04/15/xx
2nd Quarter	07/15/xx
3rd Quarter	10/15/xx
Annual Reporting Deadline	
Draft tax return and audited financial statements	02/15/xx
Final tax return and audited financial statements	03/01/xx
EReporting and tax return and financial statement prep guide website address	
http://www.enterprisecommunity.com/financing-and-development/asset-management/reporting	
Depreciable lives	
Building	30 years
FF&E	5 years
Site Improvements	15 years
Soft costs pro-rata in accordance with hard cost depreciable lives	

Other elections required:

Election to be treated as an "electing real property trade or business" pursuant to Section 163(j)(7)(B) of the Code.

168(h) of the Code by General Partner as follows (with a copy attached to the tax return of General Partner's non-profit parent):

"In accordance with Section 168(h)(6)(F)(ii) of the Internal Revenue Code, all tax-exempt entities holding a controlling interest in the taxpayer hereby elect to treat any gain recognized on any disposition of such interest (and any dividend received or accrued by the tax-exempt entity from the controlled entity) as unrelated business taxable income for purposes of Section 511 of the Internal Revenue Code."

Elect to use 30 year depreciation under Section 168(g) of the Code.

Elect to begin Credit Period in 2021.

General Partner elects on IRS Form 8832 to be treated as a corporation for tax purposes.

SOUTH TERRACE WACO, LP
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Exhibit A-9
Radon Testing Procedures

	PROCEDURES
When to Test:	<p>>Every project to produce test results of less than 4 pCi/L <i>after substantial completion and before lease-up of the units (see Exceptions below for REHAB Projects).</i></p> <p>>In the event of a failing test, proof of mitigation and further testing resulting in a test result of less than 4 pCi/L will be required.</p>
Where to Test:	<p>Generally, testing to be done in the lowest level of the home suitable for occupancy. Avoid testing in kitchens, bathrooms, laundry rooms or hallways as high humidity and drafty conditions can bias results.</p> <p><u>Single family home(s)</u> - Each home: basement and 1st floor living space;</p> <p><u>Townhouses</u> - Basement and 1st floor living space of each home</p> <p><u>Multi-story building</u> – Basement and 25% of the 1st floor living space units</p> <p><u>Multi-story buildings, scattered sites</u> - (same as above for each building)</p>
Minimum Requirements:	>Two canisters on each level/in each unit
Testing Requirements:	<p>>Testing to be performed by a qualified, licensed testing company.</p> <p>Radon test and report must comply with EPA guidelines.</p>
Exceptions ?	<p>We will accept "non-action" radon results done as part of the acquisition environmental review (on a case-by-case basis) provided the following:</p> <ul style="list-style-type: none"> a) REHAB: No work is performed with respect to the foundation, grading, below slab plumbing, etc. b) Exceptions must be pre-approved by Development Risk Management with supporting documentation
Occupant Notification?	Yes
If remediation or mitigation is required:	>A radon report meeting the foregoing requirements must be submitted after mitigation.

	State Radon Reference Web Address
Alabama	www.alabamapublichealth.gov/radon/index.html
Alaska	http://dhss.alaska.gov/dph/Epi/eph/Pages/radon.aspx
Arizona	
Arkansas	
California	Radon.aspx
Colorado	information/environment/radon
Connecticut	www.portal.ct.gov/dph/Environmental-Health/Radon/Radon-Program
Delaware	www.dhss.delaware.gov/dph/hsp/hhinsideradon.html
District of Columbia	www.doe.dc.gov/radon
Florida	www.floridahealth.gov/environmental-health/radon/index.html
Georgia	www.consumer.georgia.gov/consumer-topics/radon
Hawaii	
Idaho	EnvironmentalHealth/IndoorEnvironment/Radon/tabid/939/Default.aspx
Illinois	www2.illinois.gov/iema/NRS/Radon
Indiana	www.in.gov/idem/health/2330.htm
Iowa	idph.iowa.gov/radon
Kansas	www.kdheks.gov/radiation/radon.htm
Kentucky	louisvilleky.gov/government/health-wellness/radon
Louisiana	deq.louisiana.gov/faq/category/32
Maine	radon.htm
Maryland	phpa.health.maryland.gov/OEHFP/EH/Pages/Radon.aspx
Massachusetts	www.mass.gov/radon
Michigan	www.michigan.gov/deq/0,4561,7-135-3312_4120_4196---,00.html
Minnesota	www.health.state.mn.us/divs/eh/indoorair/radon
Mississippi	msdh.ms.gov/msdhsite/static/44,0,100.html
Missouri	health.mo.gov/living/environment/radon
Montana	deq.mt.gov/Energy/radon
Nebraska	dhhs.ne.gov/radon
Nevada	www.unce.unr.edu/programs/sites/radon
New Hampshire	index.htm
New Jersey	www.nj.gov/dep/rpp/radon/radontes.htm
New Mexico	www.env.nm.gov/rcb/indoor-radon-outreach-program
New York	www.health.ny.gov/publications/3168
North Carolina	www.ncradon.org
North Dakota	deq.nd.gov/AQ/radon
Ohio	www.odh.ohio.gov/odhprograms/rp/radlic/radon.aspx
Oklahoma	
Oregon	HEALTHYNEIGHBORHOODS/RADONGAS/pages/index.aspx
Pennsylvania	Pages/default.aspx

	State Radon Reference Web Address
Rhode Island	www.health.ri.gov/healthrisks/poisoning/radon
South Carolina	YourHomeEnvironmentalSafetyConcerns/Radon
South Dakota	denr.sd.gov/des/aq/aarad.aspx
Tennessee	homes/hh/radon.html
Texas	www.dshs.texas.gov/radiation/radon.aspx
Utah	geology.utah.gov/hazards/radon
Vermont	www.healthvermont.gov/radon
Virginia	www.vdh.virginia.gov › Radiological Health › Indoor Radon Program
Washington	Radon
West Virginia	www.wvdhhr.org/rtia/radon.asp
Wisconsin	www.dhs.wisconsin.gov/radon/index.htm
Wyoming	www.health.wyo.gov/publichealth/prevention/cancer/radon

Exhibit B
DESCRIPTION OF PARTNERSHIP PROPERTY
[Attached]

Exhibit C

DEVELOPMENT SERVICES AGREEMENT

THIS DEVELOPMENT SERVICES AGREEMENT (this "**Agreement**"), dated and effective as of the ____ day of _____, 2020, is made by and between SOUTH TERRACE WACO, LP, a limited partnership formed under the laws of the State of Texas (the "**Partnership**"), and SOUTH TERRACE WACO DEVELOPMENT, LLC, a Texas limited liability company (the "**Developer**").

RECITALS

The Partnership was formed for the purpose of acquiring, owning, developing, constructing and/or rehabilitating, leasing, managing, operating, and, if appropriate or desirable, selling or otherwise disposing of a two hundred fifty (250) unit residential project in one hundred twenty-nine (129) buildings located in Waco, Texas (the "**Project**"). The Partnership is operating by a First Amended and Restated Agreement of Limited Partnership to which this Agreement is attached as an Exhibit and made a part thereof (the "**Partnership Agreement**").

The Partnership desires that the Developer provide certain services with respect to the development of the Project.

Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Appointment and Term.** The Partnership hereby appoints the Developer to render services in overseeing the development of the Project for the Partnership as herein contemplated and the Developer hereby accepts such appointment. The term of this Agreement shall begin on the date hereof and shall end on the end of the Compliance Period for the first building to start the Credit.

2. **Authority and Obligations.** Subject to the provisions of the Partnership Agreement, the Developer shall have the authority and obligation to:

(a) Obtain construction financing on behalf of the Partnership in an amount sufficient to fund the construction of the Project pursuant to the Projections.

(b) Prepare or cause to be prepared such environmental and neighborhood impact studies or reports, engineering surveys, and Plans and Specifications as may be required in connection with the construction of the Project.

(c) Prepare and submit to the Partnership for approval a construction budget and make recommendations to the Partnership regarding any necessary modifications thereto.

(d) Make available to the Partnership upon request copies of all contracts, option agreements, construction financing commitments, budgets, Plans and Specifications or other items prepared or obtained.

(e) Obtain a construction contract (the "**Construction Contract**") in an amount not to exceed the amount provided therefor pursuant to the Projections from a reputable general contractor (the "**General Contractor**"), which may be an affiliate of Developer, which Construction Contract shall require the General Contractor to post a payment and performance bond in the full amount of the Construction Contract or letter of credit in an amount acceptable to the Partnership.

(f) Perform or cause to be performed, in a diligent and efficient manner, general administration and supervision of construction of the Project, including but not limited to the following:

(i) administration and supervision of the activities of the General Contractor and all other contractors, subcontractors and others employed in connection with the construction of the Project;

(ii) preparation of construction schedules pursuant to which all phases of construction are to be completed on or before the Completion Date and supervision of the scheduling of construction in conformity with such construction schedules;

(iii) periodic inspection of construction in progress, including but not limited to inspection at completion, for defects in construction and to assure compliance with the Plans and Specifications, and supervision of correction of any and all deficiencies noted pursuant to such inspections;

(iv) processing and payment of applications for progress payments made by the General Contractor, including verification of such applications against the progress of construction as indicated by the aforementioned periodic inspections; and

(v) analysis of requests for any and all change orders to or variations from the Projections and the Plans and Specifications and submission of such requests to the Partnership for approval.

(g) Perform, or cause to be performed, in a diligent and efficient manner, preparation of contracts, letter agreements, purchase orders, and similar documents as are necessary to complete timely the construction of the Project in accordance with the Plans and Specifications.

(h) Cause the Project to be completed on or before the Completion Date in a manner consistent with good workmanship, in compliance with the following:

(i) the Plans and Specifications;

(ii) all obligations of the Partnership under any documents executed by the Partnership under the Loan Documents; and

(iii) all municipal, state, and other governmental laws, ordinances, and regulations governing the construction of the Project and the use thereof for its intended purposes and all other requirements of law applicable to construction of the Project.

(i) Maintain, or cause to be maintained, builders risk, contractor's liability, and workers' compensation insurance required by law or by the Limited Partner with the Partnership named as an additional insured, the limits of such coverage to be reasonable under the circumstances, but no less than that required by construction lenders or applicable statutes.

(j) Keep or cause to be kept separate project accounts and cost records and prepare and furnish upon request financial and progress reports and statements with respect to construction of the Project.

(k) Make available to the Partnership upon request copies of all contracts and subcontracts.

(l) Deliver to the Partnership copies of all inspection reports and applications for payment given any lender providing a loan to the Partnership.

(m) Syndication Services:

(i) Provide the Limited Partner with all relevant information.

(ii) Prepare a financial plan to admit the Limited Partner.

(iii) conduct due diligence on behalf of the Partnership in connection with the admission of the Limited Partner.

(iv) Prepare appropriate disclosure documents related to the admission of the Limited Partner in compliance with all federal and state securities laws, as applicable.

(n) Financing Services:

(i) Obtain commitments for construction and permanent financing for the Project.

(ii) Provide information to prospective lenders and negotiate final loan commitments.

(iii) coordinate all loan closing checklist requirements.

(o) Acquisition Services:

(i) Identify the Project as appropriate for acquisition and negotiate the terms of its acquisition with the owner;

(ii) Act on behalf of the Partnership in its relation with federal, state and local authorities with respect to the acquisition of the Project; and

(iii) Prepare or cause to be prepared such environmental and neighborhood impact and other studies as may be required in connection with the acquisition of the Property.

3. **Accrual Schedule.** The Development Fee shall be earned as follows:

(a) Nine Hundred Thirty-Four Thousand Two Hundred Ninety Dollars (\$934,290) shall be earned upon the execution of this Agreement.

(b) The balance of the Development Fee shall be earned proportionately to the amount of construction of the Project completed on any date, such that one hundred percent (100%) of the Development Fee shall be earned by the Completion Date.

(c) Once a portion of the Development Fee has been earned, it shall be payable by the Partnership in all events.

4. **Development Fee.**

(a) For development services and acquisition services to be performed under this Agreement, the Partnership shall pay the Developer a fee in the amount of Four Million Six Hundred Seventy-One Thousand Four Hundred Fifty-Two Dollars (\$4,671,452) (the "**Development Fee**"), payable Four Million Three Hundred Thirty-Three Thousand Two Hundred Eighteen Dollars (\$4,333,218) for services under Section 2(a)-(1) of this Agreement, and Two Hundred Sixty-Six Thousand Two Hundred Seven Dollars (\$266,207) for services under Section 2(m), in accordance with the payment schedule (the "**Development Fee Payment Schedule**") attached as Schedule 1 hereto. The parties to this Agreement specifically acknowledge that the Limited Partner's Additional Capital Contributions may be adjusted in accordance with the provisions of the Partnership Agreement, including without limitation Section 3.03, and that such adjustment may cause a revision of the Development Fee Payment Schedule. In the event the Limited Partner's Additional Capital Contributions and the Development Fee Payment Schedule are so revised, the Limited Partner shall cause a copy of the revised Development Fee Payment Schedule and Projections to be delivered to the Developer. If the Developer shall disagree as to any amount in the revised Development Fee Payment Schedule and Projections, the Developer shall give Notice and an explanation to the Limited Partner of such disagreement within twenty (20) days after receipt of such revised Development Fee Payment Schedule and Projections. Failure by the Developer to respond within such twenty (20) day period shall be deemed approval by the Developer.

(b) Any amount of the Development Fee including the Deferred Development Fee that has not been paid in full on or before the end of the Compliance Period for the first building to start the Credit shall be paid no later than such date.

(c) Subject to the approval of the Authority, if required, in addition to the Development Fee payable under this Paragraph 4, the Partnership shall pay to the Developer from loan proceeds an additional development fee (the "***Incentive Development Fee***"), payable at the Completion Date. The Incentive Development Fee shall be the amount, if any, that the projected development costs of items eligible for the Credit exceed the Partnership's actual aggregate expenditures for such items.

(d) The Developer shall not be compensated for, and no portion of the Development Fee shall apply to, services in connection with the development of nonresidential improvements, the organization or syndication of the Partnership, obtaining an allocation of Credits or securing Project financing other than construction financing; it being the understanding between the parties hereto that all such listed activities are the exclusive responsibility of the Partnership, the General Partner and/or consultants or others engaged by the Partnership.

(e) In the event that less than fifty percent (50%) of the aggregate basis of any building included in the Project and the land on which the building is located (including an allocable portion of the development fee hereunder) is, at any time, up to and including the last day of the first year of the Credit Period, financed from the proceeds of tax-exempt bonds, then the Development Fee shall automatically be reduced, to the extent necessary to cause the amount of such tax-exempt bond proceeds to be greater than fifty percent (50%) of such aggregate basis.

5. **Partnership Agreement.** Except as expressly provided herein, this Agreement shall be subject to the applicable terms and conditions of the Partnership Agreement. Prior to payment in full of the Development Fee to the Developer, the Operating Agreement shall not be amended without the prior written consent of the Developer.

6. **Burden and Benefit.** The covenants and agreements contained herein shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto. No party may assign this Agreement without the consent of the other party.

7. **Severability of Provisions.** Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of the Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.

8. **No Continuing Waiver.** None of the parties hereto shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such party. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

9. **Defined Terms.** Except as expressly provided herein, terms used in this Agreement with initial capital letters shall have the meanings set forth in the Partnership Agreement.

10. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Texas, without regard to principles of conflicts of laws.

11. **Binding Agreement.** This Agreement shall be binding on the parties hereto, and their heirs, executors, personal representatives, successors and assigns.

12. **Headings.** All headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any provision of this Agreement.

13. **Terminology.** All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

14. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

The parties hereto have executed this Development Services Agreement as of the date first above written.

SOUTH TERRACE WACO, LP

By: South Terrace Waco GP, LLC,
General Partner

By: Waco Public Facility
Corporation, its sole member
Name: _____
Title: _____

SOUTH TERRACE WACO DEVELOPMENT,
LLC,

By: Brinshore Development, L.L.C.,
its sole member

By: _____
Name: Richard Sciortino
Title: Principal

Schedule 1

Development Fee Payment Schedule

- (a) \$4,633,714 from Capital Contributions as follows:
- (i) \$1,158,000 on the Admission Date;
 - (ii) \$1,158,000 on the due date of the Limited Partner's Third Installment of its Capital Contribution as set forth on Exhibit A-1 of the Partnership Agreement;
 - (iii) \$1,854,714 on the due date of the Limited Partner's Fourth Installment of its Capital Contribution as set forth on Exhibit A-1 of the Partnership Agreement; and
 - (iv) \$463,000 on the due date of the Limited Partner's Fifth Installment of its Capital Contribution as set forth on Exhibit A-1 of the Partnership Agreement;
- (b) \$37,738 (the "*Deferred Development Fee*") with interest at zero percent (0%) from Cash Flow to the extent available for payment of such fee pursuant to Exhibit A-4 of the Partnership Agreement or from capital proceeds under Section 8.02 of the Partnership Agreement.

Exhibit D

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "**Agreement**" or "**Guaranty**"), dated and effective as of the ____ day of _____, 2020, is made by and between SOUTH TERRACE WACO, LP, a limited partnership formed under the laws of the State of Texas (the "**Partnership**"), BRINSHORE DEVELOPMENT, L.L.C., a Texas limited liability company ("**Brinshore**"), and WACO HOUSING AUTHORITY & AFFILIATES, a Texas public housing corporation (the "**Sponsor**," and together with Brinshore, the "**Guarantor**"), for the benefit of the Limited Partner.

RECITALS

The Partnership was formed for the purpose of acquiring, owning, developing, constructing and/or rehabilitating, leasing, managing, operating, and, if appropriate or desirable, selling or otherwise disposing of a two hundred fifty (250) unit residential project in one hundred twenty-nine (129) buildings located in Waco, Texas (the "**Project**"). The Partnership is operating by a First Amended and Restated Agreement of Limited Partnership to which this Agreement is attached as an Exhibit and made a part thereof (the "**Partnership Agreement**").

The Limited Partner is simultaneously acquiring a limited partnership interest in the Partnership pursuant to the Partnership Agreement. As a result of the admission of the Limited Partner to the Partnership and the Limited Partner's contribution of capital to the Partnership in accordance with the terms of the Partnership Agreement, the Guarantor or its affiliates expect to receive substantial benefits, including, without limitation, certain fees relating to the construction and development of the Project.

Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Guaranty Obligation.** To induce the Limited Partner to acquire an interest in the Partnership, to enter into the Partnership Agreement and to become the Limited Partner of the Partnership, the Sponsor hereby unconditionally, jointly and severally, guarantees to the Limited Partner, commencing on the date of this Guaranty Agreement, the due and punctual performance by the General Partner and the Developer of all of their obligations under the Partnership Agreement, as the same may be amended from time to time, with or without the consent of, or notice to, the Guarantor and the Development Services Agreement, as the same may be amended from time to time, with or without the consent of, or notice to, the Guarantor (collectively referred to herein as the "**Sponsor Obligations**"). Brinshore further hereby unconditionally, jointly and severally, guarantees to the Limited Partner, commencing on the date of this Guaranty Agreement, the due and punctual performance by the Special Limited Partner and the Developer of all of their obligations under the Partnership Agreement, as the same may be amended from time to time, with or without the consent of, or notice to, the Guarantor and the Development Services Agreement, as the same may be amended from time to time, with or without the consent of, or notice to, the Guarantor (collectively referred to herein as the "**Brinshore Obligations**" and collectively with the Sponsor Obligations, the "**Obligations**")

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2. **Covenant of Guarantor.** The Guarantor shall furnish the Limited Partner a current and accurate financial statement within two hundred forty (240) days following the end of each calendar or fiscal year of such Guarantor (as applicable) and at such other times (and together with such other financial information) as the Limited Partner may reasonably request from time to time. In addition, upon termination of the Brinshore Obligations, Sponsor shall maintain, until the General Partner's obligation to make Operating Deficit Contributions has terminated, Liquidity of not less than Five Hundred Thousand Dollars (\$500,000). After such termination, the Sponsor shall maintain Liquidity of not less than Two Hundred Fifty Thousand Dollars (\$250,000) for the remainder of the Compliance Period. As used in this Guaranty, the term "**Liquidity**" refers to cash, cash equivalents and/or marketable securities which are unencumbered and freely transferable.

3. **Obligations of the Guarantor.** The Guarantor hereby agrees that its Obligations hereunder shall be unconditional (and shall not be subject to any advance, set-off, counterclaim or recoupment whatsoever), irrespective of the regularity or enforcement of any Project Document, the Partnership Agreement, the Development Services Agreement or this Agreement or any other circumstances which might otherwise constitute a legal or equitable discharge of a surety or guarantor or any other circumstances which might otherwise limit the recourse of the Limited Partner against the undersigned. The undersigned hereby waives diligence, presentment and demand for payment, protest, any notice of any assignment hereunder in whole or in part or of any default hereunder or under any Project Document, the Partnership Agreement or the Development Services Agreement, and all notices with respect to this Guaranty, the Partnership Agreement, the Development Services Agreement or the Project Documents. No waiver by the Limited Partner of any of its rights under the Project Documents, the Partnership Agreement, the Development Services Agreement or this Guaranty and no action by the Limited Partner to enforce any of its rights under this Guaranty or failure to take, or delay in taking, any such action shall affect the Guarantor's Obligations hereunder.

The Obligations of the Guarantor hereunder shall remain in full force and effect without regard to, and shall not be affected or impaired by, (i) any amendment or modification of or addition or supplement to the Partnership Agreement, the Development Services Agreement or any of the Project Documents, except insofar as such amendment, modification, addition or supplement shall directly affect any Obligation hereunder (and the Limited Partner shall have affirmatively consented thereto), (ii) any extension, indulgence or other action or inaction in respect of the Partnership Agreement, the Development Services Agreement or the Project Documents, or any exercise or nonexercise of any right, remedy, power or privilege in respect of such documents or this Guaranty, (iii) any default by the Guarantor under, or any illegality or unenforceability of, or any irregularity or defect in, the Partnership Agreement, the Development Services Agreement, the Project Documents or any provision of this Guaranty, (iv) any event of bankruptcy, insolvency, reorganization or similar proceeding involving or affecting the Partnership, the General Partner or the Guarantor, or (v) any other circumstances, whether or not the undersigned or the Limited Partner shall have actual or constructive notice or knowledge thereof. The undersigned hereby waives to the fullest extent permitted by law, any and all notices and defenses to which it may be entitled by law to its Obligations hereunder, including, without limitation, notice of acceptance of this Guaranty, and any requirement of diligence on the part of

the Limited Partner or any other parties to the Partnership Agreement, the Development Services Agreement or Project Documents.

4. **[Intentionally Omitted]**

5. **Term.** This Agreement shall commence as of the date hereof and shall terminate when the General Partner and the Developer have satisfied in full their Obligations pursuant to the Partnership Agreement and the Development Services Agreement and the Guarantor shall have satisfied in full its Obligations pursuant to this Agreement; *provided, however*, any and all obligations of Brinshore under this Agreement shall terminate upon the later to occur of (i) Stabilization Date and (ii) Partnership's receipt of Form(s) 8609. Notwithstanding the foregoing, the Brinshore Obligations shall immediately terminate upon the voluntary or involuntary withdrawal of the Special Limited Partner in accordance with the Partnership Agreement. The Sponsor Obligations shall remain in full force and effect notwithstanding the removal of the General Partner in accordance with the Partnership Agreement.

6. **Representation.** Each Guarantor hereby represents for itself that:

(a) it will maintain sufficient funds to be able to satisfy its Obligations under this Agreement,

(b) there is no action, suit, proceeding or investigation (pending or threatened) involving the Guarantor, or which could materially, adversely affect the Guarantor's assets, operation or conditions, financial or otherwise; and

(c) the execution, delivery and performance by the Guarantor of this Agreement, the Project Documents and the Loan Documents, as applicable, and the carrying out of the transactions contemplated thereby, are not in violation of or in conflict with nor do they constitute a default under (a) any provision of any applicable law, statute, ordinance or rule or regulation; (b) any agreement indenture or instrument to which the Guarantor is a party; (c) any license or permit or (d) any judgment, decree or order of a court of competent jurisdiction, all as may be applicable to the Guarantor.

7. **Intended Beneficiary.** The parties intend that the Partnership and the Limited Partner of the Partnership, and its successors, assigns or transferees, each be a direct beneficiary of this Agreement and that the Partnership and the Limited Partner and its successors, assigns or transferees in such capacity may enforce the Guarantor's Obligations hereunder. In addition, the General Partner shall be a third party beneficiary of the Guarantor's guarantee of the General Partner's performance of its obligation under Sections 3.05 and 3.08 of the Partnership Agreement. Except as otherwise provided in the immediately preceding sentence, no person other than the Partnership and the Limited Partner, its successors, assigns or transferees and the parties to this Agreement may directly or indirectly rely upon or enforce the provisions of this Agreement, whether as a third party beneficiary or otherwise.

8. **Partnership Agreement.** Except as expressly provided herein, this Agreement shall be subject to the applicable terms and conditions of the Partnership Agreement, as the same

may be amended from time to time, with or without the consent of, or notice to, the Guarantor. The Partnership Agreement shall not be amended prior to the later to occur of the Completion Date and receipt of 8609s for each building in the Project without the prior written consent of Brinshore.

9. **Burden and Benefit.** The covenants and agreements contained herein shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, personal representatives, successors and assigns. No party may assign this Agreement without the consent of the other party.

10. **Severability of Provisions.** Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of the Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.

11. **No Continuing Waiver.** None of the parties hereto shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such party. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

12. **Defined Terms.** Except as expressly provided herein, terms used in this Agreement with initial capital letters shall have the meanings set forth in the Partnership Agreement.

13. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Texas, without regard to principles of conflicts of laws.

14. **Headings.** All headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any provision of this Agreement.

15. **Terminology.** All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

16. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

17. **Guaranty of Payment.** Notwithstanding any other provision of this Agreement:

- (i) this Agreement constitutes a guaranty of payment, not solely a guaranty of collection; and
- (ii) the guaranty in this Agreement is primary and not conditional.

18. **Notices.** All Notices to be given under this Agreement shall be sent to the Persons shown below. Any party may change its Notice address by providing Notice thereof to all other parties.

If to Guarantor: Brinshore Development, L.L.C.
c/o Brinshore Development, L.L.C.
666 Dundee Road Suite 1102
Northbrook, Illinois 60062 Tel: 224-927-
5053; Fax: 847-562-9401
Email: richs@brinshore.com
Attention: Richard Sciortino

Waco Housing Authority
4400 Cobbs Drive
Waco, Texas 76710
Tel: _____; Fax: _____
Email: _____
Attention: Milet Hopping

If to Partnership: South Terrace Waco, LP
[Street Address]
[City, State Zip]
[Tel: _____; Fax: _____]
[Email: _____]
[Attention: _____]

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

The parties hereto have executed this Guaranty Agreement as of the date first above written.

SOUTH TERRACE WACO, LP

By: South Terrace Waco GP, LLC,
General Partner

By: Waco Public Facility
Corporation, its sole member
Name: _____
Title: _____

BRINSHORE DEVELOPMENT, L.L.C.,
Guarantor

By: RJS Real Estate Services, Inc.,
its sole member

By: _____
Richard Sciortino

President

WACO HOUSING AUTHORITY,
Guarantor

By: _____
Name: Milet Hopping
Title: President/CEO

Exhibit E

PARTNERSHIP ADMINISTRATION AGREEMENT

THIS PARTNERSHIP ADMINISTRATION AGREEMENT (this "**Agreement**"), dated and effective as of the ____ day of _____, 2020, is made by and between SOUTH TERRACE WACO, LP, a limited partnership formed under the laws of the State of Texas (the "**Partnership**") and SOUTH TERRACE GP, LLC, a Texas limited liability company (the "**Administrator**").

RECITALS

The Partnership was formed for the purpose of acquiring, owning, developing, constructing and/or rehabilitating, leasing, managing, operating, and, if appropriate or desirable, selling or otherwise disposing of a two hundred fifty (250) unit residential project in one hundred twenty-nine (129) buildings located in Waco, Texas (the "**Project**"). The Partnership is operating by a First Amended and Restated Agreement of Limited Partnership to which this Agreement is attached as an Exhibit and made a part thereof (the "**Partnership Agreement**").

The Partnership has agreed to make certain payments to Administrator as an inducement for the efficient administration of the Project.

Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Services.** Subject to the applicable provisions of the Partnership Agreement, the Administrator shall:

(a) Provide any and all supervisory services designed to cause the Project to operate efficiently, including reviewing and evaluating programs, policies and procedures instituted by the Management Agent for advertising and tenant recruitment, screening and selection;

(b) Investigate and make recommendations with respect to the selection and conduct of relations with consultants and technical advisors (including, without limitation, accountants, depositories, custodians, agents for collection, insurers, insurance agents and banks) if necessary at any given time; and

(c) Formulate programs for owner, tenant, public and government relations.

2. **Partnership Administration Fee.** Subject to the applicable terms and conditions of the Partnership Agreement and the Loans and Project Documents and, assuming there is no Removal Default under Section 9.02 of the Partnership Agreement, beginning in the later of (i) 2021, or (ii) the first calendar year the Partnership receives rental income (the "**Initial Year**"), the Partnership shall pay to the Administrator, over the term of this Agreement, an annual Partnership Administration Fee of Two Thousand Five Hundred Dollars (\$2,500). After the Initial Year, the Partnership Administration Fee shall increase at the rate of three percent (3%) per year. The

Partnership Administration Fee for the Initial Year shall be prorated for the number of months the Partnership has rental income. The Partnership Administration Fee shall be payable from Cash Flow available for payment of such fee pursuant to Exhibit A-4 of the Partnership Agreement. If not paid, the Partnership Administration Fee shall accrue without interest from year to year and shall be payable out of the next available Cash Flow or Capital Proceeds.

3. **Partnership Agreement.** Except as expressly provided herein, this Agreement shall be subject to the applicable terms and conditions of the Partnership Agreement. The occurrence of a default by the General Partner under the Partnership Agreement shall constitute a default by the Administrator and the Partnership shall have no further obligations under this Agreement. Upon the removal of the General Partner in accordance with the Partnership Agreement, at the election of the Limited Partner, this Agreement shall terminate and the Partnership shall have no further obligations hereunder.

4. **Burden and Benefit.** The covenants and agreements contained herein shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, personal representatives, successors and assigns. No party may assign this Agreement without the consent of the other party.

5. **Severability of Provisions.** Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of the Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.

6. **No Continuing Waiver.** None of the parties hereto shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such party. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

7. **Defined Terms.** Except as expressly provided herein, terms used in this Agreement with initial capital letters shall have the meanings set forth in the Partnership Agreement.

8. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Texas, without regard to principles of conflicts of laws.

9. **Headings.** All headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any provision of this Agreement.

10. **Terminology.** All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

11. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

The parties hereto have executed this Partnership Administration Agreement as of the date first above written.

SOUTH TERRACE WACO, LP

By: South Terrace Waco GP, LLC,
General Partner

By: Waco Public Facility
Corporation, its sole member
Name: _____
Title: _____

SOUTH TERRACE WACO GP, LLC,
Administrator

By: Waco Public Facility Corporation, its sole
member

By: _____
Name: _____
Title: _____

Exhibit F
PROPERTY MANAGEMENT AGREEMENT
[Attached]

Exhibit G

[Intentionally Omitted]

Exhibit H
PROJECTIONS

[Attached]

Exhibit I

INVESTOR SERVICES AGREEMENT

THIS INVESTOR SERVICES AGREEMENT (this "**Agreement**"), dated and effective as of the ____ day of _____, 2020, is made by and between SOUTH TERRACE WACO, LP, a limited partnership formed under the laws of the State of Texas (the "**Partnership**") and WINCOPIN CIRCLE LLLP, a Maryland limited liability limited partnership (the "**Servicer**").

RECITALS

The Partnership was formed for the purpose of acquiring, owning, developing, constructing and/or rehabilitating, leasing, managing, operating, and, if appropriate or desirable, selling or otherwise disposing of a two hundred fifty (250) unit residential project in one hundred twenty-nine (129) buildings located in Waco, Texas (the "**Project**"). The Partnership is operating by a First Amended and Restated Agreement of Limited Partnership to which this Agreement is attached as an Exhibit and made a part thereof (the "**Partnership Agreement**").

The Partnership desires that the Servicer provide certain services with respect to the operation of the Partnership.

Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Appointment and Term.** The Partnership hereby retains the Servicer to provide services to the Partnership as herein contemplated. The term of this Agreement shall begin on the date hereof and shall end on the earlier of the termination of the Partnership or the date on which neither the Servicer nor any of its direct assigns continues to be the Limited Partner of the Partnership.

2. **Authority and Obligations.** Subject to the provisions of the Partnership Agreement, the Servicer shall have the authority and obligation to:

(a) Review and comment each year on the content and format of reports to be provided by the Partnership to the Limited Partner in order to assist the Partnership in providing useful, timely and appropriate information to the Limited Partner; and

(b) Take such other actions as it deems appropriate and as authorized or contemplated by the Partnership Agreement in order to promote efficient communications and favorable relationships between the Partnership and the Limited Partner.

3. **Investor Services Fee.** For services performed under this Agreement, beginning in the later of (i) 2021, or (ii) the first calendar year the Partnership receives rental income (the "**Initial Year**"), the Partnership shall pay the Servicer, over the term of this Agreement, an annual Investor Services Fee of Five Thousand Dollars (\$5,000). The Investor Services Fee for the Initial Year shall be prorated for the number of months the Partnership has rental income. For each year

after 2021, the fee shall increase at the rate of three percent (3%) per year. The Investor Services Fee shall be paid from Cash Flow available for payment of such fee pursuant to Exhibit A-4 or Capital Proceeds under Section 8.02 of the Partnership Agreement. If Cash Flow is not sufficient to pay the fee provided above, then any unpaid fees shall accrue without interest and shall be payable out of the next available Cash Flow or Capital Proceeds.

4. **Partnership Agreement.** Except as expressly provided herein, this Agreement shall be subject to the applicable terms and conditions of the Partnership Agreement.

5. **Burden and Benefit.** The covenants and agreements contained herein shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto. No party may assign this Agreement without the consent of the other party; *provided, however*, that the Servicer may assign this Agreement to a successor Limited Partner or an Affiliate of Enterprise.

6. **Severability of Provisions.** Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of the Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.

7. **No Continuing Waiver.** None of the parties hereto shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such party. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

8. **Defined Terms.** Except as expressly provided herein, terms used in this Agreement with initial capital letters shall have the meanings set forth in the Partnership Agreement.

9. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Texas, without regard to principles of conflicts of laws.

10. **Headings.** All headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any provision of this Agreement.

11. **Terminology.** All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

12. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

The parties hereto have executed this Investor Services Agreement as of the date first above written.

SOUTH TERRACE WACO, LP

By: South Terrace Waco GP, LLC,
General Partner

By: Waco Public Facility
Corporation, its sole member
Name: _____
Title: _____

WINCOPIN CIRCLE LLLP,
Servicer

By: Wincopin GP, LLC,
General Partner

By: _____
Name: _____
Title: _____

Exhibit J

RIGHT OF FIRST REFUSAL AGREEMENT

THIS RIGHT OF FIRST REFUSAL AGREEMENT (this "**Agreement**"), dated and effective as of the ____ day of _____, 2020, is made by and between SOUTH TERRACE WACO, LP, a limited partnership formed under the laws of the State of Texas (the "**Partnership**"), and WACO HOUSING AUTHORITY & AFFILIATES, a Texas public housing authority (the "**Purchaser**").

RECITALS

The Partnership was formed for the purpose of acquiring, owning, developing, constructing and/or rehabilitating, leasing, managing, operating, and, if appropriate or desirable, selling or otherwise disposing of a two hundred fifty (250) unit residential project in one hundred twenty-nine (129) buildings located in Waco, Texas (the "**Project**"). The Partnership is operating by a First Amended and Restated Agreement of Limited Partnership to which this Agreement is attached as an Exhibit and made a part thereof (the "**Partnership Agreement**").

The Partnership desires to give, grant, bargain, sell, and convey to Purchaser certain rights to purchase the Property, as more particularly described on the attached Schedule A, on the terms and subject to the conditions set forth herein.

Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Right of First Refusal.** After the end of the Compliance Period, provided that there is no Removal Default with respect to the General Partner, the Partnership will not sell the Project or any portion thereof to any Person without first offering the Project for a period of forty-five (45) days to Purchaser (if it then qualifies as an organization described in Section 42(i)(7)(A) of the Code) (the "**Buyout**"), at a price (the "**Buyout Price**") equal to the sum of (i) the principal amount of all outstanding indebtedness secured by the Project, all other loans from the General Partner or its Affiliates, and any accrued interest on any of such debts, and (ii) all federal, State, and local taxes attributable to such sale, including those incurred or to be incurred by the partners of the Limited Partner; *provided, however*, that such right of first refusal shall be conditioned upon the receipt of a bona fide offer. All costs of the Buyout including any filing fees, shall be paid by Purchaser. In the event that Purchaser does not purchase the Partnership Property on the terms set forth above, then the right of first refusal granted herein shall lapse. The right of first refusal granted hereunder is intended to satisfy the requirements of Section 42(i)(7) of the Code and shall be interpreted consistently therewith. In the event the Purchaser has not exercised the Right of First Refusal within one (1) year after the end of the Compliance Period, the Right of First Refusal shall terminate. No approval from the Limited Partner or the Special Limited Partner shall be required for a sale pursuant to this Right of First Refusal.

2. **Partnership Agreement.** Except as expressly provided herein, this Agreement shall be subject to the applicable terms and conditions of the Partnership Agreement. The

occurrence of a Removal Default by the General Partner under the Partnership Agreement shall constitute a default by the Purchaser and the Partnership shall have no further obligations under this Agreement. Upon the removal of the General Partner in accordance with the Partnership Agreement, at the election of the Limited Partner, this Agreement shall terminate and the Partnership shall have no further obligations hereunder.

3. **Burden and Benefit.** The covenants and agreements contained herein shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto. No party may assign this Agreement without the consent of the other party.

4. **Severability of Provisions.** Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of the Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.

5. **No Continuing Waiver.** None of the parties hereto shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such party. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

6. **Defined Terms.** Except as expressly provided herein, terms used in this Agreement with initial capital letters shall have the meanings set forth in the Partnership Agreement.

7. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Texas, without regard to principles of conflicts of laws.

8. **Binding Agreement.** This Agreement shall be binding on the parties hereto, and their heirs, executors, personal representatives, successors and assigns.

9. **Headings.** All headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any provision of this Agreement.

10. **Terminology.** All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

11. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

The parties hereto have executed this Right of First Refusal Agreement as of the date first above written.

SOUTH TERRACE WACO, LP

By: South Terrace Waco GP, LLC,
General Partner

By: Waco Public Facility Corporation, its
sole member

By: _____
Name: _____
Title: _____

[IF BEING RECORDED:]

STATE OF _____)
COUNTY OF _____) ss.:

On _____, 20__, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

WACO HOUSING AUTHORITY &
AFFILIATES,
Purchaser

By: _____
Name: Milet Hopping
Title: President/CEO

[IF BEING RECORDED:]

STATE OF _____)
COUNTY OF _____) ss.:

On _____, 20__, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

SCHEDULE A
Legal Description

Exhibit K
CONSTRUCTION REPORT
SOUTH TERRACE WACO, LP

This report is to be completed with each construction draw request and sent to: ecapital@enterprisecommunity.com, with a copy to your assigned Asset Manager, regardless of whether draws require equity installments.

ATTACH CURRENT DRAW REQUEST as outlined in Exhibit A-1, Second Installment, including the following: AIA G702 and 703, change orders, lien waivers, draw schedule, detail support for soft costs, and required reporting items.

The General Partner hereby certifies that the following representations and warranties remain true, correct, and not misleading as of the date set forth below.

1. All improvements constructed or to be constructed are in compliance with the Project and/or the Loan Documents,
2. All work will be completed by the construction Completion Date as shown in Exhibit H – Projections, or if amended by change order approved under Section 5.13, a revised completion date of **/**/****.
3. All change orders have been submitted and approved by the Limited Partner as required in Section 5.13 of the Agreement,
4. The remaining funds to be advanced, from all sources, are adequate to pay the remaining costs of the Project until the Stabilization Date,
5. No defaults (or event that with the giving of notice or passage of time or both, would constitute a default) has occurred and is continuing under the Loan Documents, the Project Documents (including the construction contract) or the Agreement; and all these documents remain in full force and effect,
6. No material changes have been made to the Project Documents (including the Plans and Specifications) that have not been approved by the Limited Partner,
7. The Project is free and clear of mechanic's liens and the Limited Partner has been provided with any notices relating to potential liens,
8. All prior requisitions have been funded and payments have been made to the appropriate vendors/suppliers,
9. No additional funding sources have been added to the project budget unless approved in advance by the Limited Partner,

10. All documents required by Section 13.03 of the Agreement to be provided to the Limited Partner as of the date of this report have been delivered to the Limited Partner.

COMPLETED BY:

Name: _____

Phone: _____

Title: _____

Email: _____

Date: _____

Exhibit L

INSURANCE REQUIREMENTS

[INSERT INSURANCE REQUIREMENTS PRODUCED BY ENTERPRISE]

Exhibit M

TRANSFER AGREEMENT

THIS TRANSFER AGREEMENT (the "**Agreement**") dated as of the date set forth below (the "**Effective Date**"), by and among WINCOPIN CIRCLE LLLP, a Maryland limited liability limited partnership (the "**Assignor**"), SOUTH TERRACE WACO, LP, a Texas limited partnership (the "**Partnership**"), SOUTH TERRACE WACO GP, LLC, a Texas limited liability company, in its capacity as the general partner of the Partnership (the "**General Partner**"), SOUTH TERRACE WACO SLP, LLC, in its capacity as the special limited partner of the Partnership (the "**Special Limited Partner**"), and ENTERPRISE HOUSING PARTNERS XXXIII LIMITED PARTNERSHIP, a Maryland limited partnership (the "**Assignee**").

RECITALS

WHEREAS, Assignor serves as Limited Partner in the Partnership pursuant to the First Amended and Restated Agreement of Limited Partnership of the Partnership dated as of the ___ day of _____, 2020 (the "**Partnership Agreement**");

WHEREAS, Assignor wishes to assign its Limited Partner interest (the "**LP Interest**") to the Assignee;

WHEREAS, Article X of the Partnership Agreement specifically contemplates the transfer by Assignor of the LP Interest to Assignee and acknowledges the consent of all Partners thereto;

WHEREAS, Article X of the Partnership Agreement acknowledges that the Assignee, as transferee of the LP Interest pursuant to this Transfer Agreement, shall be automatically substituted as the Limited Partner of the Partnership on the Effective Date;

WHEREAS, Assignor wishes to assign the LP Interest to the Assignee, as of the Effective Date, and the Assignee wishes to accept such assignment of the LP Interest for the consideration and upon the terms and conditions hereinafter set forth above;

WHEREAS, the Assignee is willing to undertake all of the obligations of Assignor under the Partnership Agreement and exhibits thereto, including its rights and obligations under the Investor Services Agreement attached as Exhibit I to the Partnership Agreement, relating to the LP Interest (the "**LP Obligations**"); and

WHEREAS, the Partnership, the General Partner, and the Special Limited Partner desire to acknowledge such undertaking of the LP Obligations by the Assignee and to release the Assignor from the LP Obligations.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration hereinafter described, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

Capitalized terms used but not defined herein shall have the respective meanings attributed thereto in the Partnership Agreement.

Assignor hereby assigns to Assignee and Assignee hereby accepts from Assignor, all of Assignor's right, title and interest in and to the LP Interest, consisting of Assignor's right to allocations of profits, gain, income and losses and Credits and all items entering into the computation thereof, and to distributions of cash, however denominated, under the Partnership Agreement with respect to the LP Interest.

In consideration of the assignment effected hereby, Assignee hereby assumes and agrees to discharge all of the LP Obligations. In addition, Assignee shall promptly reimburse Assignor for all Capital Contributions heretofore made by Assignor to the Partnership in its capacity as Limited Partner and for such other expenditures heretofore incurred by Assignor relating to its acquisition of the LP Interest as Assignor and Assignee shall mutually determine.

The Partnership, the General Partner, and the Special Limited Partner hereby (i) acknowledge the assignment of the LP Interest and assumption by the Assignee of the LP Obligations pursuant to this Agreement and (ii) agree to release Assignor from the LP Obligations. The General Partner and the Special Limited Partner hereby acknowledge and confirm the admission of the Assignee for all purposes as a Substitute Limited Partner under Article X of the Partnership Agreement.

By its execution hereof, the Assignee hereby (i) agrees to become a Substitute Limited Partner of the Partnership and, subject to the foregoing provisions of this Agreement, agrees to be bound (to the same extent as Assignor was bound) by the Project Documents and by the provisions of the Partnership Agreement and exhibits thereto as they relate to the LP Interest and (ii) represents and warrants to the Partnership, the General Partner, and the Special Limited Partner that it is an entity in which Enterprise Community Asset Management, Inc., a Maryland corporation, is the general partner, managing member or directly or indirectly controls the general partner or managing member.

The parties hereto hereby confirm the continuing validity and enforceability of the Partnership Agreement and each of the exhibits thereto, acknowledging that the Assignee shall succeed to all rights and obligations of Assignor thereunder with respect to the LP Interest as of the Effective Date. This provision shall be construed to amend the Partnership Agreement and each of the exhibits thereto to the extent necessary to give effect to the provisions of this Agreement. Without limitation of the foregoing, Exhibit A to the Partnership Agreement is hereby amended by the Revised Exhibit A attached hereto.

The parties agree that the assignment of the LP Interest and the other transactions effected hereby shall be effective for all purposes as of the Effective Date. The General Partner hereby confirms that any and all third-party approvals to the effectiveness of the transactions described in this Agreement have been obtained.

In accordance with Article X of the Partnership Agreement, the parties hereto agree to cooperate in good faith to effect any further amendments to the Partnership Agreement, exhibits

thereto or Project Documents and to take such other steps as may be necessary or appropriate in order to more fully reflect and further evidence the assignment of the LP Interest and the other transactions effected hereby. In this regard, the Investor Services Agreement, attached as Exhibit I to the Partnership Agreement, is hereby amended to replace the Assignor as the Servicer with the Assignee.

This instrument may be executed in several counterparts and all counterparts so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all parties have not signed the original or the same counterpart.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

The undersigned have caused this Agreement to be executed as of the Effective Date set forth at the foot of Revised Exhibit A attached to this Agreement.

ASSIGNOR:

WINCOPIN CIRCLE LLLP

By: Wincopin GP, LLC,
General Partner

By: _____
Name: _____
Title: _____

ASSIGNEE:

ENTERPRISE HOUSING XXXIII LIMITED
PARTNERSHIP

By: Enterprise GP, LLC,
General Partner

By: _____
Name: _____
Title: _____

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

GENERAL PARTNER:

SOUTH TERRACE WACO GP, LLC,
General Partner

By: Waco Public Facility Corporation, its sole
member

By: _____
Name: _____
Title: _____

SPECIAL LIMITED PARTNER:

SOUTH TERRACE WACO SLP, LLC,
Special Limited Partner

By: _____
Name: _____
Title: _____

PARTNERSHIP:

SOUTH TERRACE WACO, LP

By: South Terrace Waco GP, LLC,
General Partner

By: Waco Public Facility Corporation, its
sole member

By: _____
Name: _____
Title: _____

**Revised Exhibit A
to Exhibit M**

**Partners; Percentage Interests;
Capital Contribution Commitments**

	<u>Percentage Interests</u>	<u>Capital Contributions*</u>
<u>General Partner:</u>		
South Terrace Waco GP, LLC	0.0051%	\$100
<u>Limited Partner:</u>		
Enterprise Housing XXXIII Limited Partnership EIN: [_____]	99.99%	\$13,073,585
<u>Special Limited Partner</u>		
South Terrace Waco SLP, LLC	0.0049%	\$100
TOTALS	<u>100%</u>	<u>\$13,073,785</u>

* The Capital Contribution of the Limited Partner will be paid in Installments as described on the following page upon the last to occur of the receipt and approval by the Limited Partner, to the satisfaction of the Limited Partner, of all conditions for such Installment and the date associated with such Installment. Each Additional Capital Contribution is due on the later of the scheduled due date or twenty (20) days (ten (10) days for Additional Capital Contributions made prior to the Completion Date) after receipt and approval by the Limited Partner of an Additional Capital Contribution Notice given by the General Partner, including the Notice Certifications in the exact form attached as Exhibit A-7, in accordance with Section 3.02(c). In addition, the amounts of the Capital Contributions are subject to adjustment as provided in this Agreement.

The EFFECTIVE DATE of this Transfer Agreement is _____, 202__.

**Exhibit N:
Major Decisions**

- (i) the voluntary dissolution and winding up, termination or liquidation of the Partnership, causing or consenting to the filing of any Event of Bankruptcy in respect of the Partnership, or consolidating or merging with or into any Person;
- (j) any amendment to this Agreement;
- (k) any amendment to the Loan Documents;
- (l) the hiring, removal or replacement of any Management Agent;
- (m) taking any action with respect to business before the Authority;
- (n) other than a transfer permitted under this Agreement, selling, transferring, assigning or otherwise disposing of any portion or all of the Partnership Property or any interest therein (except immaterial items of personal property in the ordinary course of business), or entering into a binding agreement to market, sell, transfer, assign or otherwise dispose of any portion or all of the Partnership Property or any interest therein (except immaterial items of personal property in the ordinary course of business), or entering into any amendment, renegotiation, modification, supplement or extension of a binding agreement to market, sell, transfer, assign or otherwise dispose of any portion or all of the Partnership Property or any interest therein that waives, limits or impairs any material substantive right of the Partnership;
- (o) purchasing or acquiring any additional property;
- (p) (i) instituting, prosecuting, defending or settling any material legal, arbitration, or administrative actions or proceedings on behalf of the Partnership; and (ii) instituting judicial action in order to enforce the Partnership's rights as landlord under any lease of space at the Partnership Property or in order to enforce the Partnership's rights as seller under any binding agreement of sale for all or any portion of the Partnership Property or any interest therein;
- (q) controlling any and all litigation in which the Partnership is involved, whether the same was commenced by the Partnership or the Partnership has been named as a defendant in such action, which right to control shall include the right to select legal counsel to represent the Partnership and the right to make all decisions relating to the prosecution or defense of all claims by or against the Partnership;
- (r) admitting new or substitute partners or causing the Partnership to redeem or repurchase all or any Interest of a Partner;
- (s) performing any act in contravention of this Agreement which would make it impossible to carry on the business of the Partnership;

- (t) settling or adjusting any insurance claim or condemnation action;
- (u) confessing a judgment against the Partnership in any lawsuit or proceeding or settling any lawsuit or proceeding which settlement requires a payment by the Partnership;
- (v) approving or disapproving of a creditors' plan or any bankruptcy or similar proceeding involving any tenant under a lease or any guarantor of a tenant's obligations under a lease;
- (w) filing any tax return on behalf of the Partnership or making or revoking any tax election by or on behalf of the Partnership which would reasonably be expected to have a material adverse effect upon Partnership, the Partnership Property, or the Limited Partner;
- (x) binding the Partnership in any respect, including, without limitation, in matters relating to (i) environmental substances, hazards and remediation thereof and (ii) the operating budget to the Project and all income and expense matters whether or not set forth in the operating budget of the Partnership;
- (y) (i) amending, modifying, replacing, renewing or terminating any insurance coverages with respect to the Partnership or the Partnership Property or (ii) renewing any existing insurance policy, if the terms of such renewal policy set forth any exclusions from coverage which are not expressly excluded from the insurance policies in effect on the date of this Agreement;
- (z) mortgaging, encumbering, financing and refinancing the Partnership Property or any financing or decision to prepay any financing, or decision to modify the terms of any financing and any documents evidencing the same;
- (aa) withdrawals from any reserve accounts held by the Partnership;
- (bb) the issuance of any guaranties of the Partnership;
- (cc) incurring debt, extending credit or making loans to any Person or becoming a surety, guarantor, endorser or accommodation endorser for any Person;
- (dd) performing such certification, requests and other actions required in order to obtain a draw of funds from any Lender;
- (ee) the selection of any accountants or attorneys to provide services to the Partnership on a material matter; or
- (ff) making or approving any change, amendment, waiver, modification, replacement, or alteration of:
 - (i) any budget for the Partnership Property, including without limitation any budget set forth in the Construction Contract or in any other document relating to the development of the Partnership Property;

(ii) the Construction Contract or any ancillary document executed in connection therewith;

(iii) any contracts or subcontracts executed in connection with the development of the Partnership Property;

(iv) the Plans and Specifications or any ancillary document executed in connection therewith;

(v) the Loan Documents.

Agenda
Waco Public Facility Corporation II
4400 Cobbs Drive
Board Room
MICROSOFT VIRTUAL TEAMS MEETING
DIAL IN: 915-255-2469
CONFERENCE ID: 403 812 847#
Waco, Texas
September 22, 2020
12:00 Noon

- I. Call to Order
- II. Establishment of Quorum
- III. Approval of Minutes
- IV. New Business
 - RESOLUTION NO. 009 RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING GOVERNMENTAL NOTES (SOUTH TERRACE APARTMENTS) SERIES 2020; APPROVING THE FORM AND SUBSTANCE OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS NECESSARY TO CARRY OUT THE FINANCING OF SUCH MULTIFAMILY RENTAL RESIDENTIAL DEVELOPMENT; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT
- V. Adjournment

Agenda
Waco Public Facility Corporation II
Regular Meeting
4400 Cobbs Drive
Board Room
Waco, Texas
January 28, 2020
12:00 Noon

- I. Call to Order
President Malcolm Duncan, Jr. called the meeting to order at 12:36 pm.
- II. Establishment of Quorum
Directors present: Malcolm Duncan Jr., Jon Ramos, Shirley Langston, Connie Mack
Directors absent: Susan Cowley
- III. Approval of Minutes
Minutes were approved as presented.
- IV. New Business
- Resolution No. 008 BY THE BOARD OF DIRECTORS OF WACO PUBLIC FACILITY II DISCLOSING THAT THE PROPOSED DEVELOPMENT SITE FOR AFFORDABLE RENTAL HOUSING AT 100 KENNEDY CIRCLE, WACO, TX 76706 IS LOCATED WITHIN A CENSUS TRACT THAT HAS A POVERTY RATE ABOVE 40% FOR INDIVIDUALS
Milet Hopping explained that this resolution is just information for the board to be aware that the proposed RAD project at South Terrace is in an area that is 40% poverty or below. President Malcolm Duncan Jr. asked for a motion to approve Resolution No. 008. Director Jon Ramos made the motion and Director Connie Mack seconded the motion. President Malcolm Duncan, Jr. called for a vote and the motion passed unanimously.
Resolution No. 008
A copy of this resolution may be found in the resolution file.
- V. Adjournment
President Malcolm Duncan Jr. adjourned the meeting at 12:38 pm.

Secretary

President of the Board

Seal

**WACO PUBLIC FACILITY CORPORATION II
RESOLUTION NO. 009**

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING GOVERNMENTAL NOTES (SOUTH TERRACE APARTMENTS) SERIES 2020; APPROVING THE FORM AND SUBSTANCE OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS NECESSARY TO CARRY OUT THE FINANCING OF SUCH MULTIFAMILY RENTAL RESIDENTIAL DEVELOPMENT; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, Waco Public Facility Corporation II (the “Governmental Lender”) has been duly created and organized pursuant to and in accordance with the provisions of the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the “Act”), for the purpose of assisting the Housing Authority of the City of Waco, Texas (the “Sponsor”) in financing, refinancing or providing public facilities; and

WHEREAS, the Act authorizes the Governmental Lender: (a) to make loans to any person to provide financing for rental residential developments located within the corporate limits of the City of Waco, Texas (the “City”), and intended to be occupied substantially (at least 90 percent) by persons of low and moderate income, as determined by the Governmental Lender; (b) to borrow funds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with any such borrowing by the Governmental Lender; and (c) to pledge all or any part of the revenues, receipts or resources of the Governmental Lender, including the revenues and receipts to be received by the Governmental Lender from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender in order to secure the repayment of any such borrowing by the Governmental Lender; and

WHEREAS, the Board of Directors of the Governmental Lender (the “Board”) has determined to authorize the issuance, sale and delivery of its Multifamily Housing Governmental Note (South Terrace Apartments) Series 2020A and Multifamily Housing Governmental Note (South Terrace Apartments) Series 2020B (collectively, the “Governmental Notes”) pursuant to and in accordance with the terms of a Funding Loan Agreement dated as of October 1, 2020 (the “Funding Loan Agreement”), among the Governmental Lender, Wilmington Trust, N.A., as fiscal agent (the “Fiscal Agent”), and Citibank, N.A., as initial funding lender (the “Funding Lender”), for the purpose of lending the proceeds thereof to South Terrace Waco, LP, a Texas limited partnership (the “Borrower”), to provide financing for the acquisition, rehabilitation and equipping of a multifamily rental residential development to be known as South Terrace Apartments to be located at approximately 100 Kennedy Circle, Waco, Texas 76706 described more fully on Exhibit A attached hereto (the “Project”), all in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Board, by resolution adopted on November 19, 2019, declared its intent to provide financing for the Project; and

WHEREAS, in order to assist in carrying out such acquisition, construction and equipping of the Project, the Board has determined that the Governmental Lender shall enter into a Borrower Loan Agreement dated as of October 1, 2020 (the “Borrower Loan Agreement”), between the Governmental Lender, Fiscal Agent and the Borrower, pursuant to which (i) the Governmental Lender will agree to make a mortgage loan funded with the proceeds of the Governmental Notes (the “Mortgage Loan”) to the Borrower to enable the Borrower to finance the cost of acquisition, construction and equipping of the Project and related costs, and (ii) the Borrower will execute and deliver to the Governmental Lender a promissory note (the “Multifamily Note”) in an original aggregate principal amount equal to the original aggregate principal amount of the Governmental Notes, and providing for payment of interest on such principal amount equal to the interest on the Governmental Notes and to pay other costs described in the Borrower Loan Agreement; and

WHEREAS, in order to assure compliance with Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”), the Governmental Lender will require the Borrower to enter into a Regulatory Agreement and Declaration of Restrictive Covenants dated as of October 1, 2020 (the “Regulatory Agreement”) with respect to the Project; and

WHEREAS, it is anticipated that the Multifamily Note will be secured by a Multifamily Leasehold Deed of Trust (with Assignment of Leases and Rents, Security Agreement and Fixture Filing) (the “Mortgage”) from the Borrower for the benefit of the Governmental Lender; and

WHEREAS, the Governmental Lender’s rights (except for certain reserved rights) under the Mortgage Loan, including the Multifamily Note and the Mortgage, will be assigned to the Fiscal Agent, as its interests may appear, pursuant to an Assignment of Deed of Trust and Loan Documents (the “Assignment”) by the Governmental Lender in favor of the Fiscal Agent; and

WHEREAS, the Board desires to ratify certain other actions heretofore taken with respect to the Governmental Notes; and

WHEREAS, the Governmental Lender desires to authorize the Fiscal Agent to invest and reinvest the proceeds of the Governmental Notes and all other funds received and held under the Funding Loan Agreement; and

WHEREAS, Section 147(f) of the Code requires that the Governmental Notes be approved by the “applicable elected representative” (the “AER”) after a public hearing following reasonable public notice; and

WHEREAS, with respect to the Governmental Notes, the AER is the City Council of the City of Waco; and

WHEREAS, notice of a public hearing with respect to the Governmental Notes and the Project held by the Governmental Lender on August 13, 2020, was published no less than 7 days before such date; and

WHEREAS, the Board held such public hearing on the date and at the time and place set out in such published notice, and conducted such hearing in a manner that provided a reasonable

opportunity for persons with differing views on the issuance of the Governmental Notes and the Project to be heard; and

WHEREAS, the Board and its advisors have been provided proposed forms of the Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement, the Multifamily Note, the Mortgage, and the Assignment, and have determined to provide financing for the Project in accordance with such documents by authorizing the issuance of the Governmental Notes, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient;

NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GOVERNMENTAL LENDER THAT:

Section 1.--Public Hearing. The Board hereby finds, determines, recites and declares that a public hearing with respect to the Governmental Note and the Project was held on August 13, 2020; that notice of such public hearing was published no less than 7 days prior to the hearing; that such notice included the date, time and place of the public hearing, the location, general nature and the initial owner of the Project and the maximum aggregate principal amount of the Governmental Notes; and that all comments from interested persons were taken at such public hearing and were provided to the AER.

Section 2.--Issuance, Execution, Sale and Delivery of the Governmental Notes. The issuance of the Governmental Notes is hereby authorized, according to the conditions set forth herein and in the Funding Loan Agreement, and that, upon execution and delivery of the Funding Loan Agreement, the President or any Vice President or Secretary of the Governmental Lender each are authorized hereby to execute, attest and to deliver the Governmental Notes to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and to the Fiscal Agent for authentication (to the extent required in the Funding Loan Agreement), and thereafter to sell the Governmental Notes to the initial funding lender thereof and deliver the Governmental Notes as provided in the Funding Loan Agreement.

Section 3.--Interest Rate, Principal Amount, Maturity and Price. The officers of the Governmental Lender are hereby authorized to fix and determine the interest rate, principal amount, maturity and price of the Governmental Notes, all of which determinations shall be conclusively evidenced by the execution and delivery by such officers of the Funding Loan Agreement; provided, however, that: (a) the interest rate on each of the Governmental Notes shall not exceed 7% per annum, subject to adjustment as provided in the Funding Loan Agreement; provided that, in no event shall the interest rate on the Governmental Notes (including any default interest rate) exceed the maximum interest rate permitted by applicable law; (b) the aggregate principal amount of the Governmental Notes shall not exceed \$25,000,000; and (iii) the final maturity of the Governmental Notes shall occur not later than October 1, 2060.

Section 4.--Approval, Execution and Delivery of the Funding Loan Agreement. The form and substance of the Funding Loan Agreement are hereby approved; and that the President or any Vice President or the Secretary of the Governmental Lender are each hereby authorized to execute

and attest to the Funding Loan Agreement and to deliver the Funding Loan Agreement to the Fiscal Agent. The Fiscal Agent is authorized to invest the moneys held under the Funding Loan Agreement as provided therein.

Section 5.--Approval, Execution and Delivery of the Borrower Loan Agreement. The form and substance of the Borrower Loan Agreement are hereby approved; and that the officers of the Governmental Lender are each hereby authorized to execute and attest to the Borrower Loan Agreement and to deliver the Borrower Loan Agreement to the Borrower.

Section 6.--Approval, Execution and Delivery of the Regulatory Agreement. The form and substance of the Regulatory Agreement are hereby approved; and that the officers of the Governmental Lender are each hereby authorized to execute and attest to the Regulatory Agreement and to deliver the Regulatory Agreement to the Borrower and the Fiscal Agent.

Section 7.--Determination of Moderate Income. The Board has heretofore determined and hereby confirms, in accordance with the Act, for purposes of the Project, until revised by the Board, that the maximum amount constituting moderate income shall be 80% of area median income, as established by the Governmental Lender.

Section 8.--Acceptance of the Mortgage and the Multifamily Note. That the Mortgage and the Multifamily Note are hereby accepted by the Governmental Lender; and that the officers of the Governmental Lender are each hereby authorized to endorse the Multifamily Note to the order of the Fiscal Agent, without recourse.

Section 9.--Execution and Delivery of Other Documents. The officers of the Governmental Lender are each hereby authorized to execute and attest to and deliver such other agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, written requests and other papers, including the Assignment, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 10.--Power to Revise Form of Documents. Notwithstanding any other provision of this Resolution, the officers of the Governmental Lender are each hereby authorized to make or approve such revisions to this Resolution and in the form of the documents hereby approved, in the opinion of Bond Counsel, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution; and approval of such changes by the Governmental Lender shall be indicated by such officers' execution of the documents.

Section 11.--Incorporation of Preamble. The recitals in the preamble of this Resolution are true, correct and complete and each and all of such recitals and the findings therein are hereby incorporated by reference to the same extent as if set forth herein in full.

Section 12.--Submission to the Attorney General of Texas. The Board hereby authorizes the submission by bond counsel to the Attorney General of Texas, for approval as required under Chapter 1202, Texas Government Code, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Governmental Notes.

Section 13.--Purposes of Resolution. The Board has expressly determined and hereby confirms that the issuance of the Governmental Notes to assist in the financing of the Project will promote the public purposes set forth in Chapter 392 and Section 394.002 of the Local Government Code and will accomplish a valid public purpose of the Governmental Lender by assisting persons of low and moderate income to obtain decent, safe and sanitary housing at affordable prices.

Section 14.--Limited Obligations. The Governmental Notes and the interest thereon shall be limited obligations of the Governmental Lender payable solely from the revenues, funds and assets pledged under the Funding Loan Agreement to secure payment of the Governmental Notes and under no circumstances shall the Governmental Notes be payable from any other revenues, funds, assets or income of the Governmental Lender.

Section 15.--Ratification of Certain Prior Actions. All other prior actions taken for or on behalf of the Governmental Lender in connection with the Governmental Notes are hereby ratified, confirmed and approved.

Section 16.--Approval Conditions. The actions and obligations authorized in this Resolution shall be subject to and conditioned upon receipt by the Governmental Lender on the date of delivery of the Governmental Notes of the appropriate opinions of bond counsel with respect to the Governmental Notes.

Section 17.--Information Return for Tax Exempt Private Activity Bonds. The Board further directs that an officer of the Governmental Lender submit or cause to be submitted to the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Governmental Note are issued, a statement containing the information required by Section 149(e) of the Code.

Section 18.--Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 22nd day of September 2020.

Secretary of the Board

President of the Board

(Seal)

[End of Resolution.]

**EXHIBIT A
PROJECT AND BORROWER**

Borrower: South Terrace Waco, LP, a Texas limited partnership

Project: 250-unit multifamily residential rental development known as South Terrace Apartments

The Project will be located at approximately 100 Kennedy Circle, Waco, Texas 76706. It will consist of 129 residential apartment buildings with approximately 212,636 net rentable square feet. The unit mix will consist of:

<u>68</u>	one-bedroom units
<u>94</u>	two-bedroom units
<u>64</u>	three-bedroom units
<u>24</u>	four-bedroom units
250	Total Units

CARES ACT (Coronavirus Aid, Relief, and Economic Security Act)

	9.10.20	9.10.20
	Public Housing	Section 8
Funding	<u>\$ 552,594.00</u>	<u>\$ 680,752.00</u>
Expenses		
Management Fees	165,455.14	\$ 51,295.37
Prepare:		
PPE & Supplies for Staff	\$ 2,447.26	\$ 315.07
Inventory-Office Supplies		
Prevent:		
Employees Salary & Benefits	\$ 283,353.14	\$ 153,518.80
Office Supplies & Computer Equip.	\$ 7,395.12	\$ 10,274.01
Cleaning/Disinfect Contr. Svcs	\$ 100.00	\$ 344.00
Building Repair Contract	\$ 494.35	\$ 1,483.18
Furniture, Equipment Non-Dwelling	\$ 34,186.75	\$ 30,987.52
Total Expenses for Prepare & Prevent	<u>\$ 493,431.76</u>	<u>\$ 248,217.95</u>
Respond:	89%	36%
School Partnership - Pending		\$ 20,000.00
- Kate Ross - Internet Access & Bandwidth Upgrade	\$ 5,000.00	
- Estella Maxey - Internet Access & Bandwidth Upgrade	\$ 5,000.00	
- South Terrace - Internet Access & Bandwidth Upgrade	\$ 5,000.00	
Health Care Partnership - Pending		\$ 20,000.00
- Kate Ross - PPE Kits for Residents	\$ 5,000.00	
- Estella Maxey - PPE Kits for Residents	\$ 5,000.00	
- South Terrace - PPE Kits for Residents	\$ 5,000.00	
Total Expenses for Respond	<u>\$ 30,000.00</u>	<u>\$ 40,000.00</u>
Residual Receipts	<u>\$ 29,162.24</u>	<u>\$ 392,534.05</u>
	11%	64%

NOTES

Management Fees:
 ***On management fees HUD has allowed to charge an additional 50% on Property, Bookkeeping, and Asset management fees.
 Section 8 Additional 375,706.00 Funding Second Round

FORMULA

Property Mgmt fee-Units Occupied X 55.18 (San Antonio rate)= Normal monthly fee; then the Normal monthly fee + 50% additional
 Bookkeeping Fee-Units Occupied X \$7.50 rate=Normal monthly fee; then the normal monthly fee + 50% additional
 Asset Mgmt Fee- Total Units X \$10.00 rate=Normal monthly fee; then the normal monthly fee + 50% additional
 Building Repair Contract:
 ***Texas Welding steel plate for mailbox security & exterior mailbox concrete
 Furniture, Equipment NonDwelling:
 ***Digital signature platform (5500 packets) & Licencing so employees can work virtually and continue to service tenants and applicant.

**Waco Housing Authority Affiliates
Consolidated Financial Statements August 2020**

	Central Cost Center	Kate Ross	Estella Maxey	South Terrace	HCV	Raintree	Cimmaron	Hunnington	Picadilly	Misty Square	Total
Income											
Dwelling rental		48,563.85	61,236.95	61,097.05		92,464.32	49,537.49	33,642.58	2,816.00	8,290.00	357,648.24
Excess Utilities		6,965.86	9,024.18	948.56							16,938.60
Non-Dwelling Rental		6,000.00									6,000.00
Total Rental Income	-	61,529.71	70,261.13	62,045.61	-	92,464.32	49,537.49	33,642.58	2,816.00	8,290.00	380,586.84
Mgmt. & Admin. Fees Rev.	218,414.20	8,263.74	13,858.76	11,558.94	122,396.00						374,491.64
Interest on Investments	795.69	2,346.09	3,941.78	2,825.96	1,323.24	1,328.41	704.45	489.99	353.85	69.56	14,179.02
Other Income		7,401.77	7,574.37	8,429.94	71,579.56	5,256.94	4,758.12	1,216.00	1,305.03	295.31	107,817.04
Operating Transfer In		18,248.07	21,562.46	15,898.74							55,709.27
HUD Contributions		78,898.65	104,628.00	65,504.34							249,030.99
Total Operating Income	219,209.89	115,158.32	151,565.37	104,217.92	195,298.80	6,585.35	5,462.57	1,705.99	1,658.88	364.87	801,227.96
Total Income	219,209.89	176,688.03	221,826.50	166,263.53	195,298.80	99,049.67	55,000.06	35,348.57	4,474.88	8,654.87	1,181,814.80
Expenses											
Administrative Salaries	90,034.14	13,001.24	18,356.56	17,168.16	51,188.61	6,663.31	4,095.98	2,443.20	276.52	700.38	203,928.10
Legal						218.81	140.27			8.42	367.50
Staff Training & Travel	1,580.00	244.64	305.80	214.06							2,344.50
Sundry	8,875.44	4,938.15	6,582.95	5,399.18	15,554.58	1,722.96	684.02	417.01	177.41	161.99	44,513.69
Mgmt. & Bkpg. Fees Exp.		30,907.53	38,441.26	29,327.59	69,306.46	24,213.42	12,723.80	8,763.68	442.20	852.80	214,978.74
Total Admin. Expenses	100,489.58	49,091.56	63,686.57	52,108.99	136,049.65	32,818.50	17,644.07	11,623.89	896.13	1,723.59	466,132.53
Total Tenant Serv. Expenses		9,497.81	11,561.97	8,189.49							29,249.27
Total Utility Expenses	1,691.08	56,273.08	51,373.26	36,331.15	777.05	10,160.96	8,454.31	4,599.26	445.97	985.50	171,091.62
Labor		10,731.22	14,116.94	15,961.49		5,743.68	4,989.99	2,976.47	239.30	787.88	55,546.97
Materials	300.00	10,029.42	8,634.36	1,076.35	125.98	4,613.92	2,307.31	2,085.62	485.62	87.72	29,746.30
Contract Costs	4,468.21	31,894.02	45,656.39	20,203.20	1,396.97	11,811.00	5,685.88	3,699.40	301.95	668.93	125,785.95
Total Maint & Operations	4,768.21	52,654.66	68,407.69	37,241.04	1,522.95	22,168.60	12,983.18	8,761.49	1,026.87	1,544.53	211,079.22
Employee Benefits	22,540.15	10,889.27	15,864.22	13,621.59	15,401.51	5,366.75	3,293.27	1,964.43	223.19	541.01	89,705.39
Insurance	677.06	5,121.52	5,542.38	2,969.36	823.12	3,024.32	1,704.86	740.59	104.30	192.38	20,899.89
Administrative Fees					1,982.86						1,982.86
Collection Losses		5,856.19	5,120.79	1,100.95							12,077.93
Non-Routine Expense						73.07	245.33				318.40
Depreciation Expense						14,101.18	7,196.91	4,373.36	269.24	2,639.44	28,580.13
Total General Expenses	23,217.21	21,866.98	26,527.39	17,691.90	18,207.49	22,565.32	12,440.37	7,078.38	596.73	3,372.83	153,564.60
Total Expenses	130,166.08	189,384.09	221,556.88	151,562.57	156,557.14	87,713.38	51,521.93	32,063.02	2,965.70	7,626.45	1,031,117.24
Profit/Loss	89,043.81	(12,696.06)	269.62	14,700.96	38,741.66	11,336.29	3,478.13	3,285.55	1,509.18	1,028.42	150,697.56