



# PROGRAM GUIDELINES

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Private Activity Bond Program

Austin Housing Finance Corporation  
Austin Housing Public Facility Corporation

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# 1. Purpose

The City of Austin created the Austin Housing Finance Corporation (AHFC) in 1979 as a public instrumentality and non-profit corporation under the Texas Housing Finance Corporation Act (Chapter 394 of the Texas Local Government Code (hereinafter Chapter 394)). AHFC was created to finance decent, safe, and sanitary housing at affordable prices.

The City of Austin created the Austin Housing Public Facility Corporation (AHPFC) in 2022 as a public corporation, constituted authority, and instrumentality of the City under the Public Facility Corporation Act (Chapter 303 of the Texas Local Government Code (hereinafter Chapter 303)). AHPFC was created to finance or provide for the acquisition, construction, rehabilitation, renovation, repair, equipping, furnishment, and placement in service of public facilities.

To further their purposes, AHFC and AHPFC issue Private Activity Bonds to defray, in whole or part, the development costs of residential developments and public facilities, as applicable.

AHFC and AHPFC work in close partnership with the City of Austin (City), and these Private Activity Bond Program Guidelines (Guidelines) are based upon multiple documents which serve and support the Austin Strategic Housing Blueprint, including:

[Imagine Austin Comprehensive Plan](#)

[2016 Mobility Bond Corridor Construction Program](#)

[2018 Affordable Housing Bond Implementation Plan](#)

[Capital Metro Project Connect Long Range Vision Plan](#)

[Austin Strategic Housing Blueprint Implementation Plan](#)

**The Austin Housing Finance Corporation and Austin Housing Public Facility Corporation reserve the right to issue PABs at a lower amount than requested and the right to deny Applications that do not coincide with the City's Action Plan goals and the Austin Strategic Housing Blueprint.**

## 2. Scope

The AHFC Board of Directors and the AHPFC Board of Directors are each composed of the City's Mayor and Council Members. The AHFC Board of Directors and the AHPFC Board of Directors each have sole discretion to approve Applications submitted to AHFC and AHPFC, respectively, and to set forth requirements and procedures applicable to the issuance of Private Activity Bonds (PABs) to provide financing for multifamily residential developments financed by each entity.

These Guidelines apply to PABs issued by AHFC or AHPFC to provide financing for (i) the new construction of multifamily developments, (ii) the acquisition and substantial rehabilitation of multifamily developments, or (iii) the refunding of outstanding multifamily PABs previously issued by AHFC or AHPFC, as applicable.

Note these Guidelines do not apply to bonds or other obligations issued for the purpose of financing and/or purchasing single family home mortgages or mortgage-backed securities.

501(c)(3) Financings must follow these Guidelines, including the special provisions in Section 6. In the event of modifications to the Internal Revenue Code, federal laws, or regulations governing these Guidelines, AHFC and AHPFC reserve the right, in their sole discretion, to amend these Guidelines.

These Guidelines outline how the Private Activity Bond Program is carried out. They are not intended to address every circumstance that may be encountered in the development or financing process, nor are they intended to be a verbatim restatement of all federal, state and local regulatory requirements. Omission of any regulatory requirements in these Guidelines does not relieve AHFC or AHPFC, or any Applicant, Developer, Borrower or other person from meeting all applicable obligations.

### 3. Definitions

501(c)(3) Financing	A bond financing for the benefit of a Borrower to whom the Internal Revenue Service has issued a determination letter to the effect that it is an organization described in Section 501(c)(3) of the Internal Revenue Code and that such determination is in effect on the bond closing date.
Accessibility	The requirement that a Development comply with the Americans with Disabilities Act of 1990, as amended, and the applicable regulations therein.
Affordable Rent	<p>Rent (inclusive of a Utility Allowance) paid by a tenant of a rental unit in a Development such that the adjusted gross monthly rent of the rental unit does not exceed 30% of the gross monthly income limit of the rental unit in which the tenant subsidizes. This determination is made in accordance with procedures established by the Issuer:</p> <ol style="list-style-type: none"> <li>1. at the time of initial occupancy of the rental unit; and</li> <li>2. at the time of each increase of the gross monthly rent limit with respect to such rental unit.</li> </ol>
Affordability Unlocked	<p>Affordability Unlocked is a City development bonus program that waives or modifies certain development restrictions in exchange for dedicating a significant percentage of rental units to serve low-and-moderate-income households. The primary point of contact is:</p> <p><b>Brendan Kennedy</b>  <a href="mailto:Brendan.kennedy@austintexas.gov">Brendan.kennedy@austintexas.gov</a>  <b>(512) 978-1594</b></p>
Applicant	The person or entity filing the Application for Multi-family Housing Bond Financing.
Application	The application an Applicant files with the Issuer for Multi-family Housing Bond Financing for the assumption, transfer, financing, or refinancing of a Development.
Board	The Issuer's Board of Directors.
Bond Counsel	A nationally recognized bond counsel firm, which the Issuer from time to time has retained under contract.

<b>Bond Trustee</b>	A nationally recognized Bond Trustee firm, which the Issuer selects and approves. The Bond Trustee may also be referred to as a “Fiscal Agent”.
<b>Borrower</b>	The multifamily residential housing developer or entity that is responsible for the acquisition, construction, or rehabilitation and equipping of a Development and who is seeking PABs for such purposes.
<b>Chapter 303</b>	The Public Facility Corporation Act, Chapter 303 of the Texas Local Government Code, as amended.
<b>Chapter 394</b>	The Texas Housing Finance Corporations Act, Chapter 394 of the Texas Local Government Code, as amended.
<b>City</b>	City of Austin, a Texas home rule municipal corporation.
<b>Code</b>	The Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations therein.
<b>Deed Restricted Qualified Project Period</b>	A period ending on the latest to occur of: (i) 15 years after the date on which 50% of the rental units in a Development are occupied or (ii) the date on which no PABs are outstanding or (iii) the date on which Section 8 assistance for the Development terminates.
<b>Financial Advisor</b>	Public Financial Management, Inc., Austin, Texas, or such nationally recognized financial advisor firm that the Issuer, from time to time, has retained under contract. Documents required to be sent to Financial Advisor must be mailed or delivered to:  <b>Dennis Waley</b> <b>Public Financial Management, Inc.</b> <b>c/o Austin HFC Multi-family Financings</b> <b>700 Lavaca, Suite 1500</b> <b>Austin, Texas 78701</b> <b>Telephone: (512) 472-7194</b> <b>E-mail: <a href="mailto:waleyd@pfm.com">waleyd@pfm.com</a></b>
<b>Guarantor</b>	Any person that provides, or is anticipated to provide, a guaranty for all or a portion of the equity or debt financing for the Development.
<b>Inducement Resolution</b>	A Board resolution declaring the Issuer's intent to issue PABs to provide financing for a Development in the form approved by Bond Counsel.

<b>Issuer</b>	The issuer of the Private Activity Bonds, either Austin Housing Finance Corporation or Austin Housing Public Facility Corporation.
<b>Issuer Outside Counsel</b>	A nationally recognized law firm, which the Issuer from time to time has retained under contract.
<b>Issuer SPOC</b>	<p>The primary point of contact between Applicant and the Issuer is:</p> <p><b>Brendan Kennedy</b>  <b>Project Coordinator</b>  <b>Telephone: (512) 978-1594</b>  <b>Fax: (512) 974-3161</b>  <b>E-mail: <a href="mailto:brendan.kennedy@austintexas.gov">brendan.kennedy@austintexas.gov</a></b></p> <p><u>Mailing Address:</u>  <b>Austin Housing Finance Corporation/Austin Housing Public Facility Corporation</b>  <b>Private Activity Bond Financing Program</b>  <b>Attn: Brendan Kennedy</b>  <b>1000 East 11<sup>th</sup> Street</b>  <b>Austin, TX 78702</b></p>
<b>Issuer Deputy General Counsel</b>	<p><b>M. Shannon Kackley</b>  <b><a href="mailto:shannon.kackley@austintexas.gov">shannon.kackley@austintexas.gov</a></b>  <b>Alice Geyer</b>  <b><a href="mailto:alice.geyer@austintexas.gov">alice.geyer@austintexas.gov</a></b></p> <p><b>301 W. 2nd Street</b>  <b>Austin, Texas 78701</b></p>
<b>Lease Addendum</b>	A document attached to a lease agreement approved by the Issuer, which contains tenant protections.
<b>Low-Income Housing Tax Credit (LIHTC)</b>	Tax credits allocated by the TDHCA precedent to the determination that a Development satisfies the requirements of the State of Texas' Qualified Allocation Plan as well as Section 42 of the Code, as amended, and the regulation promulgated pursuant thereto.
<b>Low-Income Tenants</b>	Households of low or moderate income as determined in accordance with §167(k)(3)(B) of the Code, whose incomes are less than or equal to 60% of the median family income limit of the Austin-Round Rock, TX Metropolitan Statistical Area, adjusted for household size, and published annually by the TDHCA.

<b>Development</b>	A multi-family residential development financed or to be financed by the Issuer satisfying the definition of “residential development” in Chapter 394 (see §394.003(13)) or the definition of “public facility” in Chapter 303 (see §303.003(7)).
<b>Owner</b>	Any person, General Partner, or Affiliate who owns or proposes a Development or expects to acquire control of a Development under a purchase contract or ground lease.
<b>Private Activity Bonds (PABs)</b>	Any type of interest-bearing obligations, including, without limitation, bonds, notes, bond anticipation notes, loans or the evidence of indebtedness, issued by AHFC or AHPFC to finance a Development, provided the maximum term of any such obligation may not extend past the economic life of the Development or in the case of obligations issued by AHPFC, have a maturity date longer than forty (40) years.
<b>Qualifying Tenants</b>	Tenants whose adjusted household income does not exceed the income limitations of the Issuer. The income limitations established by the Board are less than or equal to 80% of the median family income of the Austin- Round Rock, TX Metropolitan Statistical Area, adjusted for household size, and published annually by the TDHCA.
<b>Restrictive Covenant</b>	The restrictive covenant running with the land that restricts the use of each Development during the Deed Restricted Qualified Project Period.
<b>RHDA</b>	<p>AHFC’s Residential Housing Development Assistance Program. The RHDA provides financing for the acquisition, rehabilitation, and new construction of affordable rental housing developments. The primary point of contact is:</p> <p><b>Ellis Morgan</b>  <b>Telephone: (512) 974-3121</b>  <b>Email: <a href="mailto:ellis.morgan@austintexas.gov">ellis.morgan@austintexas.gov</a></b></p>

<b>S.M.A.R.T. Housing Certification</b>	<p>The City has adopted the S.M.A.R.T. Housing Ordinance to serve as a developer incentive to create affordable housing. The primary points of contact are:</p> <p><b>Brendan Kennedy</b>  Telephone: (512) 978-1594  Email: <a href="mailto:brendan.kennedy@austintexas.gov">brendan.kennedy@austintexas.gov</a></p> <p><b>Rebecca Edwards</b>  Email: <a href="mailto:Rebecca.edwards@austintexas.gov">Rebecca.edwards@austintexas.gov</a></p> <p><b>DeAdra Johnson</b>  Email: <a href="mailto:deadra.johnson@austintexas.gov">deadra.johnson@austintexas.gov</a></p>
<b>TDHCA</b>	<p>The Texas Department of Housing and Community Affairs.</p>
<b>TEFRA Public Hearing</b>	<p>The public hearing required by the Tax Equity and Fiscal Responsibility Act of 1982 prior to approval of PABs.</p>
<b>Utility Allowance</b>	<p>The estimate of tenant-paid utilities made in accordance with Treasury Regulation, §1.42-10 and §10.614 of Title 10 of the Texas Administrative Code.</p>
<b>Very Low-Income Tenants</b>	<p>Households of low or moderate income as determined in accordance with §167(k)(3)(B) of the Code, whose incomes are less than or equal to 50% of the median family income limit of the Austin-Round Rock, TX Metropolitan Statistical Area, adjusted for family size, and published annually by TDHCA.</p>

## 4. Development & Public Facility Eligibility Requirements

The Issuer will not issue PABs to provide financing for a Development unless the Applicant has satisfied the general requirements set forth in this Section 4. The Issuer reserves the right to impose additional requirements with respect to any Development.

### Location

The Issuer will issue PABs to provide financing only for Developments located entirely within the City's corporate limits and which satisfy one of the following:

1. Are within 0.5 miles from a planned Project Connect Light Rail stop, MetroRail stop, MetroRapid stop, or MetroBus stop with Frequent Service, as defined by [CapMetro's Project Connect Program](#);
2. Are within 0.25 miles of a [2016 Mobility Bond Corridor](#);
3. Serve individuals experiencing or at-risk of homelessness;
4. Preserve existing affordable housing;
5. Facilitate the development of affordable housing on AHFC, AHPFC, or City-owned land; or
6. Have received preliminary acceptance from the Issuer based on any other criteria.

### Public Purpose

The Issuer will not issue PABs to provide financing for any Development unless the Board has made a finding that such financing will promote the public purposes set forth in Chapter 303 or Chapter 394, as applicable.

## S.M.A.R.T. Housing Certification

If the Development is to be newly constructed, an application for S.M.A.R.T. Housing certification is required to be submitted to the Housing and Planning Department and should be submitted following receipt of an Inducement Resolution. Verification of fulfilling the requirements of the S.M.A.R.T. Housing certification will be done at a later stage by the Issuer.

### Building Standards

#### a. New Construction

The Issuer expects to finance Developments that will be of high-quality construction standards. To that effect, the Issuer requires the following standards, or equivalent subject to approval, to be met:

##### 1. Construction

- a. Construction performance and payment bonds

##### 2. Environment and Sustainability

- a. Achieve a minimum 2-star rating from the Austin Energy Green Building Certification program by, in part, qualifying for the following credits:

- i. Light Pollution Reduction credit
- ii. Heat Island Reduction credit
- iii. Sustainably Sourced Materials credit
- iv. Electric Vehicle Readiness Credit
- v. Electric Vehicle Charging Stations Credit
- vi. Interior Paints and Coatings Credit
- vii. Interior Sealants and Adhesive credit
- viii. Insulation, Ceiling and Wall Systems credit
- b. Tree-Care Plan for existing and protected trees
- c. Planting new trees throughout site and, where able to, along public sidewalks
- d. Rainwater harvesting and collection system
- e. A weather-aware sprinkler system

### 3. Development Requirements & Features

- a. 30-year roof
- b. 16 SEER HVAC for all rental units (or work with Austin Energy engineers to right-size the equipment)
- c. Covered bicycle parking for residents, with the number of racks equaling 30% of the total rental unit count, and bicycle parking for visitors, with the number of racks equaling 5% of the total rental unit count (depending on geographic location and target population of the development)
- d. Double-paned Energy-star rated windows for all rental units
- e. An Impact Isolation Class (IIC) rating of at least 55 and a Sound Transmission Class (STC) rating of 60 or higher in all rental units, to be certified by the architect or engineer of record
- f. Rainwater harvesting and collection system

### 4. Unit Requirements & Features

- a. Austin Energy-approved smart thermostat
- b. Wood and tile floors. Faux wood may be allowed. No carpet.
- c. Nine-foot ceilings, at a minimum, in the kitchen, living room, and bedrooms
- d. At least 42" upper kitchen cabinets
- e. Natural stone or quartz countertops in kitchen and bath
- f. Energy-Star or equivalently rated refrigerator
- g. Energy-Star or equivalently rated dishwasher
- h. EPA WaterSense or equivalent toilets, faucets, and showerheads
- i. LED lighting only
- j. Walk-in closet in at least one bedroom

## **b. Acquisition and Rehabilitation**

If a Development involves the acquisition and rehabilitation of an existing development, the Issuer will not accept an Application and issue PABs unless the Applicant can demonstrate that the capital needs of the proposed Development are being sufficiently addressed and that the residents of the existing Development will see minimal rent increases. The Issuer may require a Property Condition Assessment or Capital Needs Assessment.

### **Restrictive Covenant**

Each Owner of a Development must execute a Restrictive Covenant.

### **Counsel & Bond Trustee**

Applicants may select the bond underwriter and underwriter's counsel, subject to the Issuer's approval. Bond Counsel, Issuer's Counsel, Financial Advisor, and Bond Trustee are selected by the Issuer, but their costs are borne by the Borrower.

### **Eligible Project Types**

Financing provided through the Private Activity Bond Program may be used for new construction, acquisition or acquisition and rehabilitation, or certain refunding of outstanding PABs issued by the Issuer.

### **Bond Rating**

As a general rule, the Issuer's PABs cannot be rated lower than the "A" category by any nationally recognized rating agency. The PABs must be issued in fully registered form. It is the responsibility of Applicant, at its expense, to secure a credit enhancement or plan of finance that accomplishes this rating.

The Issuer may issue a series of PABs rated lower than the “A” category when the bonds are issued in authorized denominations approved by the Issuer (at least \$100,000), are sold to qualified institutional buyers (QIBs), and the initial bondholders and subsequent bondholders provide investment letters in form and substance satisfactory to the Issuer and its advisors.

### **Occupancy Requirements**

The Issuer will not issue PABs exempt from federal taxation unless, in the opinion of Bond Counsel, interest thereon is exempt from Federal income taxes, and the following requirements are met:

1. at least 95% of the net bond proceeds must be used for the Development and functionally related and subordinate facilities (such as parking or recreational facilities for residents).
2. at least 40% of the rental units are occupied or reserved for occupancy by Lower-Income Tenants (60% MFI), or at least 20% of the rental units are occupied or reserved for occupancy by Very Low-income Tenants (50% MFI).

### **Guarantor Requirements**

The Issuer will not accept an Application unless the Applicant provides a Guarantor organization chart for the proposed Development and satisfactorily demonstrates the net worth, liquidity, and creditworthiness of the Guarantor(s) typically required by lenders and investor.

### **Other Requirements**

The rental units in the Development must be available for use by members of the general public. For example, a building or rental unit for rent solely by employees of a particular corporation will not qualify.

The facilities of each rental unit must be complete, including kitchen facilities.

The Development or any part thereof may not be converted to condominiums before the expiration of the Deed Restricted Qualified Project Period.

The limitations required by these Guidelines are applicable for the Deed Restricted Qualified Project Period.

If proposing acquisition and rehabilitation, the Applicant must demonstrate the difference between rents before the PABs are issued and underwritten rents after the PABs are issued.

### **Household Income Requirements**

For the purposes of these Guidelines, occupancy requirements pertaining to household income are governed by the following:

1. Household income will be determined prior to initial occupancy of a rental unit.
2. The size of the household means the total of all individuals residing in a rental unit, and household income means the total annual income of all members of the household, determined in the manner prescribed by the Issuer.
3. Any person claimed as a dependent for federal income tax purposes by any person(s) residing at another address will be considered eligible if the adjusted annual income of the household claiming the dependent, combined with that of said dependent, does not exceed the income limitations set forth herein. However, this provision does not apply to handicapped tenants.

## 5. Application Review

In addition to the Development requirements outlined above, the Issuer will evaluate each Development based upon its overall desirability and conformance with the following general guidelines.

### **Review Responsibilities - Issuer Program Manager**

The Issuer will review the Application for completeness and adherence to requirements in these Guidelines. The Issuer Program Manager is responsible for facilitating Board approval of the PABs and representing the Issuer on the closing calls.

### **Review Responsibilities - Financial Advisor**

Financial Advisor will review the Development for economic feasibility and coordinate with the parties for required materials for review. Financial Advisor will perform the required due diligence and send a Letter of Determination of Financial Feasibility to the Issuer and the City.

### **Review Responsibilities - Bond Counsel**

Due to the complex and variable nature of securing bond document approval from the Texas Attorney General, Bond Counsel assumes the primary responsibility for preparation of the Official Statement and works with the financing team along with Borrower's legal counsel, Applicant, Applicant's bond financing team, and the Issuer Program Manager to negotiate the terms composing the Official Statement submitted to the Texas Attorney General's Office for approval.

## S.M.A.R.T. Housing

All PAB-financed Developments involving new construction must meet the S.M.A.R.T. Housing requirements. For more information on the S.M.A.R.T. Housing certification and other incentives for the construction of reasonably-priced housing in the City contact Rebecca Edwards at [Rebecca.Edwards@austintexas.gov](mailto:Rebecca.Edwards@austintexas.gov), DeAdra Johnson at [DeAdra.Johnson@austintexas.gov](mailto:DeAdra.Johnson@austintexas.gov), or Brendan Kennedy at (512) 978-1594, email [brendan.kennedy@austintexas.gov](mailto:brendan.kennedy@austintexas.gov).

## RHDA

If applying for an RHDA loan at the time of the Application for PABs, the Applicant may not submit an Application for PABs before submitting the RHDA application, but the applications may be submitted simultaneously. If the Applicant anticipates a future application for an RHDA loan after submission of an Application for PABs, then the Applicant must provide notice by email to both Issuer staff and to RHDA staff of the anticipated RHDA loan request amount and anticipated timing for the request.

## Distribution of Rental Units

If rental units are designated by the Applicant for occupancy by Low-income Tenants or Very Low-income Tenants, these rental units must be distributed throughout the Development and must be generally of the same sizes and configurations, quality of construction, furnishing, decor, and maintenance, as the other rental units in the Development.

## Zoning

The Applicant must provide (1) a Zoning Verification Letter from the Housing and Planning Department verifying that the current zoning of the site for the proposed Development is compatible with the anticipated use, or (2) documentation verifying that a request to change current zoning has been submitted to the Housing and Planning Department. The City Council meeting at which the final zoning decision will be made must occur before or on the date on which the Board provides the Inducement Resolution. Alternatively, the Applicant can provide evidence that the proposed site has been approved to participate in Affordability Unlocked Program. See: [Zoning Profile Report](#)

## Accessibility

Proposed site locations must conform to the requirements of the S.M.A.R.T. Housing Ordinance for accessibility to public transportation routes and Green Building requirements.

## Temporary relocation of rehabilitation projects

For acquisition and rehabilitation projects, temporary displacement and relocation of tenants may be required while rehabilitation work is being performed in the rental units. The developer must attempt to minimize temporary displacement. However, if temporary displacement of tenants is required, the developer's written plan to address and reduce the effects of temporary displacement and relocation must be included in the Application. No tenant may be permanently displaced as the result of bond financing through the Issuer. These Guidelines apply to all Developments and Public Facilities for which Inducement Resolutions are granted subsequent to the date of the approval of these Guidelines by the Board.

[TDHCA Relocation Handbook](#)

## 6. Special Rules for 501(c)(3) Bond Financings

For 501(c)(3) Bond Financings, the following special rules apply:

1. At or before the closing of the PABs, Applicant's legal counsel (which must be a firm or person acceptable to the Issuer) must provide a non-qualified 501(c)(3) opinion letter acceptable to the Issuer and Bond Counsel.
2. The Issuer will not be required to obtain a private activity bond volume cap allocation under the state bond ceiling cap.

## 7. Filing & Procedural Requirements

The Issuer will not issue PABs to provide financing for a Development unless the Applicant has complied with all of the Filing and Procedural Requirements set forth in these Guidelines.

### Application

The Applicant must complete and file with the Issuer the Application and pay the non-refundable Application Fee.

### Application Submission

The Application must be submitted to the Issuer to any of the following:

[Brendan.Kennedy@austintexas.gov](mailto:Brendan.Kennedy@austintexas.gov) (Brendan Kennedy)

[James.May@austintexas.gov](mailto:James.May@austintexas.gov) (Jamey May)

[PAB.AHFC@austintexas.gov](mailto:PAB.AHFC@austintexas.gov) (AHFC staff)

If the document is too large, please use file-sharing service such as Google Drive or Dropbox.

### Requesting an Inducement Resolution.

The Issuer Program Manager will submit to the Board an Inducement Resolution for approval to participate in the Texas Bond Review Board Private Activity Bond program for a given program year. The following information is provided to the Board:

1. Development Summary
2. Applicant Description
3. Amount of Bond Issue
4. Number of Rental Units/Composition
5. Rent Restrictions
6. Sources and Uses
7. Bond Application

## **Preliminary Approval**

If the Board determines to grant preliminary approval of the Application, the Board will approve an Inducement Resolution. The Issuer reserves the right to include in the Inducement Resolution any specific requirements pertaining to the Development deemed necessary by the Board. An electronic copy of the Inducement Resolution, signed by the Board Secretary, can be accessed by the Applicant on the City's website. If the Board determines not to grant preliminary approval of an Application, the Issuer will notify the Applicant.

## **Submission of Additional Information**

Following the approval by the Board of an Inducement Resolution with respect to a Development, the Applicant must submit such additional materials as the Issuer, Bond Counsel, or its Financial Advisor may reasonably request.

## **Bond Counsel**

Bond Counsel has primary responsibility for the preparation of the legal instruments and documents to be utilized in connection with the financing of any Development by the Issuer. No PABs will be sold and delivered unless Bond Counsel approves their legality and validity. The Applicant and its legal counsel must cooperate fully with the Issuer, Financial Advisor, and Bond Counsel in the preparation of such materials.

## Staff Contact

The primary point of contact between Applicant and the Issuer is:

Brendan Kennedy  
Project Coordinator  
Telephone: (512) 978-1594  
Fax: (512) 974-3161  
[brendan.kennedy@austintexas.gov](mailto:brendan.kennedy@austintexas.gov)

### Mailing Address:

Austin Housing Finance Corporation / Austin Housing Public Facility  
Corporation  
Private Activity Bond Financing Program  
Attn: Brendan Kennedy  
1000 East 11<sup>th</sup> Street  
Austin, TX 78702

## Legal Contact

For legal issues, contact the Issuer's Deputy General Counsel at:

M. Shannon Kackley  
[shannon.kackley@austintexas.gov](mailto:shannon.kackley@austintexas.gov)  
Alice Geyer  
[alice.geyer@austintexas.gov](mailto:alice.geyer@austintexas.gov)

301 W. 2nd Street  
Austin, Texas 78701

## 8. Application Processing

To ensure adequate time for review, public input, and discussion, the Applicant should expect that its Inducement Resolution will be considered by the Board at its regular monthly meeting that is at least **twelve (12) weeks** from the date the Application is received by the Issuer in final form. The Applicant is strongly encouraged to contact the Issuer in advance of application submission to discuss the proposed Development, which may allow the Issuer to expedite submission of an Inducement Resolution.

### Board Action

The Applicant must work with the Issuer, Bond Counsel, and the Issuer Deputy General Counsel for scheduling requests for the Board to take four separate actions:

1. approve an Inducement Resolution;
2. set the date for a public hearing (if required);
3. conduct the public hearing; and
4. approve issuing the PABs.

### Applicant Responsibility

Applicants and their legal counsel must ensure that the public hearing is properly and legally posted in sufficient time to make public comment possible prior to consideration of the Inducement Resolution.

### Public Hearings

**Private Activity Bonds.** One TEFRA Public Hearing is required prior to approval to issue the bonds on Private Activity Volume cap transactions.

**501(c)(3) Bonds.** One TEFRA Public Hearing is required prior to inducement on 501(c)(3) bond transactions.

## Subsequent Filing

An Applicant may file with the Issuer such additional documents or statements in support thereof as the Applicant considers relevant and appropriate or as requested by the Issuer, including:

1. such additional information as requested of the Applicant by the Issuer or the Issuer's consultants; or
2. such additional information as may be necessary to demonstrate the Applicant's ability to comply with the preliminary approval requirements;
3. for bonds that will not be rated "A" or higher, a form of "investment letter" is required to be delivered by the original purchaser of the PABs to the Issuer, in addition to such legal opinions or other documents as required by the Board or Bond Counsel;
4. proposed final legal documents, and documents authorizing and relating to the issuance of the proposed PABs and all loan agreements, purchase agreements, and other documents related thereto; and
5. when deemed necessary or advisable by the Board, a market study demonstrating the feasibility of the Development.

If any such material is to be so used, a form of the official statement, placement memorandum or other offering document, through which the proposed PABs are to be publicly offered or privately placed with any purchaser, which offering or private placement material contains the following language (or substantially similar language) prominently displayed:

that the Issuer has not undertaken to review or assume any responsibility for the matters contained therein except solely as to matters relating to them and the description of the PABs being offered thereby; and that such PABs are payable and secured solely by the property and funds pledged under the trust indenture and are not payable or secured in whole or in part by the Issuer.

NOTE: Substantive changes to the Application, as determined by the Issuer, submitted after final approval by the Issuer must be resubmitted to the Issuer and a \$1,000 penalty fee will be charged to the Applicant.

## Final Approval and Closing

If the Board determines to grant final approval of an Application, the Board will approve a resolution, in such form as recommended by Bond Counsel, authorizing the issuance of PABs to provide financing for the Development described in the Application and approving the basic bond documents. Final approval is granted only upon:

1. the satisfaction of Development Eligibility Requirements;
2. the recommendation of the financing by Financial Advisor and Bond Counsel; and
3. the satisfaction of any additional specific requirement imposed by the Issuer with respect to the Development.

Following final Board and Texas Attorney General approval, the Issuer, the Applicant, and other parties involved in the transaction will proceed to close the financing at a time and place to be determined by the Issuer.

## 9. Summary of Fees & Costs

### Application Fee

The **non-refundable** fee charged each Applicant submitting an Application. The fee must be submitted to the Issuer along with the Application and is:

in the amount of \$5,000; or

in the amount of \$2,000 for an assumption or transfer to a new Applicant. These fees are not credited against the Closing Fee or the Assumption and Transfer Fee, even if PABs are issued.

### Amendment Fee for Substantive Change

After final approval by the Issuer, any substantive change must be resubmitted to the Issuer and a \$1,000 Amendment Fee will be charged to the Applicant.

### Closing Fee (or Issuer Fee)

The fee charged each Applicant submitting an Application for which the Issuer issues PABs to finance the Development. The fee must be paid concurrently with the closing of the financing pursuant to an approved Application, or at such other time as the Issuer approves. The Closing Fee is a negotiable amount as set forth in the Inducement Resolution which takes into account the size and the complexity of the proposed PABs issuance and is at least an amount equal to 0.005 times the amount of the PABs issued by the Issuer. This fee is in addition to the Application Fee and the Cost of Issuance Expenses.

## **Assumption and Transfer Fee**

Any assumption or transfer will require an Assumption and Transfer Fee to be paid in lieu of a Closing Fee and is charged to each subsequent Applicant concurrently with the closing of any transfer of a Development during the Deed Restricted Qualified Project Period. The fee is an amount equal to the greater of (a) .0025 times the amount of the PABs outstanding immediately preceding the transfer or (b) \$10,000.

## **Administrative Fee**

Annual administrative fee charged by the Issuer on or near October 1st for all bond issues closed during the previous fiscal year ending on September 30th, in an amount equal to the annual fee calculated as the greater of: (i) an amount equal to .0003 times the amount of the bonds outstanding on September 30th, or (ii) \$12 times the number of units in the Development, or (iii) a flat fee of \$1,200. The annual administrative fee is payable during the first quarter of the calendar year, provided that the first two years of Administrative Fees are charged at closing, in addition to the Closing Fee.

## **Subordinate Loan Fee**

If AHFC is also making a subordinate loan available through its RHDA Program, AHFC may charge the Applicant a subordinate loan fee at closing sufficient to cover its administrative and legal expenses.

## **Other Costs Paid at Closing**

Concurrently with the closing of any financing or refinancing pursuant to an approved Application or any assumption or transfer of the property, the Applicant, from the proceeds of the PABs, must pay the Cost of Issuance Expenses, which include the following professional fees and other costs.

1. the fees and expenses of Bond Counsel: currently .01 times the principal amount for the first \$10 million and .005 times the principal amount for amounts above \$10 million, plus expenses;

2. the fees and expenses of Financial Advisor: \$25,000 flat rate fee.
3. the fees and expenses of the Issuer's Outside Counsel and feasibility consultant for services rendered to the Issuer if and when considered necessary by the Issuer in connection with the Development or the issuance of the PABs: fees to be determined based on hours billed plus expenses; and
4. the actual amount of any closing or acceptance fees of any trustee for the PABs, any fees and premiums for casualty and title insurance, any security filing costs, any fees for placing the obligations, any credit enhancement fees, any out-of-pocket expenses incurred by professionals acting on behalf of the Issuer and any other costs and expenses, including issuance expenses, relating to the obligations, their security, and the multi-family residential development: fees to be determined.

The professional fees described above which are not under the control of the Issuer are subject to change without notice.

### **Continuing Costs**

Each Applicant must pay to the Issuer, within 30 days after receipt of a bill or statement, any amount payable pursuant to any indemnity contract or agreement executed in connection with any financing.

### **Changes in Fees**

The Issuer reserves the right at any time to change, increase, or reduce the fees payable under these Guidelines. The Issuer reserves the right to make any change in fees effective with respect to any Application filed after the date of such change. All fees imposed subsequent to closing by the Issuer under these Guidelines will be imposed in such amounts as will provide funds, as nearly as practical, equal to that amount necessary to pay the administrative costs of conducting the business and affairs of the Issuer, plus reasonable reserves.

### **Additional Fees as required**

Fees of this type may be imposed by the Board to any Development considered to require special post-closing monitoring or inspection. The Applicant will be notified of such fees after the Board reviews the proposed Development. This includes PABs issued by the Issuer that are used to finance Developments that are not subsidized with LIHTCs.

# 10. Post-Issuance Compliance Requirements

The Owner must spend or be obligated to spend at least 5% of the sale proceeds of the PABs within 6 months of the closing date of the PABs to commence the construction of the Development.

## Initial Tenant Occupancy

The Owner must submit to the Bond Trustee and the Issuer a certificate certifying within 90 days thereof, the date on which 10% of the rental units in the Development are first occupied and within 90 days thereof, the date on which 50% of the rental units in the Development are first occupied.

## Tenant Protection

### Tenant Leases

- i. The Owner must follow the provisions laid out in the Lease Addendum attached as **Exhibit A** to these Guidelines.
- ii. The Lease Addendum must be incorporated into all tenant leases at the Development regardless of whether the Addendum was executed by the Owners or tenant.
- iii. The Owner must provide a copy of the Lease and the Lease Addendum to the tenants in the language in which the Lease was negotiated.
- iv. The Owner must offer a lease term of at least 1 year, unless tenant and the Owner mutually agree to a shorter lease term.

### Tenant Selection Policies and Procedures

- i. The Owners must follow the provisions set forth in the Tenant Selection Criteria attached as **Exhibit B** to these Guidelines.

- ii. In the event of a rejected application for rental housing, the Owner must give prompt written notification of the rejection to the applicant and the basis for the decision.
- iii. Tenants must be selected from a written waiting list in chronological order, or in the case of rental units set aside for Continuum of Care accept referrals exclusively from the Coordinated Assessment system maintained by the Ending Community Homeless Coalition (ECHO). If rental units set aside are not occupied for more than 30 days of notifying ECHO of the vacancy, they may be filled via a project waiting list for other Low-Income Tenants.
- iv. For Developments or Public Facilities including Continuum of Care units, include provisions for exercising discretion to waive certain screening criteria if and when a tenant can demonstrate the availability of case management services for a minimum of three months.

### **Property Standards**

The Owner must maintain the Development in compliance with federal Uniform Physical Condition Standards (UPCS) and the City's Building and Property Maintenance Codes for the duration of the Deed Restricted Qualified Project Period. The Issuer or TDHCA will periodically inspect the Development to ensure compliance with this requirement.

### **Smoke Free Housing**

The City encourages the development of smoke-free rental housing. Smoke-free policies are legally permissible and can be a marketing advantage for attracting and retaining residents. More information is available at <http://www.livetobaccofreeaustin.org/owners.php>.

## Compliance Monitoring Documentation

The Owner must submit a certified Compliance Monitoring Report and Occupancy Summary, in the format specified in **Exhibit C** to these Guidelines, on a quarterly basis to the Issuer and the Bond Trustee until the end of the Deed Restricted Qualified Project Period.

## 4% Low-Income Housing Tax Credits

Applicants choosing to participate in the 4% Housing Tax Credit Program with TDHCA are required to submit to AHFC a copy of the Unit Status Report (USR) and the Annual Owners Compliance Report (AOCR) provided to TDHCA through CMTS (Compliance Monitoring and Tracking System). These copies must be sent electronically to the Issuer by email to the Issuer Program Manager or to [AHFC.PAB@austintexas.gov](mailto:AHFC.PAB@austintexas.gov).

## Site Inspection

The Owner must allow the Issuer and the Bond Trustee to conduct site visits and inspect the rent roll, including Tenant Income documentation, monthly financials, and annual audited final statements report. No advanced notice is required from the Issuer or the Bond Trustee.

## Annual Tenant Income Certification

The Owner must obtain a Tenant Income Certification from each tenant at least annually after initial occupancy and maintain a record of it.

## Change in Ownership

The Owner may not conduct a sale or transfer of the Development or an interest in the Owner without (1) complying with provisions of the Loan Agreement, Mortgage, and Regulatory Agreement and (2) obtaining the Issuer's prior written consent.

# 11. Miscellaneous

## Unauthorized representations

Applicants may not represent, directly or indirectly, to any lender, interim or otherwise, supplier, contractor, or other person, firm or entity that the Issuer has agreed or is firmly committed to issue any PABs in relation to any Development or Application until the Board has granted final approval with respect to such Development or Application.

## Amendments & Waivers

These Guidelines undergo an annual review and necessary revisions may be made during that time; however, additional revisions can be initiated by the Board or the Issuer's Treasurer at any time. In addition, the Issuer reserves the right at any time to amend these Guidelines to apply to any Application filed subsequent to the Board's approval of these Guidelines.

The Board may waive specific provisions in these Guidelines where (1) good cause is shown and (2) the Applicant provides adequate documentation.

Approved by:



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Rosie Truelove  
Treasurer, AHFC  
Treasurer, AHPFC

6/8/23

**TENANT PROTECTION LEASE ADDENDUM  
FOR CITY OF AUSTIN-ASSISTED PROPERTIES**

1. This Lease Agreement Addendum (“Addendum”) is an addendum to the Lease Agreement (herein referred to as the “Lease Agreement”), entered into on **[Date]** between **[Landlord Name]** (herein referred to as “Owner”) and **[Tenant Name]** (herein referred to as “Tenant”) for the leasing of the premises at **[Address]**, Austin, Texas **[Zip Code]** (herein referred to as “the Property”). The term “Owner” includes Owner’s agent(s).
2. Except when conflicting with a HUD model lease, the provisions of this Addendum replace any conflicting provisions contained in the Lease Agreement. To the extent any conflict exists between the Lease Agreement and this Addendum, the provisions of this Addendum shall govern.
3. The provisions of this Addendum shall apply during the entirety of a tenancy, including month-to-month tenancies and any holdover tenancy.
4. **Prohibited Lease Terms.** The Owner and Tenant agree that the following provisions, if included in the Lease Agreement, shall be null and void and unenforceable:
  - 4.1. Any and all provisions in the Lease Agreement that require the Tenant to agree to waive any judicial or administrative proceeding, to admit guilt, or to a judgment in favor of the Owner in a lawsuit brought in connection with the lease or the Property.
  - 4.2. Any and all provisions in the Lease Agreement that allow the Owner to take, hold, or sell personal property of the Tenant or household members without written notice to the Tenant and a court decision on the rights of the parties except when the property remains in the unit after the Tenant has moved out of the unit and the property is disposed of in accordance with State law.
  - 4.3. Any and all provisions in the Lease Agreement that excuse the Owner from legal responsibility or liability for any action or failure to act, whether intentional or negligent.
  - 4.4. Any and all provisions in the Lease Agreement that allow the Owner to institute an eviction lawsuit against the Tenant without notice to the Tenant.
  - 4.5. Any and all provisions in the Lease Agreement that allow the Owner to evict the Tenant or household members without instituting a civil court proceeding in which the Tenant is provided the opportunity to present a defense or before a court decision on the rights of the parties.
  - 4.6. Any and all provisions in the Lease Agreement that require the Tenant to waive a trial by jury.
  - 4.7. Any and all provisions in the Lease Agreement that require the Tenant to waive any right to appeal or to otherwise challenge, in court, a court decision connected to the Lease Agreement, this Addendum, or the Property.
  - 4.8. Any and all provisions in the lease agreement that require the Tenant to pay the costs of legal actions, regardless of outcome. This includes any agreement by the Tenant to pay attorney’s fees or other legal costs even if the Tenant wins in a court proceeding instituted by the Owner against Tenant. This does not include a provision of the Lease Agreement that obligates the Tenant to pay such costs if the Tenant loses in court.

## Exhibit A

- 4.9. Any and all provisions in the Lease Agreement that require the Tenant to waive the right to participate in a class action or collective action against the Owner.
- 4.10. Any and all provisions in the Lease Agreement that require the Tenant (other than a tenant in transitional housing) to accept supportive services.
- 4.11. Any and all provisions in the Lease Agreement that require the Tenant to allow the Owner to enter the Tenant's unit with less than twenty-four (24) hours' notice, except as provided in Sections 6.3 and 6.4.
- 4.12. Any and all provisions in the Lease Agreement that require the Tenant to pay initial charges and/or fees for late payments that total more than five (5) percent of the amount of rent paid by the Tenant for the rental period or cumulative charges and/or fees for late payments that total more than ten (10) percent of the amount paid by the Tenant for the rental period.
- 4.13. Any and all provisions in the Lease Agreement that allow the Owner to terminate a tenancy for failure to pay fees and fines other than rent. This section also prohibits provisions that allow the Owner to allege that the Tenant owes rent because the Tenant allegedly owes other fees or fines to the Owner.
- 4.14. Any and all provisions in the Lease Agreement that presume the Tenant is responsible for causing any conditions that necessitate repairs or pest treatments. This prohibition does not preclude property managers from investigating conditions that necessitate repairs or pest treatments and, based upon factual evidence of gross negligence, assigning responsibility.
- 4.15. Any and all provisions in the Lease Agreement that prohibit overnight guests who stay on the Property for seven or fewer consecutive nights. This limitation does not apply to a guest who is legally prohibited from entering the Property.
- 4.16. Any and all provisions in the Lease Agreement that prohibit rental payments by money order, cashier's check, or check; and any and all provisions in the Lease Agreement that require the Tenant to pay an additional fee (or fees) because the Tenant uses a money order, cashier's check, or check to pay rent. An Owner may refuse to accept a rental payment by check only after one or more of the Tenant's checks are returned because of insufficient funds.

### 5. Termination of Tenancy:

- 5.1. Grounds for termination or nonrenewal. Owner may terminate the tenancy or refuse to renew the lease of a Tenant only in the event of:
  - 5.1.1. serious or repeated violations of the terms and conditions of the Lease Agreement (*e.g.*, failure to pay rent; criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents; willful and repeated destruction of rental property or property of other residents);  
or
  - 5.1.2. violations of applicable Federal, State, or local laws; or
  - 5.1.3. completion of tenancy period for transitional housing; or
  - 5.1.4. the temporary or permanent uninhabitability of the Property justifying relocation of all or some of the Property's tenants (except where such uninhabitability is caused by the actions or inactions of the Owner). Relocation on this ground shall trigger the Relocation provisions in Section 11, except in cases where the property becomes uninhabitable due solely to the Tenant's gross negligence.

5.2. Notices.

5.2.1. 30-day Notice.

5.2.1.1. **Notice of Termination.** To terminate or nonrenew the lease, Owner shall serve written notice upon the Tenant specifying the grounds for the termination or nonrenewal at least 30 days before the effective date of the termination or nonrenewal, unless the termination is based on serious violent criminal activity that poses an immediate threat to the safety of staff or other residents. The notice to terminate or nonrenewal shall be served on the Tenant by either: (1) both first class mail and either certified or registered mail; and (2) by personal delivery to the Tenant or a household member eighteen years or older.

5.2.1.2. **Opportunity to Discuss.** The written notice required by 5.2.1.1. shall also inform Tenant of the right to discuss with the Owner the proposed termination or non-renewal of tenancy. The notice must give Tenant at least ten days from the date of the notice to request a meeting with the Owner. If the Tenant makes a timely request, the Owner agrees to meet with the Tenant and to discuss the proposed termination or nonrenewal.

5.2.1.3. **Opportunity to Cure Lease Violations.** For termination or nonrenewal of tenancy due exclusively to serious or repeated lease violations (5.1.1), excluding drug activity or other serious criminal activity, the written notice required by 5.2.1.1. shall also inform Tenant of the opportunity to cure any alleged violation of the Lease Agreement. Tenant shall be provided no less than ten days from the date of the requested meeting with the Owner to cure any alleged violation of the Lease Agreement. Should the Tenant fail to make a timely request for a meeting, the opportunity to cure period begins on the date the notice to terminate or nonrenewal was received by the Tenant.

5.2.2. **Three-day Notice.** If the dispute is not resolved and the Tenant does not vacate the premises by the effective date of the termination as set forth in the notice of lease termination required by 5.2.1.1., Owner shall give the Tenant at least three days written notice to vacate the premises . If the Tenant does not vacate the premises by the end of the third day, Owner may then proceed to obtain possession by a forcible entry and detainer lawsuit in the appropriate Justice of the Peace court.

5.2.3. Failure to Follow Notice Procedure.

5.2.3.1. Except for a termination based on serious violent criminal activity that poses an immediate threat to the safety of staff or other residents, for which neither a 30-day notice nor a three-day notice is required, the Owner agrees that providing the 30-day and three-day notices are conditions precedent to filing a forcible entry and detainer lawsuit.

5.2.3.2. The Owner agrees that it is the burden of the Owner to show, as an element of its eviction case, that all applicable notice procedures were followed, and that termination of tenancy is not effective unless notice procedure is followed correctly.

5.2.3.3. The Owner waives the right to challenge a Tenant's request to dismiss the forcible entry and detainer lawsuit for failure to comply with the notice procedures.

5.2.3.4. The Owner waives the right to appeal to a dismissal of the forcible entry and detainer lawsuit for a failure to comply with the notice procedures.

6. **Entry into Unit.** Owner, Owner's representative, or maintenance staff may enter the unit during reasonable times for any reasonable business purposes after providing to the Tenant at least twenty-four- (24) hours' notice and a reasonable window of time for entry, except in case of emergency as provided in 6.3 and 6.4.

## Exhibit A

- 6.1. Whenever the Tenant or a member of the Tenant's household who is 18 years of age or older is not present in the unit at the time of entry, the Owner must provide written documentation in the unit that states the purpose of entry, the time of entry, and who entered.
- 6.2. The Owner agrees to avoid entering the unit so frequently as to seriously disturb the Tenant's peaceful enjoyment of the unit.
- 6.3. In this provision, the term "emergency" does not include every repair the Tenant requests from the Owner. The Tenant agrees that the Owner may enter the unit without 24-hours' notice if:
  - 6.3.1. the Tenant affirmatively waives the notice requirement; or
  - 6.3.2. the Owner believes, in good faith, that an emergency exists that creates either an imminent danger to the Tenant or other resident of the community, or an immediate threat of irreparable damage to the unit or other unit on the property.
- 6.4. This section does not require the Owner to provide specific notice before entering the Tenant's unit to post a Notice to Vacate, as authorized by the Texas Property Code or to deliver a lease violation / an opportunity to cure or a notice of termination as required by this addendum.
- 7. Remediation of Hazardous Health Conditions.** The Owner shall address and remediate hazardous health conditions, including but not limited to mold in indoor areas, in a timely manner, which is presumed to be seven (7) days from the receipt of notice about the condition. The Owner may rebut this presumption by establishing that the condition was remediated in a timely manner, is in the process of being remediated in a timely manner, or that the Owner has implemented a timely plan for remediation, based on the specific facts of the condition and the remediation.
- 8. Cost of Repairs.**
  - 8.1. The Owner may charge Tenant for repairs made to the unit if the damage is caused by the gross negligence of the Tenant or guests of the Tenant and the damage does not constitute normal wear and tear. If the Owner intends to charge the Tenant for the repair, prior to making the repair, the Owner must give the Tenant written notice that includes the estimated costs.
  - 8.2. Upon the Tenant's request, the Owner must provide Tenant with an invoice for the cost of the repairs that are made to the Tenant's unit or otherwise charged to the Tenant.
  - 8.3. The Owner agrees that the Tenant may dispute the necessity and extent of the repairs. If the Tenant disputes the repair, the Owner agrees to provide reasonable evidence of the need.
  - 8.4. Tenant and Owner may agree to a payment plan for any necessary repairs to be charged to the Tenant. Payment of repairs shall not be connected to nor supersede rent payment. Failure to comply with any agreed upon payment plan shall not constitute grounds for termination or nonrenewal under Section 5.1.
  - 8.5. Remedy for Damages for Repair Costs ("Repair Damages"). In the event Tenant fails to pay the cost of repairs as agreed, the Owner may either withhold a portion or all of the Tenant's security deposit upon move-out or file suit for damages in a court of competent jurisdiction.
    - 8.5.1. The Owner agrees that its repair damages are limited to actual damages.
    - 8.5.2. If the Owner files a lawsuit to recover repair damage, the parties agree that the:
      - 8.5.2.1. Owner may seek reasonable attorney's fees and courts costs; and

8.5.2.2. Tenant may take up to 30 days from the date the judgment is entered to pay the damages awarded by the court.

8.5.3. Except as provided in Subsection 5.1., the Owner agrees not to seek to evict solely because the Tenant failed to pay for alleged repair damages.

**9. Relocation.**

9.1. Relocation Assistance.

9.1.1. Owner agrees to provide relocation assistance to Tenant if Tenant is required to vacate the unit, permanently or temporarily, due to repair, transfer, sale, or renovation of the unit or Property. If uninhabitability is caused solely by the willful or negligent act of the Tenant, Owner is not required to provide relocation assistance or a Right of Return as provided in Section 9.2.

9.1.2. Relocation assistance includes moving expenses (actual and anticipated expenses related to moving Tenant, Tenant's household members, and their personal property), utility connection fees, non-refundable deposits, and rent increases at a temporary unit during the relocation period. Relocation assistance shall be scaled to the applicable timeframe for the relocation. Where the relocation extends less than 30 days, assistance may only be required for temporary accommodations.

9.1.3. The Owner agrees that the payment for a permanently displaced Tenant is the amount necessary to enable the Tenant to lease or rent a comparable dwelling for up to 42 months, as set forth in the Uniform Relocation Assistance and Real Property Acquisition Policies of 1970 ("URA").

9.2. Right to Return. If the Tenant is relocated because of renovations or repairs at the Property, Owner agrees to provide the Tenant the opportunity to return to their original unit or a comparable unit at the same property. A comparable unit has the same number of bedrooms or equivalent square footage. The Tenant's right to return lasts for one year from the date of completion of the renovations or repairs to the Tenant's unit or the completion of the Tenant's lease at another property, whichever is earlier.

**10. Tenant's Right to Conduct Activities related to a Tenant Organization.**

10.1. The Owner agrees each tenant may conduct activities on the Property related to establishing or operating a tenant organization, including hosting a tenant organizer at the property.

10.2. If requested, the Owner agrees to meet with Tenant and a member of a tenant organization during regular business hours to discuss matters related to the Tenant's unit or the Property as a whole.

10.3. The Owner may not retaliate against a Tenant or Tenant's guests because the Tenant or the Tenant's guest established, attempted to establish, or participated in a tenant organization.

10.4. The Owner agrees that the Tenant may have access to all common areas, including any community room, for tenant organization activities, the Owner may not impose fees or rules that are not applicable to a tenant who accesses a common area for activities that do not include tenant organization activities.

**11. Tenant's Right to Access Tenant File**

11.1. The Owner agrees the Tenant is entitled to review and copy any documents that the Tenant signed, including a rental application, the Lease Agreement, or this Addendum; and to review and copy any documents that relate to the Owner's reason for terminating or non-renewal of tenancy, including the payment ledger.

- 11.2. The Owner may redact documents if the Owner reasonably believes that redaction is necessary to protect the health and safety of staff or other residents and may redact if redactions are required by law. The Owner may not redact any document signed by the Tenant.
12. **Tenant Agreement to Provide Requested Information.** The Tenant understands that the unit leased under the Lease Agreement has received governmental subsidies and that, as a condition of the governmental subsidy, the Tenant is required and hereby agrees to provide Owner with any information and sign such releases which are necessary to allow Owner to verify the Tenant's income and otherwise comply with government rules and regulations. The Tenant agrees to provide Owner accurate and complete information regarding the Tenant's income and to do so by the date specified in Owner's request. The Tenant understands that the intentional failure to supply accurate and complete information regarding Tenant's income shall constitute a serious lease violation. All Tenant files will be available for inspection by all applicable federal, state, and local agencies. The Tenant hereby consents to release of all such information by Owner to governmental agencies.
13. **Copies of Lease Agreement.** Owner agrees to provide Tenant a copy of the Lease Agreement and this Addendum in the language in which the lease was negotiated. Owner also agrees to provide Tenant a copy of any other rules or policies issued by Owner that govern the Tenant's conduct at the Property. Owner agrees to attach a copy of this Addendum to any petition filed in an eviction proceeding against the Tenant. Owner agrees that Owner's failure to provide a copy of this Addendum to the Tenant or to the Court shall be cause for dismissal without prejudice of any eviction lawsuit filed by the Owner.
14. This Addendum is deemed to have been made in compliance with all applicable State and local laws, and if any section or part is not lawful, only that section or part shall be void, and the balance of the Addendum shall remain in full force and effect.

BY: \_\_\_\_\_  
Owner's Representative                      Date

\_\_\_\_\_  
Tenant    Date

**LANDLORD: THIS DOCUMENT MUST BE ATTACHED TO EACH AND EVERY LEASE SIGNED DURING THE AFFORDABILITY PERIOD, INCLUDING LEASE RENEWALS.**

## Tenant Selection Policy and Criminal Background Screening

January 1, 2021

The following Criminal Background Screening will be applied when screening applicants for residency:

1. Only criminal **convictions** (not arrests) shall be considered in the criminal background screening process.
2. Convictions shall be determined by the identified offense described in the table below and the corresponding classification. Look-back periods shall be determined by the residency of the property (Family /Senior or Single Room Occupancy)
3. Look-back periods run from the date of conviction. Screening for any category of offense extends, therefore, only for as long as the number of years from the date of conviction specified below:

TYPE	DESCRIPTION	CLASSIFICATION	Family	SRO
<b>Crimes Against Persons and Family</b>	Murder	<b>Felony:</b> Capital, First, Second	Lifetime	5 Years
	Manslaughter	<b>Felony:</b> Second	Lifetime	5 Years
	Criminal Negligent Homicide	<b>Felony:</b> State Jail	5 Years	None
	Kidnapping, Abduction, Trafficking, Smuggling	<b>Felony:</b> First, Second, Third	Lifetime	5 Years
	Assault, Aggravated Assault, Injury to a Child, Elderly Individual, or Disabled Individual	<b>Felony:</b> First, Second, Third	5 Years	3 Years
	Assault, Injury to a Child, Elderly Individual, or Disabled Individual	<b>Felony:</b> State Jail; <b>Misdemeanor:</b> A, B	3 Years	1 Year
	Forcible Sex Offenses	<b>Felony:</b> First, Second, Third	Lifetime	5 Years
	Non-Forcible Sex Offenses	<b>Felony:</b> State Jail; <b>Misdemeanor:</b> A, B	5 Years	1 Year
	Deadly Conduct (with a Firearm), Terroristic Threat	<b>Felony:</b> Third, State Jail	5 Years	3 Years
	Deadly Conduct, Terroristic Threat	<b>Misdemeanor:</b> A, B	3 Years	1 Year
<b>Crimes Against Property</b>	Arson Related Offense	<b>Felony:</b> First, Second, Third, State Jail	Lifetime	5 Years
	Destruction/Damage/Vandalism of Property	<b>Felony:</b> First, Second, Third, State Jail	5 Years	1 Year
	Armed Robbery Offenses	<b>Felony:</b> First	5 Years	3 Years
	Robbery Offenses (no weapon involved)	<b>Felony:</b> Second	3 Years	1 Year
	Burglary (of habitation)	<b>Felony:</b> First, Second	5 Years	3 Years
	Burglary	<b>Felony:</b> Third, State Jail	3 Years	1 Year
	Criminal Trespass (of habitation)	<b>Misdemeanor:</b> A	1 Year	None
	Theft, Stolen Property, Fraud Related Offense	<b>Felony:</b> First, Second, Third, State Jail	3 Years	1 Year

## Tenant Selection Policy for RHDA Funded Properties

TYPE	DESCRIPTION	CLASSIFICATION	Family	SRO
<b>Crimes Against Society</b>	Prostitution Related Offenses	<b>Felony:</b> First, Second, Third, State Jail	3 Years	1 Year
	Stalking	<b>Felony:</b> Second, Third	3 Years	1 Year
	Drug Manufacture, Distribution, Possession, Possession with Intent to Distribute	<b>Felony:</b> First, Second, Third	5 Years	3 Years
	Drug Manufacture, Distribution, Possession, Possession with Intent to Distribute	<b>Felony:</b> State Jail; <b>Misdemeanor:</b> A, B	1 Year	None
	DUI and/or DWI Related Offenses	<b>Felony:</b> Third, State Jail	1 Year	None

4. Where an applicant has multiple offenses, the look-back periods shall run concurrently.
5. Offenses not listed shall not constitute justification for denial of housing. Where a conviction occurred outside of the State of Texas, property owners/managers shall use their best judgement to interpret the conviction according one of the descriptions above.
6. Where an offense can be understood to fall under more than one category, the higher lookback period shall be used. Where a development receives funding from the State of Texas or HUD and an offense has been identified for heightened scrutiny, including a lifetime ban, the higher level of scrutiny will apply.
7. Where an applicant has been denied based upon an offense that occurred within the specified lookback period, the applicant shall be automatically afforded an opportunity for individualized review. With the statement of denial, the property owner shall instruct the applicant of the opportunity for appeal and individualized review. This notice shall include:
  - a. a description of the appeal process,
  - b. contact information for scheduling the individualized review,
  - c. instructions for providing supporting documentation, and
  - d. an approximate timeline for the completion of the appeal.
8. After the completion of the individualized review, the property owner shall inform the applicant of the result of the appeal.

**Signing this acknowledgement indicates that you have had the opportunity to review the above Criminal Background Screening. If you do not meet the criteria set forth, or if you provide inaccurate or incomplete information, your application will be rejected. Signing this acknowledgement authorizes the property manager to run a Criminal Background Screening check as part of your rental application.**

Signature \_\_\_\_\_

Date \_\_\_\_\_

## EXHIBIT C

### COMPLIANCE MONITORING REPORT

TO: **{Issuer}**  
1000 E. 11<sup>th</sup> Street  
Austin, Texas 78702  
Attention: Program Manager

Wilmington Trust, National Association, as Fiscal Agent  
15950 North Dallas Parkway, Suite 550  
Dallas, Texas 75248  
Attention: Corporate Trust Department

**{Issuer}**  
Multifamily Housing Governmental Revenue Notes  
**{Development or Public Facility Name}**  
**{Bond Series}**

**{Owner Name}** (the "Owner") and \_\_\_\_\_ (the "Administrative Member"),  
hereby represent and warrant that:

1. A review of the activities of the Owner during the period of \_\_\_\_ through \_\_\_\_ and of the Owner's performance under the Loan Agreement and the Regulatory Agreement (as each is defined below), has been made by the Administrative Member and reviewed by **{Managing Member}** (the "Managing Member") on behalf of the Owner.
2. The Owner owns **{Development or Public Facility Name}** (the "Project").
3. The Project was financed, in substantial part, as a result of the loan of the proceeds of the above-captioned Notes (the "Notes") from the **{Issuer}** (the "Issuer" or "Governmental Lender") to the Owner.
4. The Administrative Member and the Managing Member have read and are thoroughly familiar with the provisions of (1) the Regulatory Agreement and Land Use Restriction Agreement (the "Regulatory Agreement"), dated as of \_\_\_\_\_, 20\_\_ among the Owner, the Issuer and Wilmington Trust, National Association, as Fiscal Agent (the "Fiscal Agent"); and (2) the Borrower Loan Agreement, dated as of \_\_\_\_\_, 20\_\_, among the Owner, the Fiscal Agent and the Issuer (the "Loan Agreement"). The Regulatory Agreement was executed, delivered, and recorded against the Project in connection with the issuance of the Notes. Hereinafter, unless otherwise expressly provided herein or unless the context requires otherwise, the capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Regulatory Agreement.
5. The Project's Qualified Project Period with respect to the Project is the period beginning on the first day on which 10 percent of the residential units in the Project are occupied and ending on the later of (i) the date which is 15 years after the date on which 50 percent of

the residential units in the Project are occupied, (ii) the first date on which no tax-exempt private activity bond issued with respect to the Project are outstanding, or (iii) the first date on which the Project no longer receives assistance under Section 8 of the United States Housing Act of 1937, as amended. The Qualified Project Period began on \_\_\_\_\_, 20\_\_.

- 6. For the entire Qualified Project Period, at least \_\_\_% of the Units at each Project Facility shall at all times be rented to and occupied by Low Income Tenants.
  
- 7. As of the end date of the period covered by this Compliance Monitoring Report, the following percentages of completed Units in the Project (i) were occupied by Low Income Tenants or (ii) were vacant and held available for such occupancy by Low Income Tenants:

Occupied by Low Income Tenants: \_\_\_\_\_ percent

Held vacant for occupancy continuously since last occupied by Low Income Tenant: \_\_\_\_\_ percent

- 8. At no time since the date of filing of the last Compliance Monitoring Report has less than all of the units in the Project been occupied by or, if vacant, been last occupied by Low Income Tenants, provided that any vacant units must have been last occupied by Low-Income Tenants.
  
- 9. To the best knowledge of the Administrative Member, after due inquiry, and to the best knowledge of the Managing Member based solely on information received by it from the Administrative Member, (i) as of the end of the period covered by this Compliance Monitoring Report, all completed Units were rented or available for rental on a continuous basis to members of the general public, and (ii) the Owner is not now and has not been in default under the terms of the above-referenced Regulatory Agreement and, to the best knowledge of the undersigned, no Determination of Taxability has occurred with respect to the Notes.
  
- 10. (If the Owner is in default under the terms of the Regulatory Agreement or the Owner has actual knowledge of a Determination of Taxability with respect to the Notes, such knowledge should be detailed here: )
  
- 11. The Owner has not transferred any interest in the Project since the date of submission of the Compliance Monitoring Report last submitted to the Fiscal Agent and the Issuer with respect to the Project. (If the Owner has transferred any interest in the Project, such transfer should be detailed here:)

Attached is a separate sheet (the "Occupancy Summary") listing, among other items, the percentage of units which are occupied by Low Income Tenants and which became Low Income Units since the filing of the last Compliance Monitoring Report. The information contained thereon is, to the best knowledge of the Owner and the Administrative Member (based upon information supplied by tenants of the Project), true and accurate.

**{OWNER}**

**{OWNER SIGNATURE  
BLOCK}**

**{ADMINISTRATIVE MEMBER}**

**{ADMINISTRATIVE MEMBER  
SIGNATURE BLOCK}**

OCCUPANCY SUMMARY  
AS OF \_\_\_\_\_

**#{Bond Amount}**  
**{Issuer}**  
**{Bond Series}**

PROJECT NAME: **{Development or Public Facility Name}**

PROJECT LOCATION: Located at approximately **{Address}**

I.D.#:

Page \_\_ of \_\_

TOTAL NO. UNITS: \_\_\_\_ REQ'D NO. LOW INCOME UNITS: \_\_\_\_

TOTAL UNITS OCCUPIED:

TOTAL LOW INCOME OCCUPIED:

(PERCENTAGE: %)

PREPARED AND SUBMITTED BY:

\_\_\_\_\_

Phone: \_\_\_\_\_

Date: \_\_\_\_\_

Number of Low Income Tenants commencing occupancy this month/quarter:

Number of Low Income Tenants whose Adjusted Income exceeded 140% of the applicable income limit for a Low Income Tenant of the same family size this month/quarter:

Number of Low Income Tenants terminating occupancy this month/quarter:

For Period \_\_\_\_\_ through \_\_\_\_\_.