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**Tennessee Housing Development Agency
Certified Property Management Program
Revised, 2019**

History:

Since 2013, THDA's Low-Income Housing Credit Qualified Allocation Plans (QAP) have required properties allocated Low Income Housing Credits (Housing Credit) to be managed by Certified Property Management companies. THDA's Certified Property Management Program ensures Housing Credit properties are managed by companies knowledgeable in Housing Credit compliance. Housing Credit properties allocated in 1993 or earlier, can request a waiver from this requirement.

Goal:

Housing Credit properties must be managed by companies with Low-Income Housing Credit compliance experience, capacity and performance in Tennessee.

Requirements:

Property management companies must meet eligibility requirements, provide a rigorous in-house compliance training program for on-site management personnel, regional managers and compliance officers and pass an evaluation review of their application.

1. To obtain certification, the following requirements must be met:
 - a. The management entity must be organized and existing in the State of Tennessee or if organized and existing in another state, must be authorized to do business in Tennessee.
 - b. The management entity must complete an initial Certified Property Management application and submit it, along with all supporting documentation, to TNCompliance@thda.org
 - c. The management entity must meet eligibility requirements found in the Multifamily Programs Eligibility Policy (see below) and may not have incurred more than 19 Minor SAE's (see below) at the time of the initial application submission.
 - d. The management entity must provide documentation on their in-house training program developed for on-site management personnel, regional managers and compliance officers to ensure compliance with all federal and THDA requirements.



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- e. Individuals are not eligible to become a THDA Certified Property Management company.
2. To maintain a certification, all annual requirements must be met:
- a. By February 15 of the year following the reporting year, the management company must certify the accuracy of organizational and contact information.
 - b. By February 15th of the year following the reporting year, the management entity must submit a report of compliance training for all on-site management personnel, regional managers and compliance officers on staff as of December 31, of the reporting calendar year including detailed compliance topics and training hours by staff member.
 - c. The management entity must not incur more than 19 Minor SAE's (see below) as of December 31, of the reporting calendar year.

Multifamily Programs Eligibility Policy:

The Multifamily Programs Eligibility Policy ensures all Development Team members participating in housing programs in THDA's Multifamily Programs Division have experience, capacity and successful performance in Tennessee's Low-Income Housing Credit Program, Multifamily Tax Exempt Bond Authority Program and Certified Property Management Program. Development team members, including property managers and compliance officers, will be held to the highest standards of professional conduct and ethical business practices. Negative actions by certified property management entities during the Compliance and Stabilization period may have an adverse impact on the development team members' ability to participate in future housing programs at THDA.

Significant Adverse Events

A Significant Adverse Event (SAE) is an occurrence of noncompliance (curable or incurable), program fraud or misrepresentation, or an act that adversely conflicts with THDA's mission. An SAE has been deemed so negative that it impacts the ability of individuals associated with the SAE to participate in programs administered by the Multifamily Programs Division.

Major and Minor SAE's for Compliance are effective beginning January 1, 2019. Major and Minor SAE's for Compliance can effect initial applications for Certified Property Management received after that date.

1. Compliance - Major SAE's

Major SAE's are defined as events which prohibit participation in the Certified Property Management Program, if the event remains uncorrected. Major SAE's include, without limitation, any of the following that occur with respect to any Housing Credit development in Tennessee:

- a. Outstanding and/or uncorrected noncompliance issues;
- b. A development which received Housing Credits being placed in “No Further Monitoring” status by THDA;
- c. A management company being removed from property management of a prior Housing Credit development due to criminal or other violation of the property’s management agreement;
- d. An uncured event of default under the Section 1602 or Tax Credit Assistance Program;
- e. A Fair Housing Act violation, including those involving a finding of discrimination by an adverse final decision from a federal court or a complaints that results in a consent decree or a judgement enforcing the terms of a consent decree;
- f. A foreclosure involving the loss of units from the affordable housing stock or failure to notify THDA of foreclosure (including a deed in lieu of foreclosure transaction);
- g. Submitting to the IRS and IRS Form 8823 which has been altered or contains information inconsistent with the IRS Form 8823 created by THDA in an effort to correct noncompliance reported; or
- h. Failure to meet the federal election minimum set-aside for a development that received Competitive or Noncompetitive Housing Credits.

2. Compliance - Minor SAE’s

Minor SAE’s are defined as events, which individually, will not compromise an individual’s participation in programs administered by the Multifamily Programs Division in Tennessee. Minor SAE’s include, without limitation, any of the following that occur with respect to any Housing Credit development in Tennessee:

- a. Failing to correct outstanding noncompliance issues within the applicable correction period;
- b. Requesting any deadline extension;
- c. Requesting any development modification;
- d. Demonstrating a pattern of repeated UPCS findings;
- e. Deferred maintenance at a prior Housing Credit property;
- f. Having significant unpaid payables (which causes delays completing maintenance requests at the property);
- g. Failure to turn vacant units into rent-ready status within thirty (30) days of vacancy;
- h. Failing to maintain and operate amenities and services, including those for scoring points, throughout the credit, compliance and extended use periods;
- i. Failing to respond to written requests from THDA for information and/or documentation by the prescribed deadline in the written request, evaluation or review notice;
- j. Delaying or postponing triannual on-site compliance inspections;
- k. Uncorrected Post 15 Year finding;
- l. Failure to notify residents of triannual on-site compliance inspections;
- m. Failure to use THDA’s required compliance forms;
- n. Failure to maintain vacancy status for units in TNHousingSearch.org; and
- o. Misrepresentation of any item in the application, as determined by THDA in its sole discretion.

3. Other Ineligibility

Any individual involved in the application has any one of the following:

- a. A felony conviction of any type within the last ten (10) years; or
- b. A fine, suspension or debarment involving financial or housing activities within the last five (5) years imposed by any federal agency; or
- c. A current bankruptcy or a bankruptcy discharged within the last four (4) years or any organization or entity in which the individual had significant control currently is in bankruptcy or had a bankruptcy discharged within the last four (4) years; or
- d. Individual bankruptcy of a member of the board of directors of an entity that is, or is wholly controlled by, a government entity will not be grounds for ineligibility provided that the individual certifies that he/she will not have substantial decision-making authority with regard to the proposed development; or
- e. Any suspensions of required state licenses (Tennessee or any other state) within the last ten (10) years.

Initial Application Submission Process

Beginning in 2020, THDA will maintain an open cycle for initial application submissions via the THOMAS system.

1. In the interim, all applications and supporting documentation should be submitted, via email, to TNCompliance@thda.org
2. Once received, initial applications will be reviewed for consistency and completeness.
3. If an application to certify a property management company is denied, an appeal may be made in writing to the Director of Multifamily Programs, at TNCompliance@thda.org within fourteen (14) calendars days of the denial. Within ten (10) of THDA's receipt of an appeal, the Director of Multifamily Programs will review and respond to the appeal. The decision of the Director of Multifamily Programs will be final.

Reasons for Rejecting, not Re-certifying or Revoking Certification:

A management entity's initial application for certification may be rejected or a previously certified management entity may have their certification revoked for the following reasons, as determined by THDA, in its sole discretion:

- The management entity or management company principles may be ineligible due to an occurrence of any Major SAE's, or incurring more than 19 Minor SAE's in a calendar year, or other ineligibility.
- A pattern of IRS Form 8823s have been issued for any Housing Credit property or properties managed by the management entity; or

- A pattern or series of alleged Fair Housing violations have been identified for any Housing Credit property managed by the management entity; or
- The management entity has not managed any Housing Credit property or properties.

Please note that the list above is not all inclusive. THDA reserves the right to reject an initial application or an application for re-certification or to revoke a certification based on facts and circumstances discovered during the review and noncompliance process.

Documentation:

THDA will provide a certificate stating the name of the management entity that has been designated as a Certified Property Management company, the date the certification was issued, and the expiration date. **The Certified Property Management entity must complete an application to renew its designation prior to the expiration of the then current three year certification period.**

THDA will maintain a list of all management entities that have been approved as a THDA Certified Property Management company, the date of certification and the expiration date on the THDA website.