WNC - Introduction

- National Tax Credit Syndication Firm in Irvine, CA
- Family owned and operated since 1971
- 40 Consecutive Years of Experience in Affordable Housing
- $5 Billion Portfolio with Assets in 45 states
- Closed over 1,000 Partnerships (single or multiple projects)
  - 54,000 total units
  - Worked with over 300 management companies
Underwriting Due Diligence – Property Management

• WNC Acquisition Committee Approval Required
  – Assessment of proposed property management’s qualification to achieve and maintain compliance with Section 42 and other regulatory requirements
  
  – Approved
    • Based on relevant experience or,
    • Accept on probationary terms with removal language in the LPA, or
    • Accept with additional requirements
      – Hiring third party consultants to pre-approve all initial files
      – Requiring additional training of staff

  – Denial of proposed management
    • Require replacement management agent for review, or
    • Termination of the LOU
Underwriting Due Diligence – Property Management

• New or Existing relationship?
  – Existing:
    • Internal reference check w/ Asset Management
      – Track record with past and/or current assets
  – New:
    • External reference check
      – Developers, investor partners
      – Other syndicators
      – State agencies (limited information)

• Standard Management Review
Standard Management Review

• **Minimum requirement/threshold**
  – Required *relevant* experience on;
    • Type of Credits
    • Housing Type
    • Tenant Demographics/Characteristics
    • Type of Financing
    • Local Market
  – WNC required minimum LIHTC experience is 5 years

• **Review management policies and procedures**
  – Collection/review of documents
Standard Management Review – example documents

- Management Agreement
- Management Profile /Organization Structure
- Management Plan
  - Marketing
  - Leasing/Certification
  - Service (Plan/Agreement), if applicable
  - Tenant Relocation, if applicable
• Tenant Selection Plan
  – Steps in Applicant Selection Process
    • Intake, evaluation, notification of acceptance/rejection
  – Eligibility/Threshold criteria
  – Rejection Criteria
  – Preference/Priority
  – Occupancy Standards

• 8823 correction

• File retention
• Management company Policies & Procedures including, but not limited to;
  – staff training /education policy
  – management company profile
    • key personnel profile/bio
    • Information on staff
    • previous participation in Section 42 program
  – application process and the certification process
Standard Management Review

• Sample Forms
  – A copy of the sample tax credit tenant file
    • At minimum each file should include;
      – sample Lease Agreement and Lease Rider/Addendum (if not incorporated in the Lease), House Rules
      – sample application, questionnaires, addenda, third party verifications, affidavit
  – Other forms/reports
    • annual recert tracking report, tax credit compliance report, etc
    • State-required reporting

• Information on software
  – Compatibility
Pitfalls to Avoid

- First year files used as training material
- Lack of full knowledge on commitments and restrictions
  - 8609’s
- Unaware of good-cause evictions
- Management unaware of credit delivery schedule

- Acq-Rehab Issues
  - Certification Schedule based on Rehab Schedule?
  - Eligibility of existing tenants w/ HAP Contract
    - HAP Contract ≠ Tax Credit qualification
    - preliminary testing?
      - Income
      - Full-time student status