

# RRHA Update

DECEMBER 2014



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### FROM THE PRESIDENT'S DESK

This past July, at the 36<sup>th</sup> annual Convention and Trade Show in Fort Worth, I was fortunate to join some great company, becoming the fourth straight RRHA President with family roots in rural housing. If you are familiar with this Association, that would not surprise you. In fact, I'd venture to say that more than half of the Association's Officers through the years have had fathers, grandfathers, sons, nieces, nephews, aunts or uncles, or all of the above, in the business. Some even have family living in various RRHA projects. What this tells you is that it's personal. The owners, developers, operators and others who form the leadership of RRHA, with very few exceptions, understand what it's like to live in rural Texas. They understand what challenges we face, and the fulfillment we get out of providing quality housing and a caring environment.



They also understand what has come to be the greatest challenge of this organization: how to teach an old dog new tricks. How to breathe new life into a set of aging properties. Sometimes it's harder to rebuild than to start from scratch. Sometimes a rehab is harder than new construction. Sometimes changing preconceptions is harder than making first impressions.

Us "second generation" folk have succeeded in this industry in part because a foundation for success was paved by our forebears. We have not, however, succeeded in this industry by doing things the same way they were done in 1982. We have succeeded by understanding the reasons for past success, and preserving that foundation while injecting our own ideas and energy, and by trying new and sometimes better ways of tackling old problems.

"Preservation" is a word you hear a lot around here. On a national and statewide scale, it means rehabilitating or replacing aging properties, and figuring out where the funds are going to come from to do that. That is a very large question, and it affects all of us. It is not the only meaning of preservation, however.

*continued on page 2*

RRHA OF TEXAS  
37TH ANNUAL  
CONVENTION AND TRADE SHOW  
WORTHINGTON RENAISSANCE HOTEL  
FORT WORTH, TEXAS  
JULY 21-24, 2015



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**PRESIDENT’S MESSAGE, continued from page 1**

In a more general sense, preservation is also about keeping our apartments relevant in the surrounding community. It’s about keeping up with the demands of a smarter and more sophisticated group of residents and prospects. This is the sort of preservation that every member of this Association, every manager and maintenance tech, can be a part of.

It’s about recognizing that maybe your residents would prefer a smoke-free complex. It’s about realizing that your clubhouse can be a meeting place for the entire community. It’s about understanding the value and the power of an effective online training course where you never have to leave your office, let alone your county. It’s about realizing how important it is for your property to come up in a Google search for apartments in your town.

These are just a few of the topics that have been discussed, and acted upon, in the ongoing RRHA Mid-Management discussion forums and e-mail group. This group just got off the ground last year, and has already been fertile ground for a productive exchange of ideas and information, both with each other and with members of Rural Development and other relevant industry professionals. We are looking forward to further growth and participation among the RRHA management leaders, property supervisors and compliance officers. Our next live forum is scheduled for late January in Temple.

It’s essential that we keep the ideas flowing, because the most important way to keep our properties viable and successful in today’s climate is to use that same innovative vision we inherited from our fathers and grandfathers, and update it for the 21<sup>st</sup> century. Is that any harder than teaching grandpa how to text?



**THE OFFICERS, BOARD OF DIRECTORS, AND STAFF  
OF  
RURAL RENTAL HOUSING ASSOCIATION OF TEXAS  
WISHES EVERYONE A HAPPY AND SAFE HOLIDAY SEASON.**

## USDA IMPROVES CUSTOMER SERVICE, WORKS TO INCREASE THE AVAILABILITY OF AFFORDABLE MULTI-FAMILY HOUSING

*By Tony Hernandez, Rural Housing Service Administrator for USDA, Rural Development*



The U.S. Department of Agriculture has implemented a series of measures to ensure that rural residents have access to affordable multi-family housing. The United States

Department of Agriculture's (USDA) Rural Housing Service, which provides direct and indirect financing for

rural rental housing, is simplifying procedures for people to invest in rental units or to transfer ownership to new parties.

The overhaul began this spring when USDA established a set of uniform guidelines for owners who want to sell their properties or transfer the title. These guidelines are expected to cut in half, or more, the amount of time it takes to complete these transactions. This could be a cost-savings measure, thereby attracting more investors to the rental housing program and simplifying administrative rules.

Property owners in USDA's rental housing program agree to provide affordable rental housing in return for favorable financing terms. Prior to the overhaul, however, owners faced administrative rules and paperwork requirements that often varied from state to state when they wanted to sell or transfer ownership. There were not clear, uniform guidelines outlining the terms and conditions that must be met prior to a sale or transfer. Now there are.

Led by Rural Housing Service Administrator Tony Hernandez, USDA's Transfer Application Process (TAP) team conducted its work under Lean Six Sigma methodology, which stresses collaborative teamwork and efficient, streamlined processes. USDA has adopted industry-approved underwriting standards that will give owners preliminary guidance to determine whether a proposed sale or transfer meets USDA guidelines. RHS staff met with its customers to review and improve its underwriting, marketing and sale/transfer processes. Their work identified nearly 50 process improvements, such as plans to make hand

books and underwriting tools more user-friendly. Another outcome was the development of a preliminary assessment tool that can help customers better track the status of their loan applications. USDA has also hired additional staff to deliver enhanced portfolio, underwriting and marketing services for its Preservation and Direct Loan Division and the Guaranteed Rural Rental Housing Program (Section 538).

This quicker and more efficient transfer application process will attract private investors to provide the financial capital needed to renovate the aging portfolio of USDA-financed rural rental housing and preserve these units for decades to come.

USDA is continually working to serve its customers in the most efficient manner possible and to make affordable housing more available in rural communities.

*~ Reprinted with permission from November/December 2014 Edition of CARH News*

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## CARH SCHOLARSHIP FOUNDATION NOW ACCEPTING APPLICATIONS FOR THE 2015 SCHOLARSHIPS

*Submitted by Colleen Fisher, Executive Director, CARH*

The CARH Scholarship Foundation is currently accepting applications for the 2015 James L. Poehlman, Gordon L. Blackwell, Jack Godin, Jr. and CRHD Founders Scholarships! Applications must be received by the Scholarship Foundation no later than **April 30, 2015**.

The Scholarship Foundation is providing four (4) scholarships to deserving residents of CARH-member affordable rural housing properties. Each scholarship will be \$1,000 per semester for educational expenses, with a maximum four years of funding. In addition, the Foundation will present to the managers of complexes where there is a successful scholarship recipient, \$250 plus recognition in CARH's publications and website!

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## LET'S GET PHYSICAL: PREPARING FOR A TDHCA ONSITE INSPECTION

*Submitted by Gordon Anderson, Public Information Officer, TDHCA*

Physical inspections probably rank low on everyone's list of "fun things to do." Whether it is a physical at your doctor's office or an inspection from a regulatory agency, both can be stressful.

There are steps you can take, however, to prepare for a TDHCA inspection that can actually make the process easier and more streamlined. The next time you are notified that the Department is scheduling a UPCS inspection, here are a few things to keep in mind:

1. First, a list of units to be inspected will be provided to the property owner or management staff. Management must notify all low-income tenants that their unit may be selected.
2. Next, at least one development representative – maintenance staff, leasing agent, manager, or owner – is required to accompany the inspector at all times during the visit. TDHCA strongly encourages a member of the development's maintenance staff be part of the team.
  - a. The inspector will "call out" deficiencies as they are identified during the inspection, and the property representative may want to record details of the deficiencies noted to help in identifying corrections needed.
  - b. Property staff may also want to have common repair items with them during the inspection: smoke detectors, batteries, blanking covers for open ports in breaker boxes, or duplex outlet and switch covers, for example.
  - c. Exigent and fire safety deficiencies may be made while the inspector is present. However, keep in mind that all uncorrected deficiencies must be corrected immediately and reported as corrected to the Department within 72 hours.
  - d. After the inspection is completed, the inspector will provide the property representative a *Notification of Exigent and Fire Safety Hazards Observed* form.
3. Lastly, a copy of the inspection report will be mailed to the owner, along with a list of deficiencies to the development and the management company. A letter will accompany the report detailing any actions required as a result of the inspection.

By following these simple steps, you can turn an otherwise pedestrian UPCS inspection into something that's actually not totally unpleasant!

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## CARH SCHOLARSHIP FOUNDATION NOW ACCEPTING APPLICATIONS FOR THE 2015 SCHOLARSHIPS, *continued from page 3*

Qualified applicants **must be** a resident of a CARH-member property; a U.S. citizen or permanent legal resident; be a candidate for a high school diploma or equivalent; demonstrate scholastic or work achievement; demonstrate financial need; and be accepted or currently enrolled, as a full-time student at an accredited 2- or 4-year college, university or a vocational educational school. (*Please note—a property is considered to be a "CARH-member property" if it is under the management/ownership of a national CARH member and the annual Property Training & Education Fee has been paid for that property.*)

There are two types of applications for scholarships:

[Application for Traditional Students](#) - This application is for those students/individuals, who are currently candidates for high school graduation or within the past five years received a high school diploma (or equivalent).

[Application for Non-Traditional Students](#) - This application is for students/individuals, with a high school diploma or equivalent, who have previously been out of school for five years or more.

Please encourage your residents to apply! This is the 10<sup>th</sup> year that the Scholarship Foundation has awarded scholarships. This year's recipients will be presented at a special Awards Luncheon during CARH's 2015 Annual Meeting and Legislative Conference which will be held June 14-16, 2015.

If you have any questions, please contact the CARH National Office at 703-837-9001 or [carh@carh.org](mailto:carh@carh.org).

### RRHA OF TEXAS UPCOMING EVENTS

**JANUARY 21, 2015**

Convention Committee Meeting  
The Worthington Renaissance Hotel  
Fort Worth, Texas

**JANUARY 27, 2015**

Mid-Mgmt. | Small Owners Forum  
Temple Chamber of Commerce  
Temple, Texas

**JULY 21-24, 2015**

Annual Convention & Trade Show  
The Worthington Renaissance Hotel  
Fort Worth, Texas



### GOALS

**ONLY THOSE WHO WILL RISK GOING TOO FAR CAN  
POSSIBLY FIND OUT HOW FAR ONE CAN GO."**

~ T. S. ELIOT

### WELCOME . . . NEW ASSOCIATE MEMBERS

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RRHA of Texas *UPDATE* is a quarterly publication devoted to a variety of topics of interest to our members. The views and analyses presented herein do not necessarily represent the policies or the endorsement of the Rural Rental Housing Association of Texas, Inc. Articles containing legal analyses or opinions are intended only as a discussion and overview of the topics presented. Such articles are not intended to be a comprehensive legal analysis of every aspect of the topics discussed. Due to the general nature of the discussions provided, this information may not apply in each and every fact situation and should not be acted upon without specific legal advice based on the facts in a particular case.

If you have an idea or article for our publication, please forward it to Royce Ann Wiggins at RRHA of Texas, 417-C West Central, Temple, Texas 76501, or via e-mail at [office@rrhatx.com](mailto:office@rrhatx.com).

## USDA RURAL DEVELOPMENT OFFERS ENERGY GRANTS AND GUARANTEED LOANS

*Submitted by USDA, Texas Rural Development*

The easiest ways to reduce electricity bills are to simply use less electricity or to generate your own electricity. To further that goal, USDA Rural Development is offering grants and guaranteed loans from lenders to promote energy efficiency and renewable energy through the Rural Energy for America Program (REAP).

The program does not apply to the residential portion of a housing complex; however, it can be utilized for the office, common areas, laundry room, parking lot, etc. The non-residential areas must be powered by a separate meter other than the residential meters. Any energy efficiency and renewable energy system installed are only to be utilized by the non-residential areas.

There are a few conditions a project must meet to qualify for funding. First, the funds must go toward the purchase of a renewable energy system and/or energy efficient improvements for the housing complex. That could include installing solar panels, solar outdoor security lighting, wind turbines, adding insulation, upgrading the HVAC system, replacing inefficient equipment, etc. Second, a complete application must be received by Rural Development before any purchase and installation of the energy efficiency improvements and/or the renewable energy system.

Small business owners are eligible to apply as long as they are a legal private entity, are located in a rural area with a city population of less than 50,000, and meet the Small Business Administration's definition of a small business. Typically, a small business is considered to have fewer than 500 employees and revenue of less than \$6.5 million. Public housing authorities, governmental agencies, and non-profit incorporated entities are not eligible for this program.

Rural Development will award grants between \$2,500 and \$500,000 for the purchase and installation of a renewable energy system. Grants for energy efficiency improvements range from \$1,500 to \$250,000.

REAP grants are awarded competitively and can cover up to twenty-five percent (25%) of the eligible cost of the project. However, it's not the only financing option. Under the same program, Rural Development offers guaranteed loans that can be used in combination with or as an alternative to a REAP grant.

Rural Development will make guaranteed loans available between \$5,000 and \$25 million. The loans do not cover the entire cost of the energy efficiency upgrades or the renewable energy system; however, Rural Development may guarantee up to seventy-five percent (75%) of the eligible cost related to the energy efficiency and/or renewable energy system.

Applicants may apply for both grants and guaranteed loans to complete their projects. It is important to note that the cumulative total of both financing opportunities cannot exceed seventy-five percent (75%) of a project's eligible cost.

The deadline to apply for these funds has yet to be decided. However, Rural Development anticipates deadlines to be in February and May 2015.

For more information contact Billy Curb, Texas Energy Coordinator at [billy.curb@tx.usda.gov](mailto:billy.curb@tx.usda.gov) or 254-742-9775 and visit the website at: [www.rurdev.usda.gov/BCP\\_REAP.html](http://www.rurdev.usda.gov/BCP_REAP.html).

**BILL NUMBER: TX84RHB 74***Submitted by Frank Jackson, Texas Affiliation of Affordable Housing Providers***Bill Number: TX84RHB 74****Filed: 11-10-2014****Author: Gonzalez, Mary  
A BILL TO BE ENTITLED****1 AN ACT**

2 relating to financial assistance administered by the Texas  
3 Department of Housing and Community Affairs in certain rural areas.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Sections 2306.004(28-a) and (36), Government  
6 Code, are amended to read as follows:

7 (28-a) "Rural area" means an area that is located:

8 (A) outside the boundaries of a primary  
9 metropolitan statistical area or a metropolitan statistical area;  
10 or

11 (B) within the boundaries of a primary  
12 metropolitan statistical area or a metropolitan statistical area,  
13 if the ~~statistical~~ area:

14 (i) has a population of 25,000 or less and  
15 does not share a boundary with an urban area; or

16 (ii) is designated by the department as a  
17 rural area under Section 2306.0075.

18 (36) "Urban area" means the area that is located  
19 within the boundaries of a primary metropolitan statistical area or  
20 a metropolitan statistical area other than an area described by  
21 ~~Subdivision (28-a)(B) [or eligible for funding as described by~~  
22 ~~Subdivision (28-a)(C)]~~.

23 SECTION 2. Subchapter A, Chapter 2306, Government Code, is  
24 amended by adding Section 2306.0075 to read as follows:

*continued on page 8*

**BILL NUMBER: TX84RHB 74**, *continued from page 7*

Bill Number: TX84RHB 74

Filed: 11-10-2014

Author: Gonzalez, Mary

A BILL TO BE ENTITLED

AN ACT

1

1           Sec. 2306.0075. DESIGNATION OF CERTAIN AREAS AS RURAL. (a)

2           This section applies only to an area that:

3                   (1) is located within the boundaries of a primary  
4           metropolitan statistical area or a metropolitan statistical area;  
5           and

6                   (2) has a population of 10,000 or less.

7           (b) A statistical area described by Subsection (a) may apply  
8           to the department for designation as a rural area under Section  
9           2306.004(28-a)(B)(ii) for purposes of receiving financial  
10           assistance administered by the department under this chapter.

11           (c) The department shall adopt rules governing the process  
12           by which statistical areas are designated as rural areas under this  
13           section. The rules must:

14                   (1) establish procedures regarding the submission of  
15           applications under this section;

16                   (2) provide additional eligibility standards for  
17           making the designations authorized by this section; and

18                   (3) ensure that financial assistance provided to a  
19           designated rural area complies with any applicable federal  
20           requirements regarding that assistance.

21           SECTION 3. This Act takes effect September 1, 2015.