

**QUEST ASSET MANAGEMENT, INC.**  
**AFFIRMATIVE MANAGEMENT PLAN**

**I. STATEMENT OF PURPOSE AND PHILOSOPHY**

Quest Asset Management, Inc., a Texas corporation, is geared to serve the needs of owners of residential apartment communities for the elderly and families in Texas by providing high quality, ethical management services.

**II. COMPANY HISTORY**

Quest Asset Management, Inc. is a Dallas, Texas based property management firm that was established in May, 1996 for the purpose of managing, operating and maintaining residential properties for the elderly and families in Texas.

**III. AREAS OF EXPERTISE**

The primary business of Quest Asset Management, Inc. is the management of residential, real estate for its own properties and private owners. In this role, Quest provides comprehensive management services covering all phases of property operations including management, leasing, maintenance and financial management as well as owner, investor and government reporting. Conventional apartment properties are entirely within the scope and experience of the firm and its principals.

In addition to its overall expertise in apartment management, Quest Asset Management, Inc. maintains a specific capability in the management and operation of Low Income Housing Tax Credit (LIHTC) apartment communities.

**IV. SUMMARY OF APARTMENT MANAGEMENT SERVICES**

Quest Asset Management, Inc. strives to provide apartment community owners with the best and most complete services available as follows:

**A. MANAGEMENT AND LEASING**

- \* Advertise, market and lease units.
- \* Develop and enforce property rules and regulations.
- \* Recruit, hire and train on-site managers and leasing agents.
- \* Provide daily operating procedures and training for on-site office.
- \* Establish and adjust rental rates and security deposit levels based on occupancy and regular competitive market analysis.
- \* Administer all personnel records for all on-site management and maintenance employees.

**B. COMPLIANCE WITH FEDERAL FAIR HOUSING AND ANTI-DISCRIMINATION LAWS AND OTHER COMPLIANCE ISSUES**

- \* Quest Asset Management, Inc. and Project Owner will adopt and adhere to policies and procedures that assure compliance with state and federal fair housing and anti-discrimination laws. Property management and on-site staff will receive a copy of the written Affirmative Marketing Plan and must acknowledge that they have read such Plan. The Affirmative Marketing Plan will always be available for review upon request.
- \* Fair Housing logos will be included on the property sign and Fair Housing posters with the logo will be posted in the leasing office, model units and other common areas typically viewed by prospective tenants.
- \* All screening criteria, including employment policies or procedures and other leasing criteria (such as rental history, criminal history, etc.) will be applied to applicants uniformly and in a manner consistent with the Texas and Federal Fair Housing Acts and with the requirements of the Texas Department of Housing and Community Affairs.
- \* Management will assure that no individual or family experiences discrimination because of race, color, religion, sex, handicap, familial status or national origin (as each is defined in applicable law). Management will assure that no individual, because of that individual's race, color, national origin, or sex, is excluded from participation, denied benefits, or subjected to discrimination with regard to any program or activity over which management exerts control.
- \* Management will demonstrate by appearance and action that prospective applicants who hold Section 8 vouchers or certificates are welcome to apply and will be provided the same consideration for occupancy as any other applicant. Management will observe all directives and prohibitions of the Texas Department of Housing and Community Affairs specifically including prohibitions against the use of any leasing practices that impede the admittance of individuals and families participating in the Section 8 program, including credit histories, security deposits, and employment histories. Management is prohibited from excluding an individual or family from admission to the development because the individual or family participates in the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f).
- \* Management will communicate annually during the first quarter of each year with the administrator of each Section 8 program which has the jurisdiction within the geographic area where the development is located. Such communication shall include information on the unit characteristics and rents, and shall advise the administering agency that the property accepts Section 8 vouchers and certificates, and will treat referrals in a fair and equal manner. Copies of such correspondence must be available during on-site reviews conducted by the Department.
- \* Management will ensure that tenants are income eligible under the rules and regulations of the low income housing tax credit program. Income determination will be made in a manner consistent with Section 8 of the United States Housing act of 1937 (42 U.S.C. Section 1437f) and the guidelines established in Handbook 4350.3, as amended and promulgated by the U.S. Department of Housing and Urban Development (HUD).
- \* Management will ensure that any minimum income requirement for Section 8 voucher and certificate holders will only be applied to the portion of the rent the

prospective tenant would pay, provided, however, that if Section 8 pays 100% of the rent for the unit, management may establish other reasonable minimum income requirements to ensure that the tenant has the financial resources to meet daily living expenses. Management will ensure that minimum income requirements for Section 8 voucher and certificate holders will not exceed the lesser of the minimum income requirements being applied to all other applicants or 2.5 times the portion of rent the tenant pays.

- \* Management shall inform any prospective tenant participating in the voucher program of the right to report to the administrator of the Section 8 program that provided the certificate or voucher an exclusion from admission to the Development based on a financial or minimum income standard requiring the tenant to have a monthly income of more than 2.5 times the tenant or tenant's family share of the total monthly rent payable to the Development Owner.
- \* Management is responsible for determining a Section 8 program participant's eligibility or level of benefits, and shall require any family described below who receives information regarding income, earnings, wages, or unemployment compensation from HUD pursuant to the income verification procedures of the Department to disclose information. Management, upon receipt of the information, shall disclose the information to the public housing agency that owns the public housing dwelling unit in which the family resides or that provides the housing assistance for the family. A family described in this paragraph is a family that resides in a dwelling unit (a) that is a public housing dwelling unit; or (b) for which tenant-based assistance is provided under 42 U.S.C. Section 1437f; or (c) for which project-based assistance is provided under 42 U.S.C. Section 1437f, section 1437bb, or Section 811.
- \* A land use restriction agreement (LURA) must be recorded providing for enforcement of the restrictions by the Department, tenants of the development, or by a private party that includes the right to recover reasonable attorney's fees if the party seeking enforcement of the restriction is successful.

C. MAINTENANCE

- \* Provide for overall routine maintenance of the property including tenant requested maintenance and make ready preparation.
- \* Recruit, hire and train all on-site maintenance and porter personnel.
- \* Completion of cost-effective and efficient contract bidding, negotiation and administration, including, but not limited to, contracts for landscaping, pool maintenance and non-routine improvements.
- \* Verify insurance and bond coverage for all contractors providing services.
- \* Implementation of a preventive maintenance program.
- \* Completion of field inspections and field supervision of contractors.
- \* Completion of regular property inspections to review property appearance and condition as well as overall curb appeal.
- \* Identify and bring to the attention of the Owner, serious non-routine maintenance needs along with proposed solutions.

- \* Provide 24-hour a day, 7 day a week emergency telephone answering and maintenance services.
- \* Maintain records of all contracts, warranties and other items important to the verification of services performed on the property.

D. FINANCE

- \* Receive, record and process all accounts payable.
- \* Bill, receive, post and deposit rents, security deposits, vending income, late fees, electric charges and any other miscellaneous income.
- \* Pursue collection of delinquent rents to the fullest possible extent, including periodic reports to the regional credit bureau and filing of lawsuits in small claims court.
- \* Maintain all files and records necessary to ensure a good record of financial activities.
- \* Monthly reconciliation of all accounts and bank statements.
- \* Provide monthly and annual financial reports including, but not limited to, Balance Sheets, Income and Expense Statements, complete detailed General Ledger and Budget Variance Analyses.
- \* Provide assistance and cooperation in periodic auditing.
- \* Compile and submit to the Owner a recommended annual budget.
- \* Review and recommend property insurance coverage.

E. COMMUNICATIONS

- \* Frequent verbal and written communication with Owner and participation in property-related meetings.
- \* Communication and coordination with lenders, real estate agents and appraisers as instructed by the Owner.
- \* Plan and provide assistance in coordination of any property-related social functions relative to the overall marketing plan.
- \* Process information requests from outside parties (as authorized by Owner) and resolve any problem or complaint originating from property residents.

V. **FINANCIAL REPORTING AND RECORD-KEEPING**

A. PROCEDURAL HIGHLIGHTS

- \* On-site collection of rents is recorded using Rent Roll software. The deposits are made to a local bank on a daily basis and a daily deposit reporting form is faxed to the Dallas main office. Deposits are then entered into the checkbook and the financial records of the property. Documents are mailed to the Dallas main office at month end for reconciliation.

- \* Each property is provided a separate operating bank account and security deposit account with the President and Corporate Secretary of Quest Asset Management, Inc. as authorized signatories as well as any representatives of the Owner required by the contract.
- \* Property service providers are carefully selected by management staff. Proof of insurance is required.
- \* All project expenditures, by the Manager, in excess of the monthly budget require telephone approval by the Regional Supervisor prior to commitment.
- \* All property invoices are reviewed by the accounting department prior to payment.
- \* All Quest Asset Management, Inc. records are available, accessible and easy to audit by either owner representatives or Certified Public Accountants.