



**DATE:** August 27, 2020

**TO:** Stan Wilson, Director of Neighborhood Development

**FROM:** Internal Audit Division

**SUBJECT:** Rankin School Place Limited Partnership 2018-2019  
(No Response Required)

The Internal Audit Division has performed our annual compliance review for the year ended December 31, 2019 of Rankin School Place Limited Partnership (“Borrower”), which consists of 56 units for low-income elderly individuals located at 1603 Spry Street. These units are called Rankin School Place Apartments and are managed by Beacon Management Corporation.

The Partnership received a loan in March, 2005 for \$378,010 from the City of Greensboro (“City”) or (“Lender”) to help in the initial building of the apartment units. This is a ½ of 1% (0.5) interest bearing loan with final payment due December 9, 2034. Payments shall be made prior to maturity as follows: On the first day of May 2015, and continuing on each May 1 thereafter, the Borrower shall make principal payments to Lender as calculated:

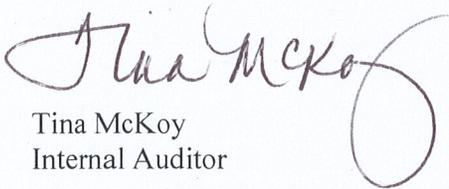
1. Gross Receipts include rental income from the Property received by Borrower during the previous calendar year including receipts from tenants, forfeiture of tenant security deposits and interest earned on security deposits and interest on the Operating Reserve Account to the extent it causes said account to exceed amounts as set forth in item 1.14B but excluding any loans to said account, grants, and other miscellaneous income. Deduct from such Gross Receipts the total annual Project expenses (as defined in paragraph 1.15) actually incurred by Borrower in operating and maintaining the Property.
2. The amount determined in Sub-paragraph 1 shall be divided by 1.15 to determine the total amount available to repay the loans from all lenders.
3. From the amount calculated in Sub-paragraph 2 above deduct (1) debt service payments made during the year to the holder of the first deed of trust on the property and (2) multiply the remainder by 50%. This amount is due to Lender.

The ending loan balance (\$347,666) plus accrued interest (\$27,329) at December 31, 2019 was \$374,995.

A physical inspection of the property has been delayed due to COVID-19 precautions. Our last inspection was performed on March 5, 2020 by Ms. Von Patrick, Neighborhood Outreach Specialist for the Planning Department. Approximately 15 percent of the total units (9 units) were selected for inspection; and there were no repairs suggested at the time. .

We examined selected financial transactions maintained by the entity for compliance with the loan agreement. Based on our review, it appears that the terms of the loan agreement were met without exception.

We would like to thank Ms. Hattie Gerringer, On-Site Property Manager; Ms. Barbara Springs, Regional Asset Manager; and the staff at Beacon Management Corporation for providing us the documentation to complete our review. If there are any questions or comments concerning the details of this visit, we can be reached at 373-4528.



Tina McKoy  
Internal Auditor



Len Lucas  
Internal Audit Director

Cc: Larry Davis, Assistant City Manager  
Chris Wilson, Assistant City Manager  
Cyndi Blue, Manager of Housing Services, Neighborhood Development  
Lamont Taylor, Administrative Services Manager, Neighborhood Development  
Caitlin Bowers, Community Development Analyst, Neighborhood Development  
Charla Gaskins, Federal Compliance Coordinator, Neighborhood Development  
George Carr, President, Beacon Management Corporation



NEIGHBORHOOD DEVELOPMENT

July 28, 2020

Rankin School Place Apartments  
George Carr, Beacon Management Corporation  
408 Battleground Avenue  
Greensboro, NC 27401

Dear Mr. Carr:

The City of Greensboro's Neighborhood Development Department is issuing this report based upon the monitoring function for the loan agreement between the City of Greensboro and Rankin School Place Limited Partnership for a loan to help finance the construction of 56 apartment units located at 1603 Spry Street. The scope of the compliance monitoring addresses the desk review of administrative files for rent, occupancy, and tenant eligibility requirements.

The purpose of this monitoring is to determine compliance with HOME Investment Partnership Program (HOME) and agreement requirements, rules, and regulations during fiscal year 2018-2019. On July 27, the desk review of Rankin School Place was completed. Enclosed you will find the City of Greensboro's Fiscal Year 2018-2019 compliance monitoring review which documents the details of the review. There were no findings or concerns resulting from this monitoring review, therefore an official response is not required. If Beacon Management Corporation would like to submit a response, the response should be submitted in writing to Charla Gaskins within 14 days of this letter.

Neighborhood Development staff appreciates the assistance and documentation that Ms. Barbara Springs, Regional Asset Manager, and the staff of Beacon Management Corporation provided during desk review. As a reminder, all project files are to be maintained for a period of seven years from the final payment under this agreement.

Sincerely,

Charla Gaskins  
Federal Compliance Coordinator

Lamont Taylor  
Fiscal Planning and Administration Manager

Attachments

cc: Larry Davis, Assistant City Manager  
Chris Wilson, Assistant City Manager  
Cyndi Blue, Manager of Housing Services, Neighborhood Development  
Caitlin Bowers, Grant Administrator, Neighborhood Development  
Tina McKoy, Internal Auditor, Executive

**City of Greensboro**  
**Neighborhood Development**  
**COMPLIANCE DESK MONITORING REVIEW**



Project Name: Rankin School Place  
 Reviewer: Charla Gaskins

Compliance for FY: 18-19  
 Desk Monitoring Completion Date: 7/27/20

QUESTIONS	YES	NO	N/A	NOTES
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<b>A. RENT REQUIREMENTS</b>					
1.	Did the project use proper utility allowances to calculate maximum rent levels? 24 CFR 92.252(d)(2)	X			
2.	Was the total tenant rent charged for units below the HOME maximum rent? 24 CFR 92.252(a)	X			Rents for HOME assisted units met this criteria.
3.	Is the total tenant rent charged for units at or below the rent listed in the loan agreement or below an approved rent increase? 24 CFR 92.252(b)	X			Rents for HOME assisted units met this criteria.
4.	If any in-place tenants had incomes above 80 percent of the area median income, were they charged 30 percent of their adjusted monthly income for rent and utilities? 24 CFR 92.252(i)(2)			X	Exempt pursuant to Section 42 of the Internal Revenue Code.
5.	Do the rents listed for HOME assisted units in the RCRS Project Compliance Report demonstrate that the lower of applicable Low HOME rents or LIHTC rents at the 50% median income level for 5 one-bedroom units and 1 two-bedroom unit did not exceed 50% AMI?	X			HOME rents were the lower applicable rent.
6.	Do the rents listed for HOME assisted units in the RCRS Project Compliance Report demonstrate that the lower of applicable High HOME rents or LIHTC rents at the 60% median income level for 17 one-bedroom units and 3 two-bedroom units did not exceed 60% AMI?	X			HOME rents were the lower applicable rent.
7.	Did the property meet the unit restrictions within each building?	X			Property met agreement restrictions for floating HOME-assisted units in each building.

QUESTIONS	YES	NO	N/A	NOTES
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<b>B. OCCUPANCY REQUIREMENTS</b>					
1.	In projects where the HOME-assisted units float: a. When a tenant vacated a HOME unit, was the next available unit made available to a HOME-eligible tenant? 24 CFR 92.252(j)	X			
	b. When a tenant's income rose above 80 percent of AMI, was the next available comparable unit rented to a HOME-eligible tenant? 24 CFR 92.252(j)	X			Property exceeded the minimum requirements for floating HOME assisted units.
2.	Were 40% of units in each building occupied by tenants at or below 50% of the area median income?	X			
3.	Did the property maintain a physical occupancy of 85% or greater?	X			The physical occupancy from July 1, 2018 to June 30, 2019 was 96.7%.
4.	Was the average vacant unit offline time for the property less than 45 days?		X		The average vacant unit offline time was 67.2 days during FY 18-19. Management should seek ways to improve this time.

<b>C. TENANT ELIGIBILITY</b>					
1.	Did incoming tenants have incomes below 60 percent AMI?	X			
2.	Was a waitlist maintained?	X			
3.	Were incoming tenants listed on the waitlist?	X			Management has implemented a process with multiple checks and balances to ensure that incoming tenants are selected from the wait list and in accordance with the tenant selection plan. No findings or concerns.

<b>D. TENANT FILES</b>					
1.	Did the RCRS Report support that project documentation submitted to the City was accurate?	X			

QUESTIONS		YES	NO	N/A	NOTES
<b>E. PROPERTY STANDARDS</b>					
1.	Did the property pass the City's physical inspection for decent, safe, and sanitary housing?			X	This desk review did not entail a review of the physical property. However, it is noted that an inspection occurred on 3/5/20. There were no findings or concerns and results were reported in the FY 17-18 report.
2.	Was insurance maintained on the property?	X			
3.	Was the City of Greensboro named as the insured on the property?	X			
4.	Did the property adhere to the affirmative marketing policy? 24 CFR 92.351(a)	X			