**Compliance Training Discussion Topics**

**2019**

* The following information must be provided for the audit:
* Rent Roll
* Utility Allowance(s)
* # of Units Receiving Rental Assistance (Section 8, HUD, RD, Private Rental Assistance)
* # of Vacant Units and # of days Vacant
* Affirmative Marketing Plan (Only needed for properties that received HOME funds)
* Tenant Services
* MR/MI Households (if applicable)
* Disability/Homeless (if applicable)
* Rent Roll or some sort of document with the following information:
  + Building Number (BIN)
  + Unit Number
  + Bedroom Size
  + Tenant Name
  + Move-in Date
  + Number of Household Members at Move-in
  + Move-In Income
  + Move-In Set-Aside Percentage
  + Recertification Date
  + Number of Household Members at Recertification
  + Recertification Income
  + Recertification Set-Aside Percentage
  + Tenant Paid Rent
  + Utility Allowance Amount
  + Rental Assistance
  + Gross Rent
  + Move-out Date
* Current Utility Allowance
  + Must be updated each calendar year (annually)
  + No change in allowance must be documented
  + We do accept other utility allowance methods
    - Energy Consumption Model
    - HUD Utility Schedule Model
    - Utility allowance provided from the utility provider
* Income and Rent Limits
  + AHFA is no longer providing the individual income and rent limits on the AHFA website.
  + HUD provides the current income limits and Novogradac provides a Rent & Income Limit Calculator
  + The income limits can be found at the following websites:
    - HUD-<https://www.huduser.gov/portal/datasets/mtsp.html#2018_query>
    - Novogradac-<https://ric.novoco.com/tenant/rentincome/calculator/z1.jsp>
  + The gross rent limit is determined by taking the applicable income limit and divide by 12 and then multiply by 30%. The applicable income limit is determined by taking 1.5 persons per bedroom size.

Example:

Montgomery (county)

3-bedroom unit = 3 x 1.5 = 4.5 persons

$37,740   4-person 60% income (for properties placed in service 4-1-18 and after)

+ $40,800   5-person 60% income (for properties placed in service 4-1-18 and after)

$78,540/2 = $39,270

$39,270/12 x .30 = $981.75 (for properties placed in service 4-1-18 and after)

If you have a tax credit property which chose to only charge the 50% rent you would use the same formula and use the 50% income limit.

To determine the rent for an efficiency or studio apartment, use the 1 person limit.

* Common File Findings
  + The Tenant Income Certification (TIC) must be signed and dated by all tenants 18 years of age and older and a member of management.
  + As of July 30, 2008, the Effective date does **not** change while the household lives on the property.
  + Third Party verification is always your first choice. If not available then you can attempt other methods of verification (pay-stubs, bank statement, etc.).
  + Year-to-date vs Rate of Pay
  + If pay-stubs are used for the income verification, you must use a minimum of 4 to 6.
  + The Student Certification must be completed **annually** by any tenant age 18 or older.
  + Make sure full-time student households meet one of the exceptions and provide the proof of exception.
  + When third party verification is not available for child support, the tenant can complete the Child Support Verification, but it **must** be notarized.
  + Avoid conflicting information from the TIC and certifications (student, income, etc.)
  + If the property is **NOT** 100% low-income then a full recertification is due at each recertification
* Re-certifications
  + 100% Low-Income property no longer have to complete a full recertification.
  + A student certification must be completed annually.
  + The tenant income certification (TIC) can be the only certification required for a recertification on a 100% low-income property.
  + If your property received HOME funding, you must complete a full recertification in years 6, 12, 18.
* Asset Verification
  + Assets must be verified from a 3rd party if they are $5000 or greater.
  + If your property received HOME funding, you must verify assets no matter the amount.
* Effective Date
  + On 100% Low-Income properties, the Effective Date (Move-in Date) stays with the household while the household lives at the property.
  + On non-100% Low-Income properties, the effective date can change if the household transfers to a different building.
* Unit Transfers
  + A household on a 100% Low-Income Tax Credit funded property can transfer to any unit on the property.
  + If the property is not 100% Low-Income and the household is requesting to move to another building, you must move them out of their current unit and requalify them in the new unit.
  + If your property received HOME funding, you must maintain your property set-aside requirement (check application).
* Tenant Services
  + If tenant services are selected on the application, then we check to see if they are offered (sign-up sheets, pictures, etc.).
  + Check your application to see what services are listed for your property.
  + If you would like to change to another tenant service, just submit a request to the Compliance Department.
* HOME Rule regarding Utility Allowances
  + For properties where the HOME funds were committed on or after August 23, 2013 **must use**:
    - Estimate received from the local utility provider
    - Estimate calculated from the HUD Utility Schedule Model
    - Estimate calculated using the Energy Consumption Model
  + For properties where the HOME funds were committed on or after August 23, 2013, you **cannot** use a local PHA utility allowance.
  + Guidelines for all the acceptable utility allowances are found in the AHFA Compliance manual.
  + Properties that receive housing credits and the HOME funds were committed on or after August 23, 2013 are still able to use the utility allowance from the local housing authority for Tax Credit purposes.
* Physical Inspection
  + We check for the required and extra amenities selected on the application.
  + We inspect the building exteriors and interiors.
  + We inspect 20% of the units chosen randomly or use the Low-Income Housing Credit Minimum Unit Sample Size Reference Chart, whichever is lower.
  + The units and files inspected do not have to match.
  + Vacant Units can be included in the 20%.
* Qualified Allocation Plan (QAP)
  + At a minimum, check the QAP to see what findings are subject to point deductions. You can access the QAP by going to [www.AHFA.com](http://www.AHFA.com) and in the search icon type QAP and then click on current year Allocation Plan.
  + It is recommended to have an inspection schedule (monthly, quarterly, etc.).
  + If you have questions concerning what is a finding, please refer to the HUD Dictionary of Deficiency Definitions (effective date 8/9/12). You will see most of the listed QAP point deduction findings are considered Level 3 findings.
  + Point deductions are only applicable to your properties funding year (example: the 1999 QAP included fire extinguishers; the 2013 QAP included fire canisters).
  + The unit must have at least one smoke detector on each level.
  + If an insect infestation is visible in the unit (especially in the kitchen or food storage area) it is subject to a point deduction.
  + Make sure to get your corrections to AHFA by the due date. This does not mean wait to send them in on the due date.
* Amenities
  + Check the application to make sure you have all the selected extra amenities.
  + If you have discrepancies there could be a potential point deduction if not corrected.
  + To correct the discrepancy, you must either provide the amenity, submit a prior approved change order from AHFA, submit a change order with change order fee, or submit a request to remove the amenity with change order fee.
  + Email [MFCompliance@AHFA.com](mailto:MFCompliance@AHFA.com) for copies of the application amenities sheet if needed.
* AHFA Online
  + Your choices tell the system which set of income and rent limits to use.
  + Make sure each cell has an answer even if it is ‘N/A’.
  + Make sure the answers to the income and rent set-aside question are accurate (if the household is within the 50% income or rent range then choose 50%).
  + At move-in, make sure to enter the tenant’s move-in income in the Move-In and Current Income cells (this allows the tenant’s move-in income to flow from year to year).
  + Do **not** use negative numbers (if the tenant paid rent is $-50, then enter zero).
  + The online system must be updated monthly to ensure up-to-date information.
  + Before finalizing the year, make sure all the tenant data has been entered from January 1 to December 31.
  + When importing you must start from January 1st each time. We have learned that you are able to import move-out and transfer events if all the required fields are imported (not just the event date and event type).
  + To review the tenant data that has been entered or imported, just go to the ‘Export Events’ screen.
  + Make sure you include all household members even if the member is an unborn child.
* Annual Owner Certification (AOC)
  + It must be submitted online by using AHFA Online.
  + It can be filled out by the authorized online user for the property
  + It is faster for both parties
  + No Paper
  + If submitted early, we can check it and let you know if additional information is needed
  + You just answer yes, no, or n/a to each question
  + If you have not received 8609’s, but have started renting units then you must submit the paper AOC with a rent roll as of December 31st.
  + If your property only received HOME funds, you must submit the paper AOC with a rent roll as of December 31st.

For any questions contact our Compliance Department at [MFCompliance@AHFA.com](mailto:MFCompliance@AHFA.com)