

NCSHA 2016 Annual Awards Entry Form

(Complete one form for each entry)

Deadline: Wednesday, June 15, 2016

Visit ncsha.org/awards to view the Annual Awards Call for Entries.

Instructions: Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact awards@ncsha.org or 202-624-7710.

Fill out the entry name *exactly* as you want it listed in the program.

Entry Name: _____

HFA: _____

Submission Contact: (Must be HFA Staff Member) _____ **Email:** _____

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

Use this header on the upper right corner of each page:

HFA: _____

Entry Name: _____

Select the appropriate subcategory of your entry and indicate if you are providing visual aids.

| Communications | Homeownership | Legislative Advocacy | Management Innovation |
|---------------------------------------|--|-----------------------------|--------------------------------|
| Annual Report | Empowering New Buyers | Federal Advocacy | Financial |
| Creative Media | Encouraging New Production | State Advocacy | Human Resources |
| Promotional Materials and Newsletters | Home Improvement and Rehabilitation | | Operations |
| | | | Technology |
| Rental Housing | Special Needs Housing | Special Achievement | Are you providing visual aids? |
| Encouraging New Production | Combating Homelessness | Special Achievement | Yes |
| Multifamily Management | Housing for Persons with Special Needs | | No |
| Preservation and Rehabilitation | | | |

Communications Category
Promotional Materials and Newsletters
Compliance Connection Newsletter
Mississippi Home Corporation

The Compliance Connection newsletter was created in 2003 to keep Housing Tax Credit owners and managers operating Housing Tax Credit developments in the State of Mississippi abreast of the latest information pertaining to the HTC program and the affordable housing industry. The newsletter started out as a quarterly publication but since 2010 is published twice a year during the beginning of the spring and winter seasons.

The newsletter serves as an additional educational piece to supplement quarterly trainings conducted by the Compliance Monitoring staff at strategic locations throughout the state. As news and changes occur impacting the HTC program and affordable housing industry between trainings, the newsletter serves as an ideal supplementary educational and training tool.

Multiple staff members participate in providing featured articles. Regular staples of the newsletter are “HTC in The News”, “Straight from the IRS”, “Compliance Tips” and “The Compliance Spotlight” which focuses on outstanding compliance monitoring performances by HTC owners and managers.

The newsletter is created electronically with assistance from the Marketing Department and emailed to HTC owners and managers on the email distribution list. Paper copies can be requested for a three dollar copying and mailing fee.

The Compliance Connection has been a supplemental training and educational resource for HTC owners, managers and other affordable housing professionals for thirteen years. It will continue to be a priority of the staff at the Mississippi Home Corporation to utilize this publication as one of the various methods used to keep the public it serves informed of the latest news and requirements impacting the HTC program and affordable housing industry.



Robert D. Collier,
HCCP, SHCM, FHC
Senior VP of
Program Compliance



Greetings!! We have entered a new season and year, Winter 2016. The holiday season has just ended and I hope everyone had opportunities to spend time with families and friends. This time of the year also marks the close of another on-site tenant file and physical inspection season. As we start 2016 and at some point a new period of on-site file reviews and physical inspections, let's remember courtesy and professionalism are important on inspection/audit day for both the monitoring agency and the owner/management agent being monitored.

Over the course of the calendar year many on-site file reviews and physical inspections are scheduled and conducted by our compliance officers and physical inspectors. Written notice is given to the owner/agent to allow time to prepare and assign the proper staff to be present at the scheduled audit or inspection.

On occasion, the compliance officer ("officer") or inspector may arrive at a development to conduct an audit or inspection to the surprise of onsite management staff. This can be a major inconvenience to the officer or inspector, especially if they have scheduled additional audits or inspections on the same day. If the audit or inspection is conducted, it typically takes longer to do due to the on-site management staff not being prepared in advance. This could delay the start of subsequent audits or inspections which in turn inconveniences the staff at those developments.

The worst case scenario is that the auditor or inspector may have to reschedule and place the development in noncompliance and assess fees for not being able to conduct the audit or inspection. Timely dissemination of the initial written notification by the owner/agent to the proper parties as well as communicating in advance that a scheduled visit needs to be moved to another date are key to avoiding the aforementioned.

It is also important for the officer or inspector to contact the owner/management agent if they will be arriving late due to insufficient directions, traffic conditions or the weather. The officer or inspector should ensure that up to date contact information is available at his or her fingertips at a moment's notice.

On another note, the 2016 Annual Affordable Housing Conference will be held a few weeks later in 2016 (March 21-23, 2016 at the Beau Rivage Conference Center in Biloxi). Hopefully with the later dates, attendees will not have to deal with the ill effects of winter that has impacted travel to and from the conference in prior years. Please see the current speaker list for the Compliance Monitoring track inside this edition of the newsletter. More information regarding specific topics will be provided in the near future. Enjoy!!

Are You Organized?

By: Terrintha McClellan

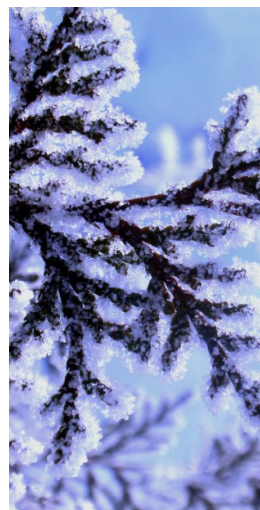
If being disorganized is congesting your office and/or tenant files and you're frustrated, it's time to get organized. Being organized consists of deciding how you want your office and/or tenant files to be arranged. Keeping everything in its place is a great start. Having everything in a specific place not only helps you but it's a help to others. Believe it or not, disorganization leads to a very stressful environment. Organization takes time. Once you train someone on a task, they will pick up and follow easily.

Files can become disorganized in the wink of an eye. For an example, if you put a tenant file to the side to come back to later; it's a chance of becoming an incomplete file. Make sure all required documents are obtained and completed by the move-in date. It's also easy to get side tracked with the initial move-in and full recertification knowing what documents are needed for that year. Each year may require different forms. Being organized has some great benefits such as: being an example for others, less stress, greater productivity, motivation, and have the love for your job. There are also disadvantages of not being



continued on page 5

In this issue...



| | |
|-------------------------------|---------|
| Compliance Updates | page 2 |
| Upcoming Events | page 2 |
| HTC in the News | page 2 |
| Compliance Tip | page 2 |
| Allocation Awards | page 3 |
| Speakers for Compliance Trace | page 5 |
| Spotlight | page 5 |
| Are You Prepared to | |
| Answer the Questions | page 6 |
| Inspectable Areas | page 7 |
| Evicting Does Not Erase | page 8 |
| Straight from the IRS | page 9 |
| Photo Poll | page 9 |
| HTC Allocation News | page 10 |
| Days of Compliance | page 10 |
| Spotlight Developments | page 11 |
| Compliance Q&A | page 12 |

Compliance Updates

The Compliance Division welcomes the participation of the following Low Income Housing Tax Credit (HTC) developments to the Mississippi housing market:

Azalea Gardens
Lumberton, 48 Units

Skyview Apartments
Batesville, 102 units

Wisteria Apartments
Plantersville, 30 units

Upcoming Events

January 20, 2016

Annual Owner Certification Report Requirements Workshop (Flowood, MS)

February 1, 2016

Fourth Quarter Occupancy Report Due

March 21-23, 2016

MHC's Annual Housing Conference (Biloxi, MS)

April 13-15, 2016

SAHMA State Meeting (Jackson, MS)

May 2, 2016

Annual Owner Certification Report Due

June 2, 2016

Development Financial Analysis Report Workshop

June 13-16, 2016

NCSHA Annual Housing Conference

June 29-30, 2016

HTC 101: Determining Eligibility (Pearl, MS)

July 7, 2016

HTC 102: Beyond the Files (Pearl, MS)

HTC IN THE NEWS



Rules Could Affect Taxes on Affordable Housing Units

By Brandon Morey

In Tennessee, state law makers are preparing to vote on whether or not tax credits or other federal subsidies should be reflected in property tax values of affordable housing properties. According to Kelsie Jones, executive secretary of the Board of Equalization, "The rules attempt to standardize existing methods for valuing affordable housing for property tax purposes so they're comparable from one county to the other."

In Nashville, an attorney that represents several affordable housing developers, expressed a deep fear of his clients seeing their overall taxes go up to nearly 50 percent under the proposed change. How the policy currently stands, individual counties enter in agreements with affordable housing developers to build properties as an economic development incentive while they negotiate their tax payments.

There are different views concerning the proposed changes and overall affect it may have on the continued development of affordable housing in Tennessee. For more information regarding Tennessee's State Board of Equalization's proposal please visit, <http://www.tennessean.com/story/money/real-estate/2015/12/14/rules-could-affect-taxes-affordable-housing-units/77317318/>

Compliance Tip

If the development has more than one source of funding, such as Rural Development and/ or Section 8 , tax credit documents should be compiled and placed in a specific section. By doing so, the information is readily available and conducive to a successful audit.



Launched late last summer, MSHousingSearch.org is a new statewide service helping landlords fill vacancies and tenants find housing across Mississippi. With a goal to increase housing opportunity for all residents, MSHousingSearch.org is completely free to list and search for rental housing of all types, including market-rate, affordable, accessible, subsidized and assisted-living units.

Registration can be completed online or with a quick phone call, and housing providers can post unlimited listings, which link automatically to interactive maps. Listings can include photos and details to make listings stand out to qualified tenants, with information about dozens of accessibility features as well as details about pet policy, utilities and neighborhood amenities like parking, shopping and medical facilities. Cloning tools help list multiple units quickly, and a toll-free call center is available to assist housing providers in adding and updating listings.

Another special feature of MSHousingSearch.org is the ability to advertise affordable and accessible vacancies to the tenants who need that housing the most.

MSHousingSearch.org fields an average of over 2,000 housing searches a month, and hundreds of housing providers have

MSHousingSearch.org: Mississippi's New Rental Search Site

already listed over 34,000 units statewide. Once listed, property information is updated regularly to keep information fresh and ensure fewer calls on unavailable properties. All landlords with rental units in Mississippi are encouraged to take advantage of this valuable service.

Not only does this service help renters locate housing opportunities faster on a daily basis; MSHousingSearch.org is an established resource for disaster recovery, keeping Mississippi prepared for housing recovery. In addition to offering a refreshed online database of rental-vacancy information, experienced call center staff can conduct compassionate intake and referral for displaced disaster victims and deliver personalized search results, as well as help landlords add and update listings. A special Disaster Outreach Team can boost listings in designated areas and aid workers can access information via mobile device in the field or contact the call center for assistance.

Visit www.MSHousingSearch.org or call 1-877-428-8844, M-F, 8 a.m. - 7 p.m. Central Time to begin listing today. To schedule free staff trainings to get the most out of MSHousingSearch.org, please contact Sheila Roberts at sroberts@socialserve.com.

MSHousingSearch.org is funded by the Mississippi Partnerships for Sustainable Housing.

Allocation Awards

Mississippi Home Corporation awards \$6.7 million in Housing Tax Credits

On June 10, 2015, Mississippi Home Corporation announced it had awarded approximately \$6.7 million in Housing Tax Credits to developments across the state. Financing provided by the sale of the tax credits to investors will help developers build or rehabilitate **11** developments consisting of **488** units in **6** different Mississippi counties.
(See chart on page 4)

Allocation Awards

(continued from page 3)

| DEVELOPMENT TYPE | DEVELOPMENT NAME | CITY | UNITS |
|---------------------|----------------------------|-------------|-------|
| New Construction | Tall Oaks East | Verona | 48 |
| New Construction | Tall Oaks West | Verona | 32 |
| Acquisition / Rehab | Farmington Arms Apartments | Corinth | 80 |
| Acquisition / Rehab | Cedar Bend Apartments | Meridian | 32 |
| Acquisition / Rehab | Pine Haven Estates | Hattiesburg | 32 |
| New Construction | Fountain Square | Columbus | 48 |
| Acquisition / Rehab | Barley Court Phase I | Tupelo | 52 |
| Acquisition / Rehab | Barley Court Phase II | Tupelo | 48 |
| New Construction | Verona Estates | Verona | 36 |
| Acquisition / Rehab | Canton High Apartments I | Canton | 40 |
| Acquisition / Rehab | Canton High Apartments II | Canton | 40 |

Mississippi's Annual Affordable Housing Conference 2016

Save The Date
 March 21-23
 Beau Rivage
 Biloxi, MS

Follow Us

 @MSHomeCorp
 mshomecorp.com

THE
 HOUSING
 GAMES




continued from page 1

organized such as: health problems (blood pressure, stress, and etc), compliance issues, and not being able to achieve goals.

Being organized will help find and evaluate tenant files without wasting valuable time. Here are some useful items that can help one stay on track with being organized:

Organization Tips

- Use checklists for repetitive tasks (initial certifications and re-certifications) to reduce errors
- Create a pending folder and/or a “pending” email folder
- Declutter, Declutter, Declutter... CLEAN your desk and CLEAR your desktop
- Don't procrastinate
- Find a system that works best for you that will enable you to become more productive
- Once your office and/or tenant files are organized, extra time can be allotted for unexpected mishaps. Having organization will make you feel calm and stress-free.

Speakers for the Compliance Track

Dee Bauer

Bauer Compliance & Consulting

Dee Bauer is a proven compliance and asset manager that has a proven track record with market rate projects as well as specializations in Low Income Housing Tax Credits, Project Based Section 8 and other governmental programs. She holds certificates for HCCP, COS and HCM.

Beth L. Hodges

Salter Ltd.

Beth Hodges is an active author and recognized speaker and expert on low income tax credit and property compliance and management. Beth has conducted training or given speeches on housing issues in over 40 states. In addition to numerous professional designations, recognitions and accreditations, Mrs. Hodges holds degrees in Industrial Design, Marketing, and a Juris Doctorate.

Spotlight



Graceland of Grenada Grenada, MS

Mississippi Home Corporation is pleased to announce Graceland of Grenada as this issue's Compliance Spotlight development. This special recognition is awarded to the management team of Graceland of Grenada for successfully passing both the initial tenant file audit and physical inspection.

Graceland of Grenada is a development serving the elderly community of Grenada, MS. Providence PCC of Grenada, LLC, under the direction of Steve Downing, is the owner of this development with Providence Management, LLC as managing entity. This development has worked in the tax credit program for three years. Graceland of Grenada reserves all 30 units for residents with income at or below 60% of the area median income. Some amenities offered at Graceland of Grenada include meals, onsite beautician, outdoor common areas, indoor common areas, enclosed courtyard, special dining programs, walking paths outdoor, and reminiscence therapy.

Debbie Mitchell, the property manager of Graceland of Grenada, has been working with the development since January of 2012. She has worked with the tax credit program for three years. Debbie commits herself to acquiring the most up-to-date compliance monitoring information by attending annual trainings or more often if possible. “Keeping clean and completely current files and information are a must! Good communication with monitoring staff, especially April Smith, who is so helpful! Providence also performs internal file audits annually while preparing for Annual Owner Certification, one email to April gets our questions answered,” expressed Debbie with gratitude.

Mississippi Home Corporation commends Graceland of Grenada for providing safe, decent, and affordable housing to Mississippi families. We wish you continued success as you serve as an example of excellence in the HTC community.

Developments featured have an overall favorable compliance status according to the latest monitoring visit performed by MHC's Compliance Division.

Are You Prepared to Answer the Questions?

By Teri Nguyen

The I.R.S.- The Internal Revenue Service.

The mere mention of the agency's name may bring up many reactions. Most of them are probably not positive. The hope is that they never contact you in any way. The most common fear is that the IRS will initiate an audit which may lead to recapture of tax credits, penalties and fees. Generally, the fear and anxiety resulting from the notice of an audit are due to the unknown- not knowing what to expect from an IRS examiner. To alleviate anxiety, a great resource is the IRC §42, Low-Income Housing Credit Audit Technique Guide.

The Audit Technique Guide was written by the IRS to provide guidance to its employees on the examination of income, interview technique and evaluation of evidence for the program. One of the instructions to the IRS Examiner is to identify and test the internal controls of the taxpayer and the onsite management. Internal controls are policies and procedures put in place to ensure compliance with program rules and regulations, detect and/or avoid fraud and protect the development's assets. This analysis will involve an interview with the taxpayer (i.e. the owner), a tour of the project, and contacting third parties (e.g., the state agency, former employees, and former tenants). Essentially, the IRS wants to know to what level the examiner can rely on the taxpayer's records to be accurate. The results of the analysis of the internal control determine the extent and depth of the examiner's review of the tenant files.

In preparing for a test or in this case audit, it helps to know what might be asked. Below are just some of the questions taken from the **Audit Technique Guide:**

Taxpayer's internal controls

- What were the taxpayer's controls and efforts to ensure that tenants are qualified low-income households at move-in?
- Does the taxpayer train employees?
- Does the taxpayer review tenant files?
- Is an independent property management company operating the project?
- Is the taxpayer frequently changing management companies?
- Does the taxpayer conduct internal audits or personally visit the project and inspect the site?
- How does the taxpayer identify and track over-income units for the next available unit rule?
- How is the maximum gross rent determined and what procedures are in place to make sure maximum rent is correct?



- What procedures are in place to make sure the rents are updated annually when HUD releases the updated AMGI amounts?
- What procedures are in place to maintain the project, identify physical deficiencies, and correction noncompliance issues on a continuing basis?
- Does the taxpayer follow a routine maintenance schedule?
- Who decides when maintenance is needed?
- What oversight does the tax payer provide to ensure that the manager maintains the project in compliance?

Property Manager Controls

- How does the manager conduct interviews, contact third parties for verification and maintains the files?
- How does the property manager handle certain fact patterns; e.g., what happens when the total anticipated income for the upcoming year is less than what it will cost to reside in the unit or a one-person household request a three bedroom unit?
- How is the tenant's student status determined?
- How does the property manager know when it is time for the annual recertification (if required)?
- Does the manager use a standardized income certification document?
- Who reviews the property manager's work?
- Is the staff trained?

Most program participants' interaction with the housing tax credit program has been with the state monitoring agency. However, ultimately, it is the IRS who determines if the development is in compliance and eligible to claim the credits awarded to the development. Being able to answer these questions not only helps to prepare for an audit by the IRS but it helps one evaluate whether the owner and management have sufficient internal controls in place to ensure compliance.

Inspectable Areas

By: Derrick Lee

When you receive notice that you will be having an inspection, what should you do? PANIC! Once you are done panicking you should prepare for the inspection.

Over the past few years, Mississippi Home Corporation (MHC) has seen major improvements in how well managers have been prepared for unit inspections. The most asked question over the years has been: What is MHC looking for during the on-site inspection? MHC follows the regulations set forth by your local building codes and the Uniform Physical Condition Standards (UPCS). These physical condition requirements are the foundation of MHC Physical Inspection Program. The UPCS identifies the five inspectable areas and exigent health and safety hazards (shown below the article).

The inspector is required to examine the five inspectable areas of the property shown on the diagrams. The five inspectable areas are:

- Site
- Building Exterior
- Building Systems
- Common Areas
- Units

Each inspectable area has one or more inspectable items and may have one or more Health and Safety hazards. An inspectable item is a specific item within an inspectable area that the inspector is required to inspect (e.g., within the Site inspectable area, an inspectable item is fencing and gates). A Health and Safety item is a specific deficiency

that, if present, creates a danger to the health and safety of the residents (e.g., poor air quality).

The inspector must rate each observed deficiency as Level 1, Level 2, or Level 3 according to the definition in the UPCS Dictionary of Deficiency Definitions.

For Level 3 ratings, the inspector must identify the location.

Here are some of the areas often overlooked by management.

Grounds

- Check for uneven pavement and trip hazards.
- Closely inspect the condition of playground equipment. Check for broken equipment, sharp edges, and trip hazards. Could a parent or child in a wheelchair enter the playground area?

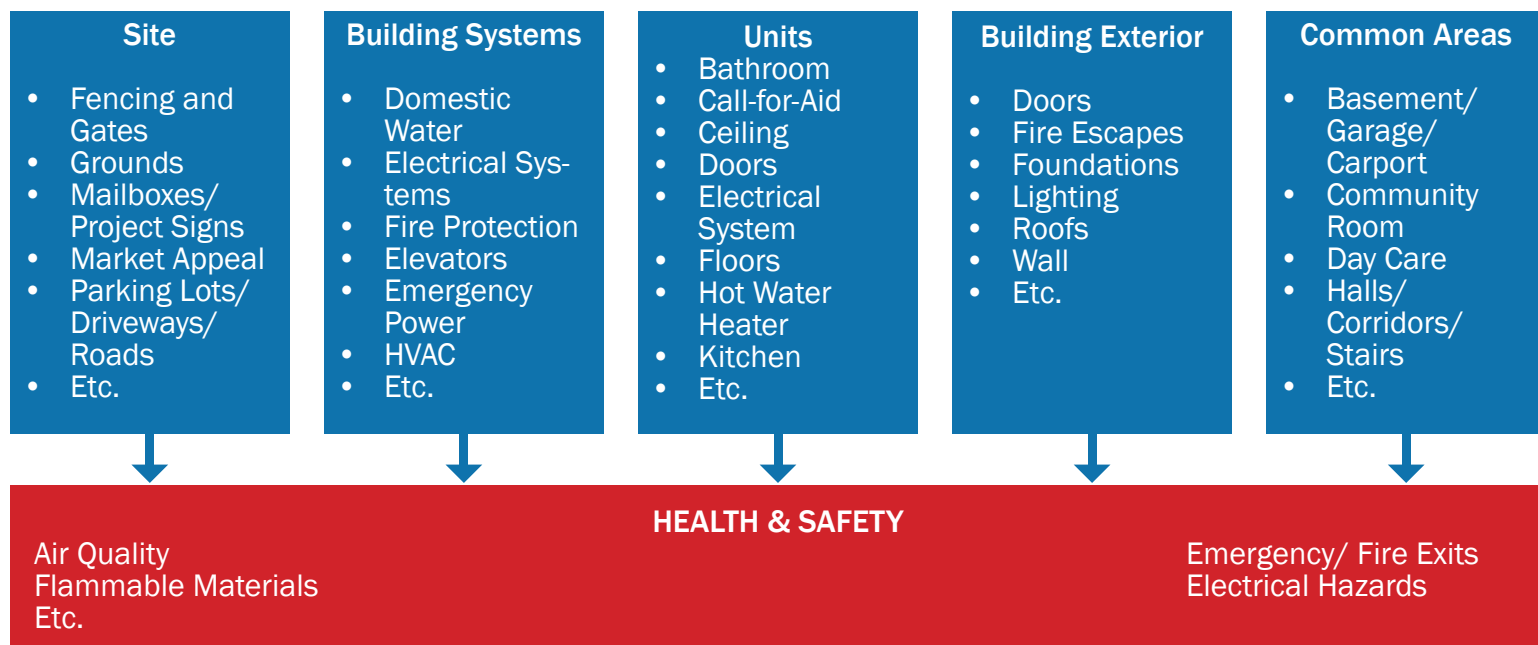
Common

- Check back up systems for emergency lights and exit signs. Don't forget to check the lights in the management office and community room.
- Are the electric panel breakers clearly labeled?
- Fire Extinguishers must be re-inspected annually. Check the tags. When were the fire extinguishers inspected last? Are any of the extinguisher tags missing?

The 2015 Inspection year maybe coming to an end but continuing to inspect the inspectable areas mentioned will help owners successfully pass MHC physical inspections for years to come.

Happy Holidays from the building inspection department.

Inspectable Items



Evicting Does Not Erase

by Brandon Morey

Looking back on 2015's audit year, I've often heard managers and regionals express their burning desire to have perfect audits and maintain compliance throughout the year. From a state agency perspective, although we understand the importance of compliance to the owner and management agent, our primary goal is to ensure safe, decent, and affordable housing to those in need. With that goal in mind, the displacement of a household due to noncompliance should be considered as a last resort. One of the biggest misconceptions regarding evictions is that it corrects noncompliant households, when in fact, evictions may potentially cause the owner even more harm.

When it comes to correcting noncompliance due to a nonqualified household, simply evicting the household does not rectify the issue. When a nonqualified household vacates a unit, the unit will retain the status of the previous household, which is in this case is noncompliant. The unit will remain in noncompliance until a qualified household occupies the unit. The time that lapses while the unit remains vacant is time that the unit is still in noncompliance, which could potentially extend beyond December 31st which would cause the owner to lose credits on that unit. Instead of evicting a nonqualified household, we strongly urge managers to take a look at that household's current situation to see if there has been any change to their income and/or household size since their initial certification. If you can sufficiently document that a household that was nonqualified at move-in did qualify at some point during their residency, the noncompliance can be corrected with that same household.

For example, Parker and her 2 daughters moved into a tax credit development on August 27, 2014. During an MHC file audit conducted in October of 2015, it was discovered that Parker was over the income limit for 3-person at the time of move-in. The owner then notifies Parker that she has 3-days to vacate the premises, so an income eligible household can correct the noncompliance. Evicting Parker and her kids would not be in the best interest of MHC, nor the owner. Eviction of the nonqualified resident places the unit out of compliance from the time she occupied the unit in August of 2014 until a qualified household moves in. Since the unit was out of compliance at the end of 2014, the development's applicable fraction was reduced which means that the owner cannot claim the full amount of tax credits for the 2014 year. Now that the unit is vacant, the owner will need to have it ready and occupied by a qualified household before of the end of 2015 or continue to claim a reduced amount in credits in 2015. The owner will also incur costs to get the unit prepared for the new household. To make matters worse, if this development was a single-family development that elected to treat each building as an individual project and 2014 was the first year of the



credit claiming period, the building that Parker and her family resided in would have failed to meet its minimum set-aside by the first year of the credit period. Buildings that fail to meet their minimum set-aside by the end of the first year are put out of the tax credit program and any credits that were claimed on those buildings will be recaptured.

A better approach to this particular scenario would have to been to bring Parker in to discuss what has happened. During the interview with her, ask if she had any changes in her employment, her income, or household size since she moved in. If she reveals that she lost her job on November 17, 2014, a verification of last date of employment can be sent to her previous employer to verify her change in employment status. A new tenant income certification would need to be completed with an effective date of when actually qualified. In this case, her move in date will remain August 27, 2014 but her effective date (date she actually qualified) would be November 18, 2014. Although the unit was out of compliance from August 27th until November 17th, the unit was back in compliance before the end of the year and the owner can claim credits on the unit; but most importantly, Parker and her daughters still have a place to call home. Before evicting, making the attempt to see if the existing tenant would have qualified at some point after move-in can prove to be more beneficial from a financial standpoint. The length of time when the unit was out of compliance can be shortened thus reducing the credit impact, and it also keeps the owner from having to incur costs to prepare the unit for a new household.

In some cases, evictions cannot be avoided and the provisions for them should be clearly outlined in the resident's lease agreement. In cases where evictions can be avoided, managers, owners, and even state agencies owe it the population that we serve to make that extra effort to ensure that we are providing the safe, decent, and affordable housing to those in need.

Straight from the IRS...

HUD Publishes 2016 QCTS and DDAs Using New Small Area DDA Methodology

HUD published on its website on November 20th the 2016 Difficult Development Areas (DDAs) and Qualified Census Tracts (QCTs), which are eligible for the 30 percent basis boost under the Housing Credit program. As HUD has long planned, the methodology for determining 2016 metropolitan DDAs relies on new Small Area Fair Market Rents, and thus result in 311 zip code level small area metropolitan DDAs across 45 states, the District of Columbia, and Puerto Rico. This compares to 35 full metropolitan statistical areas in 11 states plus Puerto Rico that HUD designated as DDAs in 2015.

While in most years new DDAs and QCTs become effective on January 1, because of the change in DDA methodology, HUD is postponing the effective date of both 2016 QCTs and DDAs until July 1, 2016. This means that projects located in an area that was a DDA in 2015, but will lose its DDA status in 2016, are still eligible for the basis boost so long as the state agency receives the complete project application from the developer by June 30, 2016.

The HUD notice also extends the period during which the 2016 DDAs will be effective from 365 days to 730 days. For example, if a project is located in a 2016 DDA that loses its DDA status in 2017, the project will be eligible for the basis boost so long as the complete application is filed by December 31, 2016 and the state agency allocates Credits to the project within 730 days from the date the applicant submitted the application or, in the case of Housing Credit properties financed with bonds, the state agency issues bonds and the project is placed in service within 730 days after the applicant submits its completed application. The HUD notice provides various example scenarios illustrating when the 2016 DDAs are applicable to better explain how this will work in practice.

HUD expects to return to a January 1 effective date in 2017 and future years.

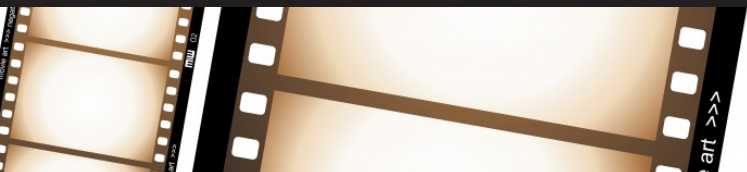
IRS Releases 2016 Inflation Adjustments for Housing Tax Credits

The Internal Revenue Service released on October 21st Revenue Procedure 2015-53 which outlines the inflation adjustments for the Low Income Housing Tax Credit authority for each state in 2016. Each state will be allocated \$2.35 in Housing Credit Authority multiplied by its population or \$2.69 million, whichever is greater.

IRS Allocates 2015 National Pool Housing Tax Credits

The Internal Revenue Service published on October 12th unused amounts of low income housing tax credits that were allocated to 31 qualified states and Puerto Rico. A total of \$2.59 million was divided among the recipients with California receiving the largest award in the amount of \$388,272 and South Dakota the smallest, \$9,362. The State of Mississippi did not receive an allocation due to the forward commitment of 2015 credit authority in 2014.

Photo Poll



What impact does the community service provided at your properties have on the residents?

"As part of our community service on site we provide financial counseling as well as health and nutrition awareness to our tenants. Our tenants have benefited tremendously from our community service programs. Tenants have been provided with credit counseling and educational training on finance. They are using the resources provided to improve their financial well-being and personal budgeting. The health and nutrition awareness is definitely very important to our tenants. Tenants are choosing healthier food options and snack alternatives in their diet daily. Our programs benefit the youth as well as adults. We believe that our programs are helping improve the health and well-being of our community. "



Corissa Rayford
District Manager
Intervest Corporation

"Community Service has a very positive impact on the residents. Several topics that have been discussed this year include; health and safety tips, neighborhood watch, as well as going over the obligations of tenants and the management company/landlord. They learn a lot and enjoy meeting with the other residents. Refreshments and door prizes are normally provided as well and the tenants truly enjoy it."



Terri Vaughn
Regional Property Manager
Carpenter Management

continued on page 10

Allocation News

Hudson Place celebrated its Ribbon Cutting on December 10, 2015. This newly constructed single family subdivision received an allocation of \$750,000 in housing tax credits in 2014. The subdivision consists of 35 single family lease purchase homes located in Louisville, Mississippi. Developed by Chris Hughes and managed by Hughes Management, this development was created as an effort to replace a portion of the housing lost during the April 2014 storms. The development was completed within fourteen months and is currently in the process of leasing up. Remarkable!!



The Days of Compliance



courtesy of cuplababies.wordpress.com

Photo Poll

continued from page 9

I believe that community services help the residents become more stable individuals in more ways than one. Whether it be through the knowledge of having healthier lifestyles, better budgeting practices, or moving to greater heights in education, community services have helped our residents feel better about themselves which effects not only the individual partaking of the community service, but their families, their communities and their very futures.



Tiffany Williams Chillis
Office Manager

United Management & Development Associates, Inc.

2015 Spotlight Developments

The Compliance Monitoring Division recognizes the following housing tax credit developments for passing their initial physical and tenant file inspection. Great job! The following development owner and management representatives will be presented with an award at our annual housing conference in March. We hope to see many more developments on the list for 2016.

| DEVELOPMENT | OWNERSHIP & OWNER CONTACT | MANAGEMENT COMPANY & PROPERTY MANAGER |
|------------------------|---|---|
| Grove Apartments | Grove Apartments, LLC Clarence Chapman | Sentry Asset Management/ Brittany Armbrust |
| Chickasaw Village | Chickasaw Village, LP J. Steve Nail | Intervest Corporation James Calvert |
| Murphy Lane | Murphy Lane, LP Britton Jones | Fourmidable Tina Selman |
| Graceland of Grenada | Providence PCC of Grenada, LLC Steve Downing | Providence Place Management Debbie Mitchell |
| Point Place Apartments | Point Place Apartments, LP Louis Jurney | New Horizon Management Kesha Irions |
| Tunica Villa | Tunica Villa, LP Jeffery Gooden | United Management & Development Associates Sharon Bell |
| Eddie Johnson Estates | The Norman Place, LP Jeffery Gooden | United Management & Development Associates Tony Warren |
| Swinney Apartments | Swinney Estates, LP Herbert Peterson | CMS Management, LP Clementine Jefferson |
| Levee Apartments | Levee FP, LLC John Schmidt | Sentry Asset Management/ Bobbi Black |
| Oakwood Apartments | Ackerman II Elderly Housing, LP David Morrow | Morrow Realty Company/ Francine Spann |
| Red Oaks Estates | Red Oaks Estates, LP Michael Doran | Southeastern Management Company, Inc./ Kathey Pannell |
| The Bradley Apartments | The Bradley Apartments, LP Chris Hughes | Hughes Management Company Maranda Arland |
| North Ridge Apartments | North Ridge Partners, LP Chris Hughes | Hughes Management Company Samantha McNeill |
| Piedmont Park II | Hattiesburg Partners II, LP Michael Godwin | Ambling Management Company Vas'Shun Newborn |
| Azalea Gardens | Azalea Garden Estates, LP Judith Moran | LEDIC Management Group, LLC Heba Johnson |
| Olivewood Apartments | Olivewood Apartments, LP Rodney Dudley | CMS Management, LLC Becky Daniels |
| Collinwood Estates | Collinwood Estates, LLC Clarence Chapman | Sentry Asset Management Donna Applewhite |

Extended Use Period Properties for Sale

Properties posted for sale in accordance with Section 42 of the Internal Revenue Code. The MHC serves as the tax credit administrator and is required to solicit qualified buyers when requested by the private owner.

Ashton Park I
Gulfport, MS

Terrace Park
Southaven, MS



Legacy Crossing
Southaven, MS

Effective Date: January 8, 2016



COMPLIANCE MONITORING STAFF

Robert D. Collier

Senior VP of Program Compliance

Brandon Morey

Assistant VP of Program Compliance/Chief Trainer

Teri Nguyen

Assistant VP of Program Compliance

April Smith

Compliance Officer

Terrintha McClellan

Compliance Officer

Krystle Easley

Compliance Officer

Deborah Heard

Compliance Assistant

Robin Kennedy

Compliance Assistant

Derrick Lee

Building Inspector

Tait Pinkerton

Building Inspector

Please contact us at 601.718.4642 if you would like to be removed from the Compliance Connection mailing list.



Question: When an application is completed and the applicant certifies to one amount regarding cash on hand, checking, and savings account balances for the “Under \$5,000 Asset Form,” and later on when the qualifying process begins, they certify to another amount, are they required to complete a new form?

Answer: No. As long as the applicant’s assets still do not exceed \$5,000 and the initial form was completed within 120 days of the effective date of the TIC, another form is not necessary. (Clarification may be needed to explain the difference.)

Question: Does MHC require a copy of the Child Support Court Order if the child support agency provided verification of the court ordered amount?

Answer: No. As long as the child support verification is completed by authorized third party personnel of the agency, no court order is required.

Question: If the development has been approved to use the re-certification waiver, does this also apply to deeper targeting units?

Answer: No. All deeper targeting units must complete full re-certifications each year to ensure they are still qualified at the applicable percentage of the area median income.

Greetings! Compliance monitoring hit the ground running at the start of 2016. Things kicked off in January with the 2016 AOC training in Flowood; on-site monitoring activities started a couple of months early in February; the Annual Housing Conference took place in Biloxi; the 2016 Mississippi MTSP income and rent limits and 2016 Compliance Monitoring Updates were issued in March; and the 2016 AOC submission due date of May 2nd has already passed. Let's catch our breath already!



Robert D. Collier
HCCP, SHCM, FHC
Senior Vice Pres. of
Program Compliance

Attendance at this year's housing conference was record breaking with over 600 in attendance. We had overflow crowds in virtually all of the tax credit compliance monitoring sessions. Your interest and participation are greatly appreciated. We anticipate the same for upcoming training events in June, July, August and November. An advanced tax credit compliance class will be held with the opportunity to take the HCCP exam August 10th and 11th in Gulfport. You can register in advance on the MHC website for all of the compliance monitoring training events scheduled in 2016, with the exception of the November training.

There continues to be new guidance issued impacting the affordable housing industry. Since the beginning of the year, the IRS has amended the Compliance Monitoring regulations concerning the selection of units that must undergo a physical inspection and low income certification review and utility allowance sub-metering regulations (see additional details in this issue under "Straight from the IRS").

Most recently, HUD issued new guidance allowing an applicant to challenge housing practices that have a discriminatory effect without having to show discriminatory intent. "Selective use of criminal history as a pretext for unequal treatment of individuals based on race, national origin, or other protected characteristics violate the Fair Housing Act." The guidance's intent is to emphasize to landlords that blanket bans are illegal as well as to inform housing applicants of their rights. Civil penalties and damages for a person denied housing could result from violations and discrimination charges brought against landlords. As owners and managers of affordable housing, admission policies and tenant selection plans should be reviewed to avoid potential penalties and damages. It will be interesting to see the impact on occupancy in housing developments across the country.

Lessons Learned from a Failed Audit

by Teri Nguyen

NOTE: The story below is true. Only the names have been changed to protect the innocent and the guilty.

Wouldn't life be easy if you never failed at anything? That would relieve a lot of stress if you knew that everything you did would come out perfectly. Unfortunately, failure happens to all of us. It's a bummer. However, many motivational speakers will tell you that we need to change our perspective. For me, lessons I've learned from mistakes or failure stick with me much longer than lessons that have come easily and without struggle. I will never forget the word I missed during my third-grade city spelling bee! Let's think of the word fail as:



continued on Page 4

In this issue...

| | |
|--|---------|
| Upcoming Events | page 2 |
| HTC in the News | page 2 |
| New HTC Developments | page 2 |
| Compliance Monitoring Updates | page 3 |
| Straight from the IRS | page 4 |
| Lessons Learned from a Fail Audit, continued | page 4 |
| Special Recognition | page 5 |
| Compliance Word Search | page 6 |
| Spotlight | page 7 |
| Photo Poll | page 7 |
| Newly Acquired Federal Programs | page 8 |
| Days of Compliance | page 9 |
| Compliance Tip | page 9 |
| Emergency Solutions Grants | page 10 |
| Housing Opportunities for Persons With AIDS | page 10 |
| Allocation Department | page 11 |
| Hello My Name Is... | page 11 |
| Compliance Q&A | page 12 |

Ensuring Compliance through Education and Training

Mississippi Home Corporation, 735 Riverside Dr, Jackson, MS 39202

www.mshomecorp.com

UPCOMING EVENTS

June 2, 2016

Development Financial Analysis
Report Workshop (Pearl, MS)

June 13-16, 2016

NCSHA Annual Housing Conference
(Seattle, WA)

June 29-30, 2016

HTC 101: Determining Eligibility
(Pearl, MS)

July 7, 2016

HTC 102: Beyond the Files
(Pearl, MS)

July 15, 2016

Second Quarter Occupancy
Report Due

August 10-11, 2016

Advanced Tax Credit Compliance &
HCCP Exam (Gulfport, MS)

August 31, 2016

Development Financial Analysis
Reports Due

October 17, 2016

Third Quarter Occupancy Report Due

November 08-09, 2016

HTC Fundamentals 101
(Senatobia, MS)

December 09, 2016

Fall/Winter Newsletter Distributed

HTC IN THE NEWS

Democrats Call for Increase in Low-Income Housing Tax Credit

by Brandon Morey

Senate Democrats, Chuck Schumer, D-N.Y., and Maria Cantwell, D-Washington, are rallying support to boost the Low-Income Housing Tax Credit by 50 percent. In the proposed reforms, an estimated additional 400,000 units of affordable housing would be provided nationwide over the next ten years.

According to Schumer, "Access to affordable housing is essential for the health of our families and the economic strength of our communities and that's why expanding the federal low-income housing credit is so important." Cantwell has been a huge promoter of the LIHTC program. Last year, she was instrumental in bringing reforms to the program to permanently extend the tax credit rates to 9 percent of eligible costs on new construction which would make the financing of affordable housing more enticing. Cantwell believes that not only the state of Washington, but the nation as a whole will face challenges regarding affordable housing and homelessness and feels that, "The Low Income Housing Tax Credit is a critical tool that communities across the nation can use to address these issues."

Political figures such as Schumer and Cantwell are true advocates of the LIHTC program and its ability to combat the lingering issues of homelessness, affordable housing, and economic hardships. With the continued push for the program and its many benefits, we can rest assured knowing that the future of affordable housing is secure. For more information about this article, please visit: <http://www.accountingtoday.com/news/tax-practice/schumer-and-cantwell-call-for-increase-in-low-income-housing-tax-credit-77901-1.html>

NEW HTC DEVELOPMENTS

Quail Run Apartments, Quitman, 70 units

Windale Apartments, West Point, 72 units

Northwood Village Apartments, Jackson, 120 units

Keystone Estates I, Jackson, 31 units

Keystone Estates II, Jackson, 38 units

Berwood Apartments, Jackson, 73 units

Regal Ridge Apartments, Plantersville, 24 units

Compliance Monitoring Updates

by Krystle Easley

It is pretty common to be fearful of change. Change typically makes us apprehensive because we are afraid of the unknown. The low-income housing tax credit program may seem difficult and ever changing to some. However, if you make it a priority to ensure that you and your fellow colleagues remain abreast to the newest policies and procedures as they are introduced, your developments will be sure to remain in a compliant status.

Changes to the Mississippi Compliance Monitoring Plan were presented at the annual housing conference in March. Those changes were effective May 1, 2016.

Below is a list of the revisions:

CHAPTER 3: STATE COMPLIANCE REQUIREMENTS

Housing for Persons Targeted by Mississippi Affirmative Olmstead Initiative (MAOI), *page 41-42*

Verbiage added to include details of new target population, Mississippi Affirmative Olmstead Initiative.

Tenant Community Services, *page 43*

Advanced community services/classes provided by a third-party must utilize MHC's Community Service Sign-in Sheet which includes management and third-party certification.

CHAPTER 5: INCOME & ASSET DETERMINATION AND RESPONSIBILITIES

Self-Employment, *page 81*

Updates made to require additional MDES information and follow-up documents, if applicable, for individuals who have been self-employed and have not had a chance to file a tax return.

Student Financial Aid, *page 87*

Revisions made to include certain fees as tuition for Section 8 residents.

CHAPTER 6: GROSS RENT DETERMINATION

Sub-metering/ Ratio Utility Billing, *page 100*

Update to policies regarding properties that sub-meter utilities to include energy from renewable sources, allowable administrative fees, and revisions made to Energy Consumption Model's use of consumption data.

Private Owner Deeper Targeting Rental Assistance (PODTRA), *page 106*

Section added to outline details of Owner Deeper Targeting Rental Assistance.



CHAPTER 9: PROPERTY DISPOSITIONS & TRANSFERS

Building Dispositions, *pages 136-139*

Deadline for written request for dispositions/transfers increased to 45 days prior to disposition. Revised list of required documents for transfer reviews.

CHAPTER 11: NONCOMPLIANCE: PROCEDURES AND CONSEQUENCES

Fees, *pg. 157*

Increase in fees related to inspections, reports, and reviews.

FORMS

New: Community Service Sign-In Sheet

Revised:

- 1) Student Financial Aid Verification
- 2) Notice of General Partner/ LLC Member/ Management Change
- 3) Quarterly Compliance Status Report

Most of us dislike modifying routines of which we have gotten accustomed. However, with time, change is inevitable and we must be willing to adapt. Each day, new things are happening around us that cause changes in current policies. New policies are only brought about to ensure that we are providing fair, safe and affordable housing to every deserving Mississippian.

STRAIGHT FROM THE IRS

IRS Releases Population Estimates for 2016

The IRS released on March 28th, Notice 2016-24, which lists its 2016 Calendar Year Resident Population Figures. These figures are used to determine states' 2016 housing tax credit (HTC) ceilings and tax-exempt private activity bond caps. Under Revenue Procedure 2015-53, each state's HTC ceiling in 2016 is the greater of \$2.35 multiplied by the state population or \$2.69 million. A state's tax-exempt bond volume cap will be the greater of \$100 multiplied by the state population or \$302,875,000. Mississippi's 2016 population estimate is 2,992,333 representing \$7,031,983 in tax credit authority and \$302,875,000 in tax-exempt bond cap volume.

New Partnership Audit Provisions

The new IRS regime for auditing all partnerships will be effective for tax years beginning after Dec. 31, 2017 (enacted as part of the Bipartisan Budget Act of 2015). Partnerships have the option to elect into the regime prior to that date. The intent of the new law is to make it easier for the IRS to audit partnerships composed of many partners by determining adjustments and assessing taxes at the partnership level, rather than the partner level. The IRS issued Notice 2016-23 on March 4th requesting comments on the new law which were due April 15th.

IRS, Treasury Amend HTC Utility Allowances Sub-metering Regulations

The IRS and the Treasury Department published in the Federal

Register on March 3rd (effective date) final and temporary regulations that amend the utility allowance regulations concerning the HTC. The final regulations provide that utility costs paid by a HTC property tenant based on actual consumption in a sub-metered rent-restricted unit are treated as paid by the tenant directly to the utility. The utility costs do not count against the maximum rent that the LIHTC building owner can charge. The temporary regulations extend the principles of these sub-metering rules to HTC property owners that provide low-income tenants with energy directly acquired from a renewable source that is not delivered by a local utility provider. Additional information is summarized in Chapter 6 of the 2016 Compliance Monitoring Plan on page 100.

IRS Amends HTC Compliance Monitoring Regulations

The IRS issued Revenue Procedure 2016-15, effective February 25th, to provide that the minimum number of low-income units in a HTC development that must undergo physical inspection is the lesser of 20 percent of the low-income units in the property, rounded up to the nearest whole number, or the number of low-income units set forth in the Low-Income Housing Credit Minimum Unit Sample Size Reference Chart in the revenue procedure. The same rule applies to determine the minimum number of units that must undergo a low-income certification review. Additional information can be found in Chapter 7 of the 2016 Compliance Monitoring Plan on pages 118-119.

Lessons Learned from a Failed Audit

CONTINUED...

This past year I conducted an audit with Butterfly Apartments. The initial tenant file letter, with its long list of deficiencies and violations, was quite a shock to the owner and management company as they had a good review not so long ago. Dorothy, a property manager of a sister tax credit site, became involved with the review when the previous manager of Butterfly resigned prior to the request of the desk audit.

When I saw Dorothy at the Annual Housing Conference, she was quite embarrassed by the review. She said that "It's my company". She was a team member there and felt that they had a reputation to uphold. You could tell that Dorothy had a passion for her work. Dorothy had been a property manager since 1998. Prior to that, she was a single-mother living at a tax credit property. The property had a frequent turnover in managers during the

time Dorothy was a resident. One day while getting the mail, Dorothy saw that the Regional Manager, Sally, was in the office. Dorothy took the initiative to ask Sally to take a chance on her. If Sally would train her, Dorothy noted she could learn the job, do it honestly, and stick around longer than the other managers. Dorothy started working half days for about three months and then was hired full-time when the manager at the time resigned. During the process of correcting the issues at Butterfly Apartments, the practices Dorothy picked up over the years were re-enforced. Below is a summary of the lessons learned from this experience: Be prepared. The site manager and maintenance team are supposed to complete their job as the management plan states, to the best of their ability. There are many resources in the program, especially MHC's website and trainings, to glean information from to correctly complete the tasks of a site manager.

The more information received the better. There are many household demographic situations, financial situations, divorce, remarriage, adoption, job loss, etc. We owe it to our residents to try to paint the most accurate picture of their household in any file. Shortcuts don't help anyone, least of all the applicants/residents we serve.

Have a second pair of eyes. A separate individual in the company should always double check the household income and assets before applicants move in. In our business, there is a lot of paperwork and errors do get made. Often, the errors were honest mistakes. Some companies are large enough to have multiple people at the site office, their own compliance department or a third-party consulting company to review the files again. At Dorothy's management company, the developments are small and have offices with only a property manager. To obtain a second review, they rely on a manager at a sister site to double check the work.

Audit the reports, records and units periodically. In an age where technology is ever growing, there are still limitations. Generated reports can only tell you so much. Dorothy learned during the interview process that what was listed on paper was not necessarily what was happening in real life.

After going back and forth with MHC multiple times, an anonymous tip from a resident was received at the office on a separate issue. Upon contacting the Regional Manager and owner, Dorothy gave the all residents a 24-hour notice for an apartment inspection. The Regional Manager and Dorothy proceeded to interview every household the next day. Based on the interviews, they realized that three of the six files remitted for the desk audit were falsified. They were able to determine that the previous manager had been involved. In one unit, they found that the individual listed in the file did not live there and that there were other people living in the unit.

Every complex should have policies and procedures in place to complete a yearly audit of their own files, resident interviews and physical inspection. Dorothy had previously learned from Sally the concept of "5/5/5". The idea is that you review 5 files, talk to 5 residents and review 5 work orders on a unit on a regular basis so that by the end of the year, all files have been audited, all households interviewed and all units inspected. By doing so, you can feel confident that the development is in compliance. If your development is larger, you may want to conduct self-audits of a higher number than five at one time.

Before remitting information to MHC, make sure to review the information. Don't assume that the information you sent in is correct. The previous manager of Butterfly Apartments had been with the company for three years. The management company had

no reason to believe that there was anything suspicious going on. As Dorothy later noted, when they received the first review letter, they thought MHC had made an error and thus, remitted the same information again.

Train staff on how to make corrections. If there is a problem with the file, this doesn't necessarily mean a resident has to vacate. Moving is expensive. It is a large expense to the resident as well as the management company. Many times a move may be avoided with a written correction or clarification. Train your site managers how to properly correct deficiencies. For example, never back date the signatures in a file. Always use the current date; it helps show the complete story. Often, back-dated signatures only cause more confusion and problems.

A "No findings" letter from a tenant file audit is the goal but don't let a deficiency letter ruin your day. Failure gives us the opportunity to analyze what went wrong, what went right, and what could be changed. Was the problem in the plan, the preparation, or the execution? The experience is an opportunity to improve upon your existing procedures. Hopefully, your next audit will be an excellent one.

SPECIAL RECOGNITION



Stacy Day, Senior Vice President of Compliance with Ambling Management Company is pictured accepting her award as HCCP 2015 Designee of the Year at the 2016 International Builders' Show in Las Vegas, Nevada. She was selected from a list of nominees by the HCCP Board of Governors, the governing body of the Multifamily HCCP designation program created within the National

Association of Homebuilders headquartered in Washington, DC. Stacy was selected for being a true ambassador and for promoting the value of the HCCP designation in her current position with Ambling and years of dedication and commitment working in property management and the affordable housing industry. Congratulations, Stacy!!



M S N Q E A Q S N O I T C E P S N I P
 K W O G N N S D B A H I E Z O H D D N
 T Q I T O Q E Y C L F X G O Z O N E N
 H D T N I G W T A L S F V L P H E O W
 T N A O T Q Y I C O Z O E W N J I R P
 E M C N A H R N E C L M R O R T H L O
 N E I C C T E U N A P Z I K A M R L N
 A T F O I C P M U T Z D F T H M E J S
 N R I M L H O M M I F S I D S P T P E
 T O T P P M L O D O U L C K R Q L U M
 R P R L P U E C B N I C A G E Y E S O
 N O E I A D V U H B T K T E S A H A C
 E L C A K C E U A C Z A I P O P S G N
 D I X N H X D H I O D P O D U L J G I
 R T Z C T T E J K Y X G N H R W N Q U
 L A G E U R U E T C D C S X C F E Z W
 K N T I V A D I F F A D M D E X M E D
 X A H O M E B U Y E R E L O S Z C Q I
 R R G Y A F E G A G T R O M B R U Q D

COMPLIANCE WORD SEARCH

- | | |
|---------------|----------------|
| Affidavit | Inspections |
| Allocation | Metropolitan |
| Application | Mortgage |
| Certification | Noncompliance |
| Community | Rehabilitation |
| Developer | Resources |
| GoZone | Shelter |
| Homebuyer | Tenant |
| Income | Verifications |



United States Department of Agriculture

School's Out!



SUMMER MEALS for KIDS & TEENS

Being Served in Your Community

To find a nearby site:

Call 1-866-348-6479

Go to www.fns.usda.gov/summerfoodrocks

Text FOOD to 877-877 operated by a USDA Partner



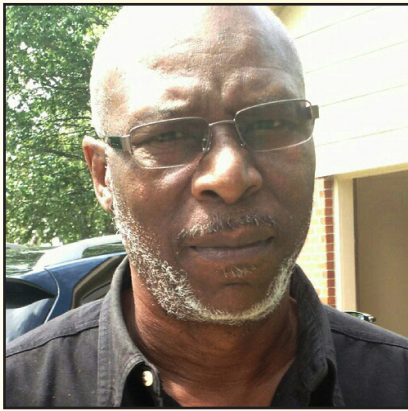
Open to all children 18 and younger
NO Enrollment, NO Cost!

USDA is an equal opportunity employer and provider.

SPOTLIGHT

Sunset Villas Apartments Lambert, MS

Mississippi Home Corporation is pleased to announce Sunset Villas Apartments as this issue's Compliance Spotlight development. This special recognition is awarded to management team of Sunset Villas Apartments for their outstanding compliance monitoring performance in successfully passing both the initial tenant file audit and physical inspection.



Sunset Villas is a development serving the community of Lambert, MS. Sunset Villas, L.P., under the direction of Ivory Sims, is the owner of this development with United Management and Development Associate Inc., as managing entity. This development has been in the tax credit program for twenty one years. Sunset Villas reserves all 12 units for residents with income at or below 60% of the area median income. Some amenities offered at Sunset Villas include individual units equipped with a refrigerator, stove, and cable. The development also has an on-site laundry facility.

Judge Collins, the property manager of Sunset Villas, has been working with the development for eighteen years. He has worked with the tax credit program for twenty five years. Judge commits himself to acquiring the most up-to-date compliance monitoring information by attending quarterly trainings. "Training at the annual MHC conference and training provided by United Management has helped me stay abreast of compliance regulations," expressed Judge. In addition, "I would like to thank MHC, United Management and my residents for allowing me to serve in this capacity!"

Mississippi Home Corporation commends Sunset Villa Apartments for providing safe, decent, and affordable housing to Mississippi families. We wish you continued success as you serve as an example of excellence in the HTC community.

PHOTO POLL

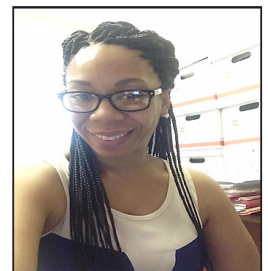
What tips and /or suggestions do you have for someone that is new to LIHTC?

The first suggestion I would make would be to get some quality LIHTC training. MHC offers fundamental classes in several locations and this can be a big help to new managers. I would also encourage anyone new to LIHTC to find a knowledgeable mentor who can help when compliance questions arise. Finally, I would say, "Be Patient"! This program takes time to learn and understand, and there are many different rules and scenarios that apply. In time, these will become more familiar. The program is always changing; so it never becomes boring!



Nikki Hood, Manager
Christy Reed,
Area Manager
Hughes Management

"Verify, verify, verify! And then verify some more. All income in the household must be verified. An applicant cannot exceed the income limit set for that household size, not even by one cent. Determine student status before you continue with the file. If the household is comprised of all full time students, they will have to meet one of the 5 exemptions. Documentation of the exemption must be obtained. Always count gross income. Only use net income when the applicant is self-employed. Attend as much training as you can. There are a lot of rules involved with LIHTC and situations change among each applicant so the more you know, the easier it is to understand what needs to be done to qualify a household. The LIHTC program requires a lot of paperwork that must be kept in the file. Record keeping is very important. It is easy for paperwork to become lost or thrown away when you are working more than one file at a time. Your file should tell a story. Therefore, when you are audited, all questions that may arise will be answered because of your well documented file."



Victoria Mayberry
Compliance Specialist
Elmington Property
Management

Newly Acquired Federal Programs

In 2015, Mississippi Home Corporation was designated as the lead agency for federal housing programs administered by the U.S. Department of Housing and Urban Development. This action resulted in two bureaus within Mississippi Development Authority that administer housing grants moving to the Mississippi Home Corporation. With the transition, the federal programs are now part of MHC's mission to enhance Mississippi's long-term economic viability by financing safe, decent, affordable housing and helping working families build wealth. These programs may be another resource to our developers, managers, and tenants. Below are brief descriptions and the contact personnel for each program.

HOME Investment Partnerships Program (HOME)

HOME is a federal program funded by the U.S. Department of Housing and Urban Development (HUD). Those entitled to receive this funding from HUD is categorized as a Participating Jurisdiction (PJ). The State of Mississippi provides a Five Year Consolidated Plan to HUD providing information extracted from census data, local community needs, survey results and input from the citizens. Within the five year plan, HUD requires an Annual Action Plan that provides more detailed information on the amount of funding available and the activities in which the funds will be available. In the 2016 Annual Action Plan, the following HOME activities will be undertaken: Homeowner Rehabilitation, Low Income Housing Tax Credits, Community Housing Development Organization (CHDO) Set-Aside, Home Of Your Own Set-Aside, and State Administration. Below is a brief description of each activity and the eligible entities:

Homeowner Rehabilitation

Local units of government throughout the State of Mississippi may apply for funding to rehabilitate/reconstruct substandard housing for owner-occupied eligible households. Eligibility requirements include income eligibility based on family size (must show income adequate to sustain housing unit), ownership must be free and clear of any liens or other restrictions, occupancy of unit for twelve (12) months prior to the application, and never received HOME assistance. There will be affordability periods associated with this activity which is five (5) years for rehabilitation and ten (10) years for reconstruction. Homeowners will be required to provide and maintain homeowners insurance for the duration of the affordability period.

Staff Contact: Jackie Cobbins, 601.718.4635

Low Income Housing Tax Credits

HOME funds will be used as gap financing for applications submitted for Low-Income Housing Tax Credits. The eligible activities include development of multi-family rental units, acquisition/substantial rehabilitation of multi-family rental units, or substantial rehabilitation of multi-family rental units. There are HOME income requirements, but fortunately IRS regulations are more stringent, so HOME reverts to those requirements. There are affordability requirements associated with this type funding which is as follows:

| Activity | Affordability Period |
|---|----------------------|
| New Construction or Acquisition of Newly Constructed Housing | 20 |
| Rehabilitation/acquisition of existing housing per unit amount of HOME funds: Under \$15,000 | 5 |
| Rehabilitation/acquisition of existing housing per unit amount of HOME funds: \$15,000 - \$40,000 | 10 |
| Rehabilitation/acquisition of existing housing per unit amount of HOME funds: over \$40,000 | 15 |

Annual inspections are required as well as review of financial data.

Community Housing Development Organization (CHDO) Set-Aside

HUD regulations require at least fifteen percent (15%) of the total HOME allocation. Non-profit organizations with a 501 (c) (3) designation that meets the requirements set forth by HUD are eligible to apply for this set-aside. Non-profit staff must indicate demonstrated development capacity by 1) experience developing projects of same size, scope, and complexity as the one that is being applied for and 2) HUD defines CHDO staff as paid employees responsible for day-to-day operations (volunteers, board members, and consultants are not staff). The activities include the same as those identified for Low-Income Housing Tax Credits.

Staff Contact: Wendy Crawford, 601.718.4654

Home Of Your Own (HOYO)

HOYO is a direct set-aside to the Institute for Disability Studies, University of Southern Mississippi. The eligible activity for this set-aside is down payment and closing costs assistance to eligible disabled families to purchase an existing home, construct a home, or purchase a manufactured home. The HOME income limits are applicable to this activity based on the household size.

The disability requirement allows for any family member in the household who is disabled or seeking medical treatment for a disability of any type. There is an affordability period associated with the use of these funds which is as follows:

| Amount of Assistance | Affordability Period |
|----------------------|----------------------|
| < \$15,000 | 5 |
| \$15,000 - \$40,000 | 10 |
| ➤ \$40,000 | 15 |

For testimonies from disabled families that have benefitted from HOYO assistance, please see the following link:
<https://www.usm.edu/disability-studies/2012-home-your-own-celebrated-15-years-and-500-clients-and-it-still-going-strong>

State Administration

The HOME regulations allow PJs to retain ten percent (10%) of the total HOME allocation for use in administration activities. The following indicates the amount of HOME funds to be allocated to the State of Mississippi for the program year beginning July 1, 2016:

| Homeowner Rehabilitation | \$ 3,427,477 |
|---|---|
| Low-Income Tax Credits | \$ 1,000,000 |
| Community Housing Development Organization (CHDO) Set-Aside | \$ 1,222,622 |
| CHDO Operating Expense | \$ 50,000 |
| Disabled Housing Initiative | \$ 450,000 |
| Tenant Based Rental Assistance | Funded from recaptured/de-obligated funds |
| State Administration | \$ 683,344 |
| TOTAL ALLOCATION | \$ 6,833,443 |

National Housing Trust Fund (NHTF)

Overview

The National Housing Trust Fund (NHTF) is a new affordable housing production program that will complement existing Federal, state and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low-income and very low-income households. Funding is designated for the production, preservation, rehabilitation, or operation of rental housing. HTF will address the affordable rental housing needs for extremely low(30 % of AMI) and very low-income (50% AMI) households, while giving priority to projects that address critical housing needs with an emphasis on the prevention, reduction, and expansion of permanent housing opportunities for persons experiencing homelessness and persons with serious mental illness. The eligible activity will be construction or rehabilitation of rental property.

Who's eligible?

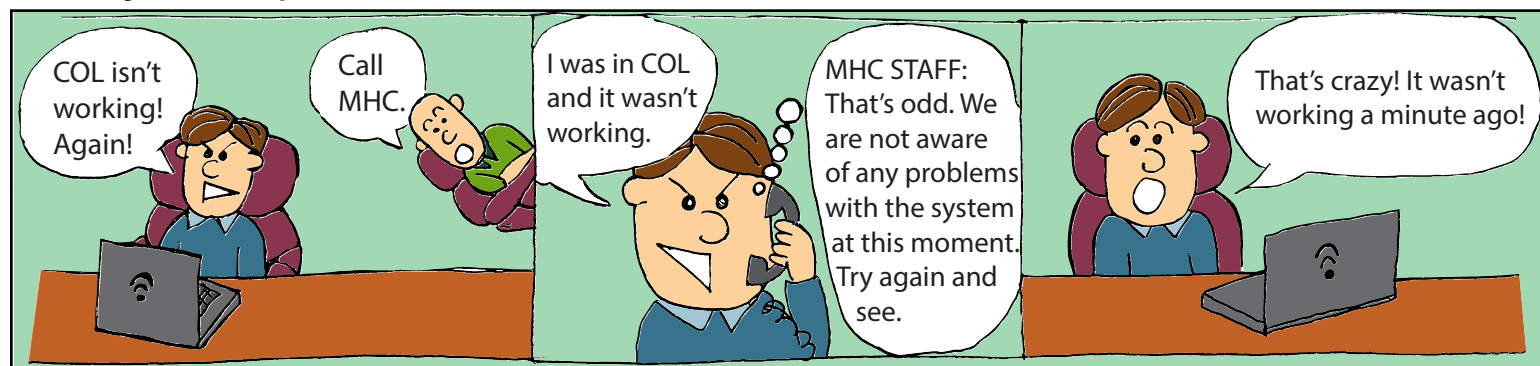
Organizations eligible to receive funding through the National Housing Trust Fund are non-profit and for profit organizations with demonstrated development experience. After receipt of the allocated amount for the NHTF and further guidance from HUD, MHC will develop an Allocation Plan for implementing funds received through the NHTF. MHC intends to provide financing in the form of loans that are structured to ensure the financial feasibility of the project. Access to the NHTF will be offered through a competitive process. MHC will give higher preference to applicants that incorporate significant funding from other sources such as LIHTC and other federal and local housing programs. The maximum loan available to a single project will be \$1.5 million with the final amount determined by reviewing the financial feasibility of the project including operating revenues.

Staff Contact: Lillie Naylor, 601.718.4658

COMPLIANCE TIP

To avoid potential siding damage, have landscapers use herbicide along the sides of buildings instead of weed trimmers.

The Days of Compliance



Emergency Solutions Grants (ESG)

The Emergency Solutions Grants (ESG) program provides funding to: (1) engage homeless individuals and families living on the street; (2) improve the number and quality of emergency shelters for homeless individuals and families; (3) help operate these shelters; (4) provide essential services to shelter residents; (5) rapidly re-house homeless individuals and families; and (6) prevent families/individuals from becoming homeless.

The ESG Funds can be used to provide a wide range of services and supports under the five program components: Street Outreach, Emergency Shelter, Rapid Re-housing, Homelessness Prevention and HMIS (Homeless Management Information System). Each component is described below. Always refer to the program regulations at 24 CFR Part 576 for complete information about all eligible costs and program requirements.

Street Outreach Component

These activities are designed to meet the immediate needs of unsheltered homeless people by connecting them with emergency shelter, housing, and or critical health services.

Emergency Shelter Component

These activities are designed to increase the quantity and quality of temporary shelters provided to homeless people, paying for the operating costs of shelters and providing essential services.

Rapid Re-Housing Component

These activities are designed to move homeless people quickly to permanent housing through housing relocation and stabilization services and short- and/or medium- term rental assistance.

Homelessness Prevention Component

These activities are designed to prevent an individual or family from moving into an emergency shelter or living in a public or private place not meant for human through housing relocation and stabilization services and short- and/or medium- term rental assistance.

HMIS Component

These activities are designed to fund ESG recipients' and sub-recipients' participation in the Homeless Management Information System collection and analyses of data on individuals and families who are homeless and at-risk of homelessness.

ESG Staff Contact

Faye McCall:

faye.mccall@mshc.com

601-718-4668

Christianna Jackson:

christianna.jackson@mshc.com

601-718-4682

Housing Opportunities for Persons with AIDS

Purpose:

The Housing Opportunities for Persons with AIDS (HOPWA) program, managed by HUD's Office of HIV/AIDS Housing, was established to provide housing assistance and related supportive services for low-income persons living with HIV/AIDS and their families. The Housing Opportunities for Persons With AIDS (HOPWA) Program is the only Federal program dedicated to the housing needs of people living with HIV/AIDS.

Program Requirements:

HOPWA funds may be used for a wide range of housing, social services, program planning, and development costs. These include, but are not limited to, the acquisition; rehabilitation; or new construction of housing units; costs for facility operations; rental assistance; and short-term payments to prevent homelessness. An essential component in providing housing assistance for this targeted special needs population is the coordination and delivery of support services. Consequently, HOPWA funds also may be used for services including (but not limited to) assessment and case management, substance abuse treatment, mental health treatment, nutritional services, job training and placement assistance, and assistance with daily living.

Major HOPWA Program activities include:

Housing Information Service Program: Provides counseling information and referral services to help eligible clients locate, acquire, finance, and maintain housing. Additionally, provides Fair housing counseling for eligible beneficiaries who may enter discrimination as described in the Federal and State Fair Housing Act.

Short-term Rent, Mortgage, and Utility payment program (STRMU): Designed to prevent homelessness of the tenant or mortgagor of a dwelling over a specified period by HUD.

Supportive Services Program: Coordinates health, mental health, drug and alcohol abuse treatment and case management, nutritional services, and counseling services.

Housing Assessment Plan: Contains a systematic review of housing needs and involves development of individual informational data which investigate the history of homelessness and current health issues to assist individuals manage their resources through development of budgets, as well as tracking individual household planning progress and accessing community care, where it's available.

HOPWA Staff Contact:

Christianna Jackson:

Christianna.jackson@mshc.com

601-718-4682

ALLOCATION DEPARTMENT



Mississippi Home Corporation's 2016 HTC Application Cycle ended on Friday, March 18, 2016. A total of 38 applications representing 19 counties throughout the state were submitted for consideration.

MHC was pleased to see that almost 80% of the applications elected to participate in the CHOICE Program, our new partnership with the Department of Mental Health to provide affordable housing for persons with mental disabilities.

Additionally, several developments elected to compete in the Smaller Credit Amount Set-Aside. This set-aside allows developments to receive HOME funds in an amount up to four hundred thousand dollars (\$400,000). Three developments are competing for this opportunity.

MHC will make funding recommendations to its Board of Directors at its next regularly scheduled board meeting immediately following one hundred twenty (120) days after the close of the cycle. We thank all of our developers for helping to provide safe, affordable and decent housing for all Mississippians.

| Development Name | Number of Units | Type | Location |
|---------------------------|-----------------|-------------------|-------------|
| Fouche Commons | 50 | Acquisition/Rehab | Yazoo |
| Woolwine Square | 28 | Acquisition/Rehab | Yazoo |
| Lindsey Gardens | 72 | Acquisition/Rehab | Yazoo |
| Belle Trace | 48 | New Construction | Columbus |
| Trace Point | 48 | New Construction | Columbus |
| Brumfield Regency Housing | 43 | Rehabilitation | Natchez |
| Meadowview Apartments | 23 | Acquisition/Rehab | Baldwyn |
| Woodland Bend | 24 | Acquisition/Rehab | Baldwyn |
| White Oak Apartments | 24 | Acquisition/Rehab | Baldwyn |
| Creekwood Lane Estates | 42 | Acquisition/Rehab | Lexington |
| Happy Days Apartments | 50 | Acquisition/Rehab | Corinth |
| Village at the Beverly II | 40 | New Construction | Hattiesburg |
| Stevenson Apartments | 39 | Rehabilitation | Meridian |
| Woodcreek Homes | 60 | New Construction | Canton |
| Golden Key Apartments | 152 | Acquisition/Rehab | Hinds |
| Timberlane | 52 | New Construction | Indianola |
| Woodlawn | 52 | New Construction | Pontotoc |
| Bellwood, Phase I | 20 | New Construction | Aberdeen |
| Bellwood, Phase II | 20 | New Construction | Aberdeen |
| Crestview Apartments | 100 | Rehabilitation | Pearl |
| Brandon Hills II | 56 | Rehabilitation | Brandon |
| Loan Oak II | 100 | Rehabilitation | Laurel |
| Mill Town Place, I | 56 | New Construction | Canton |
| Mill Town Place, II | 56 | New Construction | Canton |
| Palisades Park, Phase I | 16 | New Construction | Laurel |
| Palisades Park, Phase II | 16 | New Construction | Laurel |
| Wendover Park | 56 | New Construction | Columbus |
| Beacon Hill East | 48 | New Construction | New Albany |
| Beacon Hill West | 48 | New Construction | New Albany |
| Phoenix of Corinth | 40 | New Construction | Corinth |
| Horn Lake Apartments | 48 | Acquisition/Rehab | Horn Lake |
| Pelahatchie Apartments | 24 | Acquisition/Rehab | Pelahatchie |
| Countryside Apartments | 48 | Acquisition/Rehab | Horn Lake |
| Preservation Crossing I | 42 | Acquisition/Rehab | Hattiesburg |
| Preservation Crossing II | 48 | Acquisition/Rehab | Hattiesburg |
| Southpointe | 60 | Acquisition/Rehab | Hinds |
| Haven Apartments | 28 | Acquisition/Rehab | Tupelo |
| Sanders Place | 24 | Acquisition/Rehab | Hollandale |



Samuel is a native of Indianola. He is a married father of two handsome boys, ages 7 and 2. While attending Mississippi Delta Community College, Sam majored in Architectural Drafting Technology. Prior to joining MHC's team as a Building Inspector, he worked in the residential and commercial construction industry for 15 years. "I am excited about my new position as Building Inspector. Being on the job for just a few weeks I am learning new things, meeting great people, and getting familiarized with my territory." In his free time, Sam enjoys spending time with his family, visiting museums, and playing basketball.

Welcome Aboard!





Question: The 4th of July is approaching and we are planning a cookout for the residents. Can this event be counted as community service?

Answer: Cookouts are great to build management/ tenant rapport; however, it is not

considered community service. The owner must select services that will meet the needs of the tenants. In addition, the types of services must be kept current as to changing tenant needs, economic conditions, and social change. Some examples of community services are: GED classes, financial budgeting, and fire and safety awareness.

Question: How should I calculate income when using check stubs only?

Answer: When calculating income using check stubs, be sure that you have four (4) consecutive check stubs. The two calculation methods still apply. Take the higher of 1) the average of the gross amounts or 2) the year-to-date amount. In order to calculate the year-to-date amount, you will need to obtain the applicant's date of hire and/or the beginning YTD period date.

Question: My development placed in service in 2009, is it mandatory that I use the 2016 limits published in March?

Answer: No. Since the development placed in service in 2009, it is protected by the "Hold Harmless" provision that says that gross income will not decline for a development even if the area median income declines in future years. Therefore, the owner has the option to use older "higher" limits as long as the project was placed in service during that particular year.

COMPLIANCE MONITORING STAFF

Robert D. Collier

Senior VP of Program Compliance

Brandon Morey

Assistant VP of Program Compliance/Chief Trainer

Teri Nguyen

Assistant VP of Program Compliance

April Smith

Compliance Officer

Terrintha McClellan

Compliance Officer

Krystle Easley

Compliance Officer

Deborah Heard

Compliance Assistant

Robin Kennedy

Compliance Assistant

Derrick Lee

Senior Building Inspector

Tait Pinkerton

Chief Building Inspector

Samuel Walker

Building Inspector

Please contact us at 601.718.4642 if you would like to be removed from the Compliance Connection mailing list.