

THE HFA INSTITUTE 2020

**HOME and
Housing Trust
Fund**
JANUARY 12 – 14



Housing Credit
JANUARY 14 – 16



**MRBs and
Other Federal
Homeownership
Programs**
JANUARY 15 – 17



**Section 8 and
Other Federally
Assisted
Multifamily
Housing**
JANUARY 15 – 17



National Council of
State Housing Agencies



Housing Credit
JANUARY 14 – 16

CONQUERING MULTIPLE PROGRAM COMPLIANCE

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Determining Household Size

Income limits vary based on household size, as they are published based on the number of persons in the household (for example, 1 person, 2 persons, 3 persons) with increasingly higher income limits for households with more members.



Household Size Must Include...

In general, all persons living in the unit, or who will be living in the unit during the certification year, including:

- Children who:**
 - ✓ reside in the unit 50% of the time
 - ✓ are away at school, but who live in the household during school recesses
 - ✓ are in the process of being adopted, and
 - ✓ the unborn child of pregnant women (A self-affidavit is the only acceptable method of

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HOME

Unborn Children

Check with your PJ! The PJ (Participating Jurisdiction) determines whether or not an unborn child is included as a household member when determining household size for income limit purposes.



Determining Household Size

Example: Unborn Child

High – HOME , 50% LIHTC Unit

HOME 80% Limits – 1 Person \$32,800
2 Person \$34,500

LIHTC 50% Limits – 1 Person \$28,200
2 Person \$31,500

An applicant who discloses that she is pregnant, applies for the above unit. She is the sole applicant.

Her gross annual income is determined to \$30,900.

To determine eligibility for the HOME program, her gross income needs to be at or below the 1-person HOME income limit.

To determine eligibility with the LIHTC program, her gross income needs to be at or below the 2-person LIHTC Income limit.

Since the applicant has an annual income that is below the applicable limits for both programs, the applicant is income eligible to move into the unit assuming all other eligibility requirements have been met.

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LIHTC

Verification Requirements



EMPLOYMENT VERIFICATION

THIS SECTION TO BE COMPLETED BY MANAGEMENT AND EXECUTED BY TENANT

Verification requirements for the Low-Income Housing Tax Credit program can be found in Treasury Regulation 1.42-5, which states:

Documentation to support each low-income tenant's income certification (for example, a copy of the tenant's federal income tax return, Forms W-2, or verifications of income from third parties such as employers or state agencies paying unemployment compensation). For an exception to this requirement, see section 42(g)(8)(B) (which provides a special rule for a 100 percent low-income building). Tenant income is calculated in a manner consistent with the determination of annual income under Section 8 of the United States Housing Act of 1937 ("Section 8"), not in accordance with the determination of gross income for federal income tax liability. In the case of a tenant receiving housing assistance payments under Section 8, the documentation requirement of this paragraph (b)(1)(vii) is satisfied if the public housing authority provides a statement to the building owner declaring that the tenant's income does not exceed the applicable income limit under section 42 (g);

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Signed and dated by the management agent

recorded:

HUD MFH

Verification Requirements



Verification methods must be used that are acceptable to HUD. These include the following methods of verification, in order of acceptability:

Household Certification

A household's signed affidavit can only be used if third-party verification could not be obtained. If accepting a household certification, the applicant/tenant file must include the following:

- A written note to the file explaining verification is not possible; or
- A copy of the date-stamped original request that was sent to the third-party;
- Written notes or documentation indicating follow-up efforts to reach the third-party; and
- A written note to the file indicating that the request has been outstanding without a response from the third-party.

- Information reported by the third party, interview, and
- Date and time of the telephone call.

✓ Email

Owners must consider the following when using tenant provided documentation:

- ❓ Is the document current? ❓ Is the document an unaltered original?
- ❓ Is the documentation complete?
- For other types of income received by the household.

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RD

Verification Requirements



Information to Verify

Disability: Disability status is only verified to determine if a household qualifies as an

deductions. Verification may be provided by a physician, a clinic, welfare agency, the Social Security Administration, or other knowledgeable service.

Household Composition: Verification of household composition can be obtained by obtaining birth certificates, custody agreements, divorce or separation agreements.

Income: Acceptable Income Verification Sources for verifying income are described below in a chart based on the Exhibit 6-3.

applicant information. The purpose of the procedure is to ensure that determination of eligibility is made accurately and that the confidentiality of applicants and residents is protected. (See RD Attachment 6-1 Eligibility, Income, and Deduction Checklist.)

Information to be verified	Acceptable Documentation	Additional Notes
Employment	3rd party verification from employer	When it is not immediately possible to obtain the written verification from the employer, the applicant/tenant may provide a copy of the examining the income checks, check stubs, or other reliable data the applicant/tenant provides which indicates gross income.
Zero Income Households	None	It is the policy of Rural Development not to accept a tenant certification for zero income households unless all income is specifically exempted.
Self Employed	Self employment information must provide verification documentation of income and expenses, which cannot be older than the previous fiscal year and a complete, legible copy of the most recently filed Federal income tax form	Compare the income and expenses information provided by the applicant with the latest income tax return and clarify any discrepancies.
Unemployment and Unemployment Benefits	Applicants/tenants providing unemployment benefits must provide the most recent award or benefit letter prepared and signed by the state or local agency with the unemployment insurance number	Unemployed applicants/tenants must provide a certification which provides their current employment status and requires them to inform the Borrower immediately, in writing, if their employment status changes
Social Security, Pensions, Veterans Comp, etc.	A copy of the most recent award or benefit letter prepared and signed by the awarding agency. Certification must be renewed every 12 months to account for cost-of-living increases or changes in award amount	For individuals who receive SSI (Supplemental Security Income) benefit letter should be dated within 90 days of the effective date of the certification.
Public Assistance	Applicants/tenants must provide a copy of the most recent award or benefits letter created and signed by the authorizing agency to verify the amount of public assistance received	While food stamps are not included when determining income eligibility or rent, best practice is to verify receipt of food stamp benefits as this demonstrates how a very low-income household is obtaining food.
Alimony or Child Support Payments	A copy of the divorce decree, separation agreement, or another document indicating the amount of the required support payments.	The applicant/tenant must also report the amount received during the past twelve months. If the applicant/tenant reports that the amount required by the agreement is not being received, the applicant/tenant must document that assistance has been requested from the state or local entity responsible for enforcing payment.
Assets	3rd party verification from the financial institutions or copies of account statements	Applicants/tenants must certify whether any asset has been disposed of for less than fair market value.

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Verification Requirements

HOME

Verification Requirements



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Initial

Method 1:

Examine at least 2 months of source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement) for the household.

Receipt

Method 2:

Obtain from the family a written statement of the amount of the family's annual income and family size, along with a certification that the information is complete and accurate. The certification must state that the family will provide source documents upon request.

afford

noted

Method 3:

Obtain a written statement from the administrator of a government program under which the family receives benefits and which examines each year the annual income of the family. The statement must indicate the tenant's family size and state the amount of the family's annual income; or alternatively, the statement must indicate the current dollar limit for very low- or low-income families for the family size of the tenant and state that the tenant's annual income does not exceed this limit.

MAINTAINING COMPLIANCE

VERIFICATION REQUIREMENTS

- EIV reports must not be used to verify income for the LIHTC program, separate verification/documentation must be obtained to determine income for the LIHTC program.
- Many HFA's definition of "third-party verification" is more restrictive than HUD's definition, in such cases, the HFA method of verification must be followed

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MAINTAINING COMPLIANCE

As HOME requires two (2) months of source documents, this requirement is more restrictive the LIHTC requirement, therefore the HOME requirements must be followed.



projects, HUD's streamlining method of verifying fixed income sources may be followed. However, for projects that are not 100% LIHTC, verification of all income sources must be obtained on an annual basis.

LIHTC

Verification Terms



HOME

Verification Terms



Verifications are valid for 6-months; however, a Participating Jurisdiction may enforce a stricter guideline.

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THE 2 POINT VERIFICATION TERM TEST. BOTH POINTS MUST BE MET.

1. The document must not be older than **120 days** at the time of receipt by management; and
2. The document was received by management within **120 days** of the effective date of the certification.

Example – Effective Term of Verification

Hannah's recertification date is 09/01/2017. On 06/15/2017, Hannah provided a quarterly 401(k) statement dated 03/31/2017. The document provided by Hannah is valid, as the document was not older than 120 days at the time of receipt by management and the document was received by management within 120 days of the effective date of her certification.

Verification Requirements

MAINTAINING COMPLIANCE



TERMS OF VERIFICATION

For RD/LIHTC units, verifications must be dated within 90 days in order to meet RD requirements and verifications may be extended an additional 30 days with verbal clarification.

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