



Asset Management Notice

To: All Owners and Managers

Notice # 2022.08

From: Bob Conroy, Director of Asset Management

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I. Management and Occupancy Review (MOR) Rule and Notice for Section 8 Housing Assistance Programs Effective 9/26/2022

A rule by the U.S. Department of Housing and Urban Development Department was issued on 6/27/2022. The Multifamily Housing News Asset Management – Management and Occupancy Review (MOR) Rule and Notice can be viewed by following the provided [link](#).

Additional information regarding this ruling can be found at the Federal Register by following this [link](#).

Our Performance Based Contract Administration (PBCA) team has been busy reviewing the details of this rule and having conversations with HUD as to how this might impact the Management and Occupancy work conducted here in Maine. Per recent HUD guidance, it appears any changes to the Management and Occupancy schedule will not take effect for Maine until October 2023.

If and when we learn anything new, we will update you through our Notice process.

In the meantime, it is safe to assume business as usual for the upcoming year.

II. Updated Replacement Reserve Guidance

Asset Management has made a few edits to the Replacement Reserve Guidance to align our practices and requirements to federal standards and/or help reduce the administrative burden to our partners.

The changes made in policy include:

Bidding Requirements: We have increased the threshold on which bidding is required from \$5,000 to \$20,000 per contract award.



Requests for Use of Replacement Reserves for new capital items or enhancements to a project: provided clarification on criteria that will be considered in making a determination of approval.

Requests for withdrawals: Provided clarification regarding requests for reimbursements for prior year expenses – won't be approved after 60 days beyond the property's fiscal year end.

Loans from Replacement Reserve: Provided clarification that loans against the Replacement Reserve account can't exceed the balance in the account at the time of the loan.

The full Policy is located on our website at: [Replacement Reserve Account Guidance and Requirements](#)

III. Audit Corner - Tax Credit Tips



Corner

TAX CREDIT TIPS

4% Credit / Tax Exempt Bond Financed Properties

Properties that are financed with 4% Tax Credits and Tax Exempt Bond funds were provided guidance earlier that they were **required** to complete third party validation of Household Assets annually at tenant income recertification. MaineHousing has reviewed this requirement under the applicable guidelines which include 82 FR 58340, 24 CFR 5.659 and Revenue PROC. 94-65 and have made the determination that the following guidance now applies:

1. Mixed Income Properties with Market units (projects not 100% affordable) must complete full third party verification of Household Assets annually.
2. Properties that are 100% affordable and rent restricted to only one specific targeted income level (50% or 60% AMI) only need to complete third party verification at move-in. Under this scenario, once qualified, always qualified.
3. 100% affordable properties with layered income targeting, 30%, 40%, 50% and 60% units must complete third party verification of Household Assets every 3 years for any targeted income groups that are below the highest income target at the property. MaineHousing suggests that in the above scenario the verification process be aligned with the Placed In Service date of the property and the 6th year recertification requirement to alleviate additional tracking and verification requirements.



Guidance On “WET” SIGNATURES

During the height of COVID-19 MaineHousing provided the following guidance on electronic signatures:

For owners/managers (O/M) that are working on applications, move-ins or re-certifications for tenants that are impacted by Covid-19, MaineHousing will allow electronic signatures as long as they obtain original “wet” signatures on the following documents at a later date:

1. *Application*
2. *Tenant Income Certification Form (TIC)*
3. *Release of Information Form*
4. *Lease and all Lease Addendums (including lease amendments)*
5. *Affidavits of unemployment*
6. *Zero Income Forms*

Tenants can also provide the background documentation for income/assets electronically and collect the original documents at a later date. These include but are not limited to the following:

1. *SS/SSI Awards*
2. *Bank Statements*
3. *Public Assistance Documents*

The files need to be documented with either a clarification note or memo that states why the “wet” signatures were obtained at a later date.

After completing several management reviews we have found that management has not always been going back and collecting the “wet” signatures as required. This is a program requirement and will be noted as a finding.

Using HUD Forms 50058/50059s As Income/Asset Verifications

MaineHousing has reviewed the use of 50058s for income/asset determination for the LIHTC portfolio and has determined the following:

All initial move-ins for both LIHTC and FedHOME units requires full validation of program eligibility including 3rd party validation of gross income. Once a household has been qualified, there is some flexibility in what is required to be maintained in the file depending on the program funding in the unit and project’s financing structure.

If the tax credit project is 100% tax credits (100% at 60%) – after the initial certification of a tenant and full file documentation, the owner no longer needs to certify the tenant’s income but does need to obtain student status documentation as well as documenting any change in household composition. The certification of student status would need to be updated and placed in the file each year. If any units in a 100%@ 60% project are funded with FedHOME funds,

those HOME assisted units would need to go through a full income validation every 6th year from when the project was Placed In Service (PIS) (see example below).

If a project is 100% tax credits but has varied income targeting then after the initial certification of the tenant, for the 60% units (non-FedHOME), the same scenario noted above applies. For all FedHOME assisted and any units below 60% - full eligibility certification must happen every 6th year from when the building was PIS. In the off years, either a tenant completed and signed self-certification noting annual income or a 50058/59 is acceptable. The tenant would also need to update/certify student status.

Example: Property placed in service in 2000 – tenant moves in during 2002, which requires full certification (3rd party verification). This tenant would need to go through the full 3rd party validation in 2005, 2011, 2017, etc.

If it is a mixed income property (not 100% tax credit) – full 3rd party validation of income must occur annually because of the next unit available rule.

MaineHousing reserves the right to require a property to complete a Tenant Self Certification (TIC) form if, during a management and occupancy review, it is determined the property is not complying with the above requirement and therefore not properly addressing any tenants that may have exceeded the over income rule applicable to both the LIHTC and FedHome Programs.

Rent Increase Request

LIHTC properties that are considering imposing a rent increase outside of the annual budget process must receive written approval from MaineHousing prior to the implementation of the increase. This requirement is outlined in the RLP Guide under which the property was developed and which is then referenced in the property's Declaration of Covenants or Loan Agreement.

MaineHousing has historically limited rent increases for existing tenants to 5% annually. This practice was implemented to help alleviate potential economic displacement of the low income families these properties target and serve who would be negatively impacted by unexpected large increases. Any requested increase greater than 5% will need adequate justification and analysis on the potential impact to tenants residing at the property. Properties may always choose to use current rent chart limits for any new move in.

A rent approval form can be found at [Property Management Forms](#).

Please note that MaineHousing provides notices as a service to our partners. Notices are not intended to replace ongoing training and do not encompass all compliance and regulatory changes that may occur on the wide arrange of housing programs in which we work. MaineHousing recommends partners establish an ongoing training program for their staff.

MaineHousing does not discriminate on the basis of race, color, religion, sex or gender, sexual orientation, gender identity or expression, national origin, ancestry, disability, age, marital status or receipt of public assistance in the admission or access to or treatment in its programs and activities. In employment, MaineHousing does not discriminate on the basis of race, color, religion, sex or gender, sexual orientation, gender identity or expression, national origin, ancestry, age, disability or genetic information. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the



following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances: Lauren Bustard, Maine State Housing Authority, 26 Edison Drive, Augusta, Maine 04330, Telephone Number 1-800-452-4668 (voice in state only), (207) 626-4600 (voice) or Maine Relay 711.



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