

HOME

Compliance Manual

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Department of Housing Development Division

**Federal HOME Program
MONITORING & CLOSEOUT GUIDELINES
DEVELOPMENT to OCCUPANCY**



During the development phase of a HOME Project, the DOH Project Manager will adhere to the following procedures:

- 1) As soon as a loan or grant closing is scheduled and a construction start date is known, the Project Manager shall notify the Infrastructure and Real Estate Division via e-mail so they can establish their monitoring procedure. Confirm and acknowledge IRE project activities. All completed activities must be entered into the Client Connection System
- 2) Within two weeks following the loan or grant closing but prior to the start of construction, the Project Manager meets with the developer to restate the responsibilities and obligations of the developer during the development of a HOME project. Representatives from Audit and Asset Management and Affirmative Action should also attend this meeting. The issues discussed shall include, but are not limited to the following:
 - a) Davis Bacon Wage requirements
 - b) Section 3 Hiring requirements
 - c) EEO requirements
 - d) Property Acquisition and Relocation requirements
 - e) Procurement requirements
 - f) Draw down procedures and requirements
 - g) Construction closeout and monitoring

Please use the HOME Monitoring Checklist as a guide for your discussions. Applicants should be provided with a copy of this guide.

- 3) The Project Manager shall use the DOH HOME Monitoring Checklist as their official checklist during all subsequent visits. A copy of the completed Monitoring Checklist, as well as all related letters, responses and other documents must be retained in a file labeled "Project Monitoring".
- 4) The Project Manager shall monitor a project at least every six months during the development phase.
- 5) At least 14 days prior to a scheduled monitoring visit the Project Manager shall send a letter to the developer explaining what subject areas will be covered during the monitoring visit.
- 6) Six months prior to expected project completion, the Project Manager shall conduct a special "Pre-Occupancy" monitoring visit to discuss the tenant selection process,

HOME Compliance Monitoring - After Project Completion

Part I: Introduction

A. Owner's Responsibilities

In accordance with HOME Rule, the Owner of a project receiving a HOME allocation is required, by acceptance of the allocation, to:

1. Manage the project in accordance with the HOME Rule and any agreements reached with DOH for the duration of the compliance period or mortgage term, whichever is longer, and certify to this fact;
2. Certify that the property is being managed in accordance with all applicable federal, state and local fair housing laws;
3. Maintain a project file for at least five years after the last year of the compliance period (maximum total of 26 years); and
4. Assume liability for any instances of noncompliance and the correction of such deficiencies.

Prior to a project being placed-in-service, an Owner's responsibilities, include but are not limited to insuring that they have:

1. Implemented a successful Affirmative Fair Housing Marketing Plan;
2. Determined the eligible household income of each prospective tenant/resident, based on the HUD Section 8 rules for calculating annual gross income;
3. Obtained verification of income sources of all adult household members age 18 and older, as well as benefits paid on behalf of minors in the household;
4. Received third-party verification of all income. All items that affect the eligibility of an applicant must be verified and be 90 days current to the move-in date. Owners may extend verification an additional 30 days by documented oral contact (signed, dated, and indicating source);
5. Selected potential tenants/residents in accordance with an approved Resident or Tenant Selection Plan.

Income Limits: HUD publishes median income information for Connecticut, which is broken down into local areas, such as county or metropolitan areas. HUD publishes these limits on an annual basis.

Initial Income Certification: To determine whether an applicant is eligible, Owners must compare the applicant anticipated annual (gross) income for the next 12 months to the income limits for the appropriate household size. The eligible income from all adult members of the household is counted when determining the annual income for a household. There are specific requirements regarding the sources of income that must be included and excluded when determining annual income.

Rent Requirements: The HOME Program places limits on the rent that can be charged for assisted units. It also mandates that at initial occupancy 20% of the units in a project have rents

based on 50% of median income; the remaining units must have rents based on 60% of area median income, adjusted for family size. When a unit is vacated, the next available unit that is comparable in term of size and features must be leased to a household with the same income eligibility and rent restrictions as the previous household. Any exceptions to this requirement are contained in the contract for financial assistance.

Rent Increase Procedure: Prior to the DOH contract for financial assistance, a market analysis is completed to establish appropriate market rents for the project. The contract for financial assistance requires a restriction of rents that are delineated for the project. During the first year of operation, project rents may not exceed the rent contained in the approved operating budget, which is incorporated into the contract for financial assistance.

Other Compliance Requirements Prior to Placed In Service:

1. Within two weeks following the loan or grant closing but prior to the start of construction, the Project Manager meets with the developer to restate the responsibilities and obligations of the developer during the development of a HOME project. Representatives from Audit and Asset Management and Affirmative Action should also attend this meeting. The issues discussed shall include, but are not limited to the following:
 - a) Davis Bacon Wage requirements
 - b) Section 3 Hiring requirements
 - c) EEO requirements
 - d) Property Acquisition and Relocation requirements
 - e) Procurement requirements
 - f) Draw down procedures and requirements
 - g) Construction closeout and monitoring
2. Pre-Occupancy Meeting – Six months prior to expected project completion, the Project manager shall conduct a special “Pre-Occupancy” monitoring visit to discuss the tenant selection process, including all Affirmative Fair Housing Marketing requirements. DOH’s experience has shown that a Pre-Occupancy meeting among the DOH staff, management agent personnel, particularly on-site staff responsible for tenant selection, and Owners, if applicable, is beneficial to all of the participants. The meeting affords the management agent and field staff the opportunity to have the DOH’s Field, Affirmative Action and Asset Management staff available to discuss the HOME Program requirements, on-going compliance and reporting issues, among other matters.
3. Project Completion Visit – The Project manager shall notify the Asset Management Division in writing of the expected date of initial occupancy. The Project Manager and the developer should be prepared to complete the HUD Project Completion Form, which will be submitted to the Deputy Director or his designee. A copy of the Project Completion Form should be provided to the sponsor prior to the visit so that required financial and tenant characteristics data can be collected. During the visit the Project Manager must:
 - a) ensure that 100% of tenant files are reviewed by Audit & Asset Management

- b) provide the sponsor with a cost certification form to be completed and returned to the Project manger
 - c) ensure that the project is inspected by the Infrastructure & Real Estate Division
4. Annual Project Certification Report - The Annual Rental Project Certification and other year end status reports are to be completed as of December 31 of each year and submitted to the DOH by March 1; and
 5. IPA audit of project/development cost is not required, however, an Owner must submit a Cost Certification Form acceptable to DOH.

Record-Keeping Requirements: the Owner in each resident file must retain the following documents:

<i>Rental</i>	<i>Ownership</i>
Rental Application Form;	Application Form;
Resident Certification Form;	Resident Certification Form;
Third-Party Income Verification;	Third-Party Income Verification;
Verification of Utilities Form;	Sales/Purchase Agreement;
and	
Residential Lease; and	Lead-Based Paint Brochure.
Lead-Based Paint Brochure.	

The following documents must be retained at the Owner’s sales/rental office:

- Annual Operating Budgets (rental only);
- Affirmative Fair Housing Marketing Plan (AFHMP);
- Section 3 Plan;
- Resident or Tenant Selection Policy and Procedures;
- Waiting List; and
- Utility Data Documentation (rental only).

Record Retention: All record keeping items as listed above must be retained for **FIVE YEARS** after the year to which such records apply. All records must be available upon request for DOH staff review. In accordance with HOME Program regulations, the Owner's record-keeping requirements include, but are not limited to:

1. The total number of residential rental units in the project, including the number of bedrooms and the square footage of each unit;
2. The number and percentage of extremely low, low and moderate-income renters in the housing development;
3. The number of disabled families or persons assisted;
4. The number of homeless families or persons assisted;
5. The racial and ethnic status of families or persons assisted;
6. The rent charged on each unit in the development, including the utility allowance;
7. The number of occupants in each unit;
8. The vacancy history of the HOME assisted units and when and to whom the next available unit was rented;

9. Income certifications for each tenant/resident and sufficient documentation to support the certification; and
10. If applicable, a brief narrative of the character and use of the non-residential portion of the building(s) within the development.

B. HOME Mixed Income Housing

The trend for years has been toward targeting of assistance to the most needy and resulted in creation of critical masses of poverty which accelerated crime, physical decay and economic disintegration of individual developments and their neighborhoods. The intentional mixing of incomes and working status of residents can enhance the quality of life for residents while improving the economic viability of multifamily developments and strengthen neighborhoods. Leveraging of public and private funds to finance mixed-income housing makes the best use of limited resources. HOME assisted developments which target occupancy by residents with a broad range of incomes, result in a reduced cash flow available to service debt.

The most significant factors that determine the success or failure of mixed-income housing is the development's marketability; and that a development's design, demographics and management directly influence that marketability are:

Income Mix: There is no standard ratio of market-rate units to HOME assisted units in successful mixed-income housing which can be applied across the board. There is basic agreement, however, that a continuum of low/moderate/ market-rate units in a development is the most successful. The makeup of the mix will be influenced by the location and characteristics of the individual development and neighborhood. Generally, the higher the average income in the neighborhood, or in some cases, the more diverse the ranges of income already in the neighborhood, the easier it is to attract market-rate tenants to a mixed-income development. When the neighborhood is predominantly lower income, the proportion of market-rate units to restricted units in the mixed-income development must be higher to successfully attract the market-rate tenants;

Development Design and Amenities: When attempting to mix incomes of residents, adequate amenities must be available in the development and the surrounding neighborhood to appeal to market-rate tenants. The development must be designed to compete against conventional market-rate units in the locality and the price for those units must be, at least initially, below what the competition is offering for the same level quality and amenities. The income level of an occupant must be indistinguishable by virtue of unit size and/or number of bedrooms, location in the development and amenities.

Management/Marketing: Successful marketing of a mixed-income development requires careful screening of all tenants and consistent application of guidelines for tenant selection. Prudent screening of all tenants (market-rate and rent restricted units) is essential. It is also important that there be affirmative outreach to minority and non-minority families with children, as well as, eligible singles and elderly persons for market-rate and low/moderate income units so that income level is not immediately recognized by racial characteristics or presence or absence of

children in the unit. To avoid potential pitfalls, DOH's Affirmative Fair Housing staff should be closely involved in reviewing resident or tenant selection policies, outreach and marketing.

C. Factors Influencing Management Performance of Rental Housing

The ultimate test of the effectiveness of housing management is the physical and financial health of the individual developments and the quality of life for the residents. Four factors can threaten the stock of affordable housing: (1) inadequate initial construction or rehabilitation; (2) the size and scope of the Owner's housing portfolio; (3) skilled and dedicated staff; and (4) neighborhood conditions. All have a major impact on the cost and quality of management.

Quality of Construction/Rehab: Some management difficulties stem from in the quality of their construction/ rehabilitation, most often from inadequate construction budgets, and poor workmanship among contractors. If construction budgets are not adequate, the buildings are brought "completed" without an adequate level of construction/rehabilitation having been done. There are considerable costs involved in rectifying inherited physical deficiencies that impact on management performance.

As a result, management inherits the problems created by the work that was left undone or performed poorly. Construction budgets may be inadequate for at least two major reasons: Owners and their architects often underestimate costs, either through errors of judgment or because it lacks adequate information on the condition of the property to support accurate cost projections; and undertake the construction despite an awareness that the budget is inadequate because they have other "more important" reasons for doing the project, e.g., to save a building that is at risk, to renovate a property that is strategically important to the neighborhood, or to accommodate lenders who are eager to see a project move forward.

Quality of Management: Some of the indicators of quality management are: *Rent Collection* - the Owner's ability to collect the rents in timely fashion. A widely accepted standard is that management is doing well if it collects 95 percent of the rent roll (losing five percent through vacancies, nonpayment, etc.); *Resident Satisfaction* - The tenants are your consumers. They benefit directly from good property management, and suffer from bad management; *Building Conditions* - Tenant's perceptions of building condition are influenced by their experience and expectations. DOH requires standardized (HQS) inspections be performed of the developments, using HQS checklists to assess building exteriors, interiors, systems and security; *Financial Condition* - DOH will analyze the annual financial audits of the developments to gauge their financial condition. The financial analysis examines the following key indicators of the financial health of a development; (1) Reserves - capital reserves are funds set aside in your operating budget for repairs and improvements to the property that are too extensive to include in the maintenance line of the operating budget. Operating reserves are funds set aside to cover unanticipated increases in operating expenses or shortfalls in income, (2) Balance of Revenues and Expenses - regardless of any other financial difficulties a development that has, a repeated practice of spending more money than is taken in will quickly produce devastating results. Several factors contribute to operating deficits; (a) expenses typically exceed revenues where rent collections fall short of 95% level; (b) higher than anticipated costs; and (c) inadequate underwriting, (3) Use of Non-Recurring Funds for Operating Costs - i.e., taping other non-

recurring sources to pay bills, increases in the level of accounts payable. Constant fund-raising efforts take precious time away from other critical management tasks.

Size & Scope of the Housing Portfolio: Some developments/portfolios are simply harder and more costly to manage than others. The “ideal” development, from a management standpoint, is one that has 100 to 200 units, is configured as a single-site development for the elderly, and has an on-site property manager. This type of development is large enough to generate management fees that cover the cost of necessary on-site personnel and facilitates good management control of the property. The opposite of the ideal development is small-scattered site family developments that are too small to support on-site management presence and that are some distance from each other. In such circumstances, it is much more difficult for property managers to keep on top of maintenance, enforce house rules, promptly resolve tenant complaints, and attend to problems before they escalate.

Neighborhood Conditions: An important impact on property management is the character of the neighborhoods in which developments are located. Neighborhoods commonly characterized by high concentrations of poverty, high unemployment, deferred maintenance in the surrounding housing stock, inconsistent municipal services, and evidence of vandalism, drug dealing, and gangs have a negative impact on a development. Property management in such neighborhoods is more difficult since problems in the neighborhood tend to spill over into the development and thereby create unsafe living environments. Despite the difficulty of managing developments in tough areas, many Owners do a good job under these conditions.

D. DOH's Monitoring Responsibilities

In accordance with 24 CFR Part 92 of the HOME Rule, and the contract for financial assistance, once a project is completed (placed-in-service), it is DOH's responsibility to:

1. Perform periodic desk and/or file reviews and on-site visits as needed to ensure that the Owner and/or property management firm are operating the project in compliance with the contract for financial assistance. The areas to be reviewed for compliance may include, but are not limited:
 - resident or tenant qualifications, income calculations and appropriate supporting documentation;
 - the gross rent payment and its components, including utility allowance;
 - the vacancy history of both HOME-assisted and market-rate units;
 - resident or tenant selection;
 - on-going affirmative fair marketing efforts;
 - housing quality standards;
 - financial condition; and
 - overall property management.
2. Report any instances of noncompliance (past or present), when appropriate, to HUD, after giving the Owner appropriate time to correct the problem. DOH must retain records of any noncompliance for six years beyond the notice of noncompliance submitted to HUD.
3. Maintain the information used to complete the compliance review for three years after the calendar year in which it was received.

DOH has the right to perform on-site inspections of any HOME financed project. The compliance period is established in the contract for financial assistance with the DOH. **The compliance period for HOME projects are stated in the contract for financial assistance and the Restrictive Covenant.**

Site visits to HOME projects with 2-4 units will be performed once every three years. Site visits to HOME projects with 5-25 units will be performed at least once every two years. Site visits to HOME properties with more than 25 units should be performed at least once a year. On-site inspections may be separate from any review of low-income certifications, supporting documentation and financial records. Monitoring shall include a “sufficient” (10-20%) random sample to insure statistical reliability. Monitoring may be expanded, if sampling identifies problems.

DOH will perform, prior to undertaking on-site inspection, a risk assessment to identify which Owners require comprehensive monitoring. High risk Owners include those that are:

1. New to the HOME Program or DOH;
2. High turnover of staff;
3. Past performance or compliance problems;
4. Not submitting reports on time;
5. High vacancy rates; and
6. Weak or declining financial position.

Part II: HOME Rules – Rental Property

A. Project Occupancy Restrictions

Owners must insure that the minimum set-aside requirement specified in the application is maintained throughout the compliance period. If occupancy in a HOME project falls below the minimum set-aside percentage, the project will be deemed out of compliance even if the violation is corrected before the end of the calendar year.

If an Owner selects a greater set-aside percentage than the minimum during the application process, then this percentage is also irrevocable under DOH's administrative rules. This percentage is specified in the Restrictive Covenant.

B. Determining Family Income

All families occupying a HOME assisted rental unit must have incomes below limits established by HUD. Owners must determine if a family earns the correct amount of annual income to be eligible to live in the HOME-financed development.

Initial Income Certification: To determine whether an applicant is eligible, an Owner must compare the applicant anticipated annual (gross) income for the next 12 months to the income limits for the appropriate household size. The eligible income from all adult members (age 18 or over) of the household is counted when determining the annual income for a household.

Verification of Income: *All sources of income must be declared by the household applying for occupancy' in a HOME-funded project.* The Owner or Owner's representative (property manager) must verify each source of income before a family is allowed to occupy a unit. A tenant household income certification form and income verification forms are contained herein. Also included are excerpts from the HUD regulations (24 CFR 813.106) that describe the elements of family income used to calculate gross income. Annual re-certification of income is required for every family residing in the HOME-assisted portion of the project.

For tenants with Section 8 existing certificates or vouchers, an Owner does not have to document the tenant's income certification if the appropriate public housing agency provides a statement to the Owner declaring that the tenant's income does not exceed the applicable income limit under Section 42(g) of the Code. However, the tenant **must** still fill out an income certification form, which lists all sources of income as defined under the rules of the Section 8 program.

Methods Verifying Information:

1. Applicants shall be required to furnish proof of eligibility and income by the project Owner to assure accuracy.
2. The applicant/participants signature on the application is considered sufficient verification of family composition.
3. All earned income shall be verified through employers, W-2 forms, check stubs, or other means to assure accuracy. Assets shall be verified by savings account passbooks and other photo or carbon copies of documents in the applicant's possession that substantiate his statement. Applicant/tenant hand-carried verifications are acceptable only if they are re-verified by a third party.
4. All determinations of income, assets and eligibility shall be fully documented in the files.
5. Documents submitted by the applicant are acceptable when used to verify information that does not require third party verifications. These items include but are not limited to: adoption papers, certificates of displacement, etc.
6. Written statements from applicants may be used only when other preferred forms of verification are not possible.

Sources for Verification: Within the constraints discussed above, possible sources of verification are as follows:

1. Employment Income
 - Employment verification form (with release signed by the family) completed by employer.
 - Earnings statement showing employer, pay amount, rate, and time covered.
 - W-2 form. (If the application has had the same employer for two years and increases can be accurately projected.)
 - Signed affidavit by family, describing amount of income and source of self-employment (for baby sitting, field labor, handyman, or house cleaning jobs) and for families with income from tips and other gratuities.
 - Income Tax Statements - this source must be used, if possible, for self employed individuals.

2. Income Maintenance Payments (Welfare, Social Security, Pensions, SSI, Disability Income).
 - Verification form (with release signed by the family) completed by the particular agency.
 - Written notification from agency or company issuing check to recipient stating amount of income.
 - Telephone or in-person contact with income source, documented in file by the Owner or Manager.
3. Unemployment Compensation
 - Verification form (with release signed by the family) completed by unemployment compensation board or agency.
 - Record from unemployment office stating dates and amount which applicant is eligible to receive.
 - Benefit notification.
4. Support Payments
 - Verification form completed by Child Support Enforcement.
 - Copy of payment records furnished by appropriate court.
 - Copy of divorce decree describing amount of support.
 - Written statement provided by ex-spouse.
 - Telephone contact with ex-spouse, documented in file.
 - Written statement from court/attorney that payments are not being received and anticipated date of resumption of payments.
5. Interest Dividends
 - Verification form (with release signed by the family) completed by savings institution.
 - Statement of savings institution or bank passbook, if it shows current rate of interest.
 - Income tax returns, broker's quarterly statements.
6. Miscellaneous Income
 - A verification form (with release signed by the family) mailed to source of income and completed by appropriate agency or company official.
 - Signed statement by the family, documenting amount and source of income.
7. Assets
 - Documents, passbooks, letters, or letter completed by bank.
 - Real estate tax statement of local tax assessor's appraisal of real property.
 - Verification forms, letters or documents from financial institutions, stock brokers, real estate agents, employers indicating the current value of the asset, and penalties, or reasonable costs to be incurred in order to convert non-liquid assets into cash.
8. Family Composition
 - Applicant's signature on the application form may be considered sufficient verification of family composition.
 - Other means of verification may include: income tax returns, support payment records, school records, marriage certificate, social security records, birth

certificate, Veterans' Administration records, divorce records, or contracts with prior landlords.

9. Welfare Payments

- Verification from State Department of Social Services indicating the maximum shelter schedules by household size and the ratable reduction schedule.

10. Recurring Contributions and Gifts

- Affidavit signed by the person providing the assistance giving the purpose, dates and value of the gifts.

11. Net Income for a Business

- Tax form 1040 with schedules C, E or F.
- Financial statements (audited or unaudited) including an accountant's calculation of straight line depreciation expense if accelerated depreciation was used on the tax return or financial statement.
- Any loan application listing income derived from business during last 12 months.

12. Rental Property

- Copies of leases, agreements, tax forms or checks to verify income.
- Copies of bills/checks, tax statements, insurance premium, receipts for reasonable utility expenses and maintenance, bank statements with amortization schedules to show monthly interest expense to verify expenses associated with rental property operations.
- Annual gross income minus reasonable associated expenses listed in item 2 above equal income from the rental property.

Owners/Property managers are responsible for maintaining all tenant records over the term of affordability of the project. These files will be examined as a part of the HOME compliance monitoring.

Annual Re-certification: The HOME program requires annual re-certification of tenants' income. Owners may set the re-certification date as long as the date falls within 12 months of the time of the most recent tenant certification. In planning re-certification, Owners should begin early enough to allow sufficient time to complete the verification process, but not so far in advance that the verification will expire before the date the tenant will sign the re-certification (90 days).

Income Increases After Initial Certification: Tenants whose annual income increases to over 80% of the median income, adjusted for family size, may remain in the unit, but must pay as rent, 30% of their adjusted gross income for rent and utilities. HOME assisted units that are also funded by the Low Income Housing Tax Credit Program are exempt from this provision, however tenants must pay rent as governed by Section 42 of the Internal Revenue Code. The next available unit must be rented or reserved for a qualified low-income household.

Additional Household Members: If a tenant residing in a HOME unit wants to add an additional person to the household, they must obtain approval from the Owner or management agent prior to allowing the person to move into the unit. DOH strongly suggests the same screening

procedures be followed when adding a new resident to an existing lease as were followed when determining initial eligibility. If the tenant is acceptable, management must determine if the household continues to qualify under the income guidelines. If not the owner must exercise the requirements listed above. If eligible, the verified income of the new household member must be included in total household income.

Transfers Within a Development: Should an existing tenant wish to transfer to a new unit, the tenant(s) must be treated as a new move-in and follow all application, verification and certification procedures. Income limits at the time of the move will determine if the new unit will be counted as a very-low or low-income unit according to the HOME Rules.

Inactive Tenant Files: The project must maintain inactive tenants files as well as active tenant files. Inactive files should combine all information obtained from the application to termination of tenancy. The Owner must retain all inactive files for five years.

C. Families Whose Income Rises Above the Limit

A family cannot reside in a HOME project if, at the time of the initial occupancy, their estimated gross annual income is greater than the applicable percentage of the area median income, adjusted for family size. If an income-qualified family occupies a unit and, during their tenancy, their gross annual income increases beyond the income limit, the family is not required to leave the property. However, this family would not be allowed to move to another unit.

In HOME projects without federal low income housing tax credits, if a family's income exceeds 60% of the gross area median income, the family is no longer considered low-income. However, the family may stay in the HOME-assisted unit. Rent for these tenants is calculated at the lesser of 30% of adjusted monthly income or the market rent.

For all projects, the income limit that is applicable at the time of the tenant certification is the appropriate limit to use, regardless if it differs from the one used to income-certify the existing tenant in a development. Therefore, a development could have several different applicable income limits depending on how long tenants have lived in the building.

D. Project Rent Requirements

The HOME Program places limits on the rent that can be charged for assisted units. The HOME Program requires that a minimum of 20% of the HOME assisted units must be leased to residents whose incomes do not exceed 50% of the area median income, adjusted by family size. The remaining HOME assisted units must be leased to residents whose incomes do not exceed 60% of the area median income, adjusted by family size. Each property may have two HOME rents:

Low Home Rents: A minimum of 20% of units must not exceed the Low HOME Rents (unless your contract for financial assistance states a higher percentage). These units must be affordable to households whose total household incomes are at or below 50% of the area median income for each bedroom size. The Low HOME Rents can never exceed the applicable Fair Market Rents established by HUD.

High Home Rents: The remaining units must not exceed the High HOME Rents. These units must be affordable to households with incomes at or below 65% of the area median income for each bedroom size. The High HOME Rent can never exceed the applicable Fair Market Rents established by HUD. If the FMR is lower than the High Home Rent, the FMR is then considered the High Home Rent.

Calculating Maximum Rents: Examples of the methodology for calculating rents are included in Appendix I. **The Owner is responsible for obtaining the most current income limits from DOH.**

E. Components of Gross Rent

The maximum gross rent that can be charged to tenants includes: (a) an approved utility allowance, if the tenant is paying a portion of or all of the utilities; and (b) any fees charged to tenants for use of common areas or mandatory services attached to the building(s).

The maximum rent does not include: (a) any payment made under Section 8 of the U.S. Housing Act of 1937 or any comparable rental assistance program; or (b) any fee for a supportive service paid to the Owner of the unit by any governmental program assistance if such program provides assistance for rent and the amount of assistance provided for rent is not separable from the amount of assistance provided for supportive services.

Rent Increases: Owners are allowed to charge only the rents shown on the original HOME Grant Agreement. These rents must remain in effect for one year. After the first year, if rent levels are not sufficient to cover anticipated or unavoidable increases in operating costs, owners can request a rent increase. Any increase in HOME rents must be approved by the DOH in advance. Increase requests should be submitted to AAMD.

F. Utility Allowance

An approved utility allowance is one prescribed by HUD for the Section 8 program, or (if not applicable) the allowance used by the local public housing (LHA). The utility allowance should be updated yearly. An estimate of the utility allowance obtained from the local utility company may be substituted for the LHA's allowance if the Owner provides written justification for doing so.

G. Leases

For rental housing assisted with HOME funds, the HOME Rules limit when the Owner may terminate a tenant's lease or refuse to renew the lease. Tenancy may only be terminated for cause. A Owner cannot break a lease or refuse to renew a lease **unless** one or more of the following things occurred:

1. There was serious or repeated violation of the lease;
2. There was a violation of Federal, State, or local law;
3. Failed to complete the terms associated with transitional housing;

4. Other good cause

A tenant whose lease is terminated or not renewed (for any of the above four reasons) must be provided a written notice specifying the reason for termination. **Notice must be provided to the tenant at least 30 days before the tenancy is terminated.** There is no exception to the 30-day notice requirements.

All tenants residing in HOME assisted units must be offered an one-year lease. It is the responsibility of all Owners to inform tenants of the opportunity to sign an one-year lease. A lease of a lesser term (monthly, etc.) may be used only after the tenant has been informed of the opportunity to sign a one-year lease, and both the tenant and the Owner agree in writing to a shorter term lease. A lease may not contain any of the following provisions:

1. ***Agreement to be sued.*** Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the Owner in a lawsuit brought in connection with the lease;
2. ***Treatment of property.*** Agreement by the tenant that the Owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. (Note: This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit.) The Owner may dispose of this personal property in accordance with state law;
3. ***Excusing owner from responsibility.*** Agreement by the tenant not to hold the Owner or the Owner's agents legally responsible for any action or failure to act, whether intentional or negligent;
4. ***Waiver of notice.*** Agreement of the tenant that the Owner may institute a lawsuit without notice to the tenant;
5. ***Waiver of legal proceedings.*** Agreement by the tenant that the Owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;
6. ***Waiver of a jury trial.*** Agreement by the tenant to waive any right to a trial by jury;
7. ***Waiver of right to appeal court decision.*** Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and
8. ***Tenant chargeable with cost of legal actions regardless of outcome.*** Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the Owner against the tenant. (Note: The tenant, however, may be obligated to pay costs if the tenant loses.)

Note: DOH strongly advises all Owners to seek competent legal assistance in drafting a Lease.

H. Property Standards

All newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials. All housing units rehabilitated with HOME dollars shall, at a minimum, meet HUD's Section 8 Housing Quality Standards (HQS) as

outlined in 24 CFR 982.401 and all applicable local codes, rehabilitation standards and zoning ordinances. The primary objective of these standards is to protect the tenant or homeowner receiving assistance under the HOME Program by guaranteeing what HUD considers a basic level of acceptable housing. Owners are required to provide documentation that each unit assisted with HOME dollars meets HOME Property Standards at the completion of the project. Additionally, Owners are required to provide documentation throughout the HOME minimum affordability period that each HOME assisted unit meets HOME Property Standards.

The management agent is encouraged to perform periodic inspections of the units in the project during the course of the year. In order to gain access to the units, the management agent must provide the resident with written notice of this inspection at least two days prior to the inspection.

The annual inspections need to be performed by a third party contractor who is knowledgeable about HQS and/or local codes. **The cost for the 3rd party Housing Quality Standards or local code inspections, whichever is more stringent, must be reflected in each Owner's operating budget**, see Sample forms.

Projects consisting of 25 or fewer units must complete a HQS or local code Checklist every other year and projects with 25 or more units must complete a HQS or local code Checklist annually. If at the time of the inspection there are items that fail the inspections, an Owner will have 72 hours to correct health and safety violations and 30 days to correct all other failures and provide the DOH with a HQS or local code report indicating that all items have passed inspection, along with documentation/invoices for work performed and paid. If a serious condition covering health and safety items cannot be corrected immediately (72 hours), consideration must be given to relocating the tenant to another unit.

HQS regulations stipulate that each unit assisted with HOME dollars shall meet basic performance requirements with respect to the following:

1. Sanitary facilities
2. Food preparation and storage space
3. Space and security
4. Thermal environment
5. Ruminant and electricity
6. Structure and materials
7. Interior air quality
8. Water supply
9. Lead-based paint
10. Access
11. Site and neighborhood
12. Sanitary condition

Inspection Checklist: The Checklist was developed on the basis of the twelve HUD Housing Quality Standards for the Section 8 Program. The items included in the Checklist were taken directly from the HUD Handbook 7420.7 interpretation of the Housing Quality Standards regulations and from Section 882.109 of the program regulations. The HUD Checklist separates

the items included in the HUD Housing Quality Standards and lists them in a format that is appropriate for a thorough and consistent, room-by-room inspection.

Responsibilities of the Owner:

1. Ensure that all units in the HOME Program meet, at a minimum, the Section 8 Housing Quality Standards or local codes, whichever is more stringent.
2. Encourage tenants to maintain units up to Housing Quality Standards or higher.
3. Contract for annual inspection of the unit(s) to ensure that it meets the HQS or local codes whichever is more stringent.
4. Inform the DOH of the results, take any necessary corrective action necessary, and submit documentation verifying compliance.

I. Term of Restricted Use - Restrictive Covenant Filed of the Land Records

The contract for financial assistance between the Owner and the DOH, along with the Restrictive Covenant filed on the land records indicate the use restrictions imposed upon the HOME-assisted project. The term of the Restrictive Covenant is the greater of the minimum HOME affordability period or term identified by the Owner in its application to DOH. The DOH is obligated to monitor the use restrictions throughout this period.

J. Sale of Property After Placement in Service

Specific procedures govern executing the sale of a property that has received HOME funds. If plans to alter the ownership of the project are being considered, DOH must be notified in writing prior to the intended change. DOH must approve any change in ownership of a HOME property during the term of the compliance period or contract term, whichever is greater.

Part III: Home Ownership Property

A. Occupancy Restrictions

DOH must insure that the minimum requirements of initial income eligibility and use as a principal residence are maintained throughout the compliance period. If the property is not use as the family's principal residence, the homeowner will be deemed out of compliance even if the violation is corrected before the end of the calendar year.

B. Determining Family Income

All families must have incomes below limits established by HUD. Owners must determine if a family earns the correct amount of annual income to be eligible to live in the HOME-financed development.

Income Certification: To determine whether a homeowner/buyer is eligible, a Owner must compare their anticipated annual (gross) income for the next 12 months to the income limits for the appropriate household size. The eligible income from all adult members (age 18 or over) of the household is counted when determining the annual income for a household.

Verification of Income: the household applying for occupancy in a HOME-funded project must declare all sources of income. The Owner or Owner's representative must verify each source of

income before a family is allowed to participate in the program/activity. A resident household income certification form and income verification forms are contained herein. Also included are excerpts from the HUD regulations (24 CFR 813.106) that describe the elements of family income used to calculate gross income. Annual re-certification of income is required for every family residing in the HOME-assisted project.

Methods Verifying Information:

1. Homeowners/buyers shall be required to furnish proof of eligibility and income to the Owner to assure accuracy.
2. The participant's signature on the application is considered sufficient verification of family composition.
3. All earned income shall be verified through employers, W-2 forms, check stubs, or other means to assure accuracy. Assets shall be verified by savings account passbooks and other photo or carbon copies of documents in the applicant's possession that substantiate his statement. Applicant hand-carried verifications are acceptable only if they are re-verified by a third party.
4. All determinations of income, assets and eligibility shall be fully documented in the files.
5. Documents submitted by the applicant are acceptable when used to verify information that does not require third party verifications. These items include but are not limited to: adoption papers, certificates of displacement, etc.
6. Written statements from applicants may be used only when other preferred forms of verification are not possible.

Sources for Verification: Within the constraints discussed above, possible sources of verification are as follows:

1. Employment Income
 - Employment verification form (with release signed by the family) completed by employer.
 - Earnings statement showing employer, pay amount, rate, and time covered.
 - W-2 form. (If the application has had the same employer for two years and increases can be accurately projected.)
 - Signed affidavit by family, describing amount of income and source of self-employment (for baby sitting, field labor, handyman, or house cleaning jobs) and for families with income from tips and other gratuities.
 - Income Tax Statements - this source must be used, if possible, for self employed individuals.
2. Income Maintenance Payments (Welfare, Social Security, Pensions, SSI, Disability Income).
 - Verification form (with release signed by the family) completed by the particular agency.
 - Written notification from agency or company issuing check to recipient stating amount of income.
 - Telephone or in-person contact with income source, documented in file by the Owner or Manager.
3. Unemployment Compensation

- Verification form (with release signed by the family) completed by unemployment compensation board or agency.
 - Record from unemployment office stating dates and amount which applicant is eligible to receive.
 - Benefit notification.
4. Support Payments
- Verification form completed by Child Support Enforcement.
 - Copy of payment records furnished by appropriate court.
 - Copy of divorce decree describing amount of support.
 - Written statement provided by ex-spouse.
 - Telephone contact with ex-spouse, documented in file.
 - Written statement from court/attorney that payments are not being received and anticipated date of resumption of payments.
5. Interest Dividends
- Verification form (with release signed by the family) completed by savings institution.
 - Statement of savings institution or bank passbook, if it shows current rate of interest.
 - Income tax returns, broker's quarterly statements.
6. Miscellaneous Income
- A verification form (with release signed by the family) mailed to source of income and completed by appropriate agency or company official.
 - Signed statement by the family, documenting amount and source of income.
7. Assets
- Documents, passbooks, letters, or letter completed by bank.
 - Real estate tax statement of local tax assessor's appraisal of real property.
 - Verification forms, letters or documents from financial institutions, stock brokers, real estate agents, employers indicating the current value of the asset, and penalties, or reasonable costs to be incurred in order to convert non-liquid assets into cash.
8. Family Composition
- Applicant's signature on the application form may be considered sufficient verification of family composition.
 - Other means of verification may include: income tax returns, support payment records, school records, marriage certificate, social security records, birth certificate, Veterans' Administration records, divorce records, or contracts with prior landlords.
9. Welfare Payments
- Verification from State Department of Social Services indicating the maximum shelter schedules by household size and the ratable reduction schedule.
10. Recurring Contributions and Gifts
- Affidavit signed by the person providing the assistance giving the purpose, dates and value of the gifts.
11. Net Income for a Business

- Tax form 1040 with schedules C, E or F.
- Financial statements (audited or unaudited) including an accountant's calculation of straight-line depreciation expense if accelerated depreciation was used on the tax return or financial statement.
- Any loan application listing income derived from business during last 12 months.

12. Rental Property

- Copies of leases, agreements, tax forms or checks to verify income.
- Copies of bills/checks, tax statements, insurance premium, receipts for reasonable utility expenses and maintenance, bank statements with amortization schedules to show monthly interest expense to verify expenses associated with rental property operations.
- Annual gross income minus reasonable associated expenses listed in item 2 above equal income from the rental property.

Owners are responsible for maintaining all homeowner/buyer records over the term of affordability of the project. These files will be examined as a part of the HOME compliance monitoring.

Inactive Files: The Owner must maintain inactive files as well as active files. Inactive files should combine all information obtained from the application to termination of eligibility. The Owner must retain all inactive files for five years.

C. Purchase & After Rehab Price Restrictions

See DOH policies for “Maximum Property Value” and “Homeowner Affordable Housing”.

D. Term of Restrictive Use - Restrictive Covenant Filed of the Land Records

The contract for financial assistance between the Owner and the DOH, along with the Restrictive Covenant filed on the land records indicate the use restrictions imposed upon the owner-occupied HOME-assisted project. The term of the Restrictive Covenant is the greater of the minimum HOME affordability period or term specified in the application to DOH. The DOH is obligated to monitor the use restrictions throughout this period.

E. Sale of Property

There are no HOME program prohibitions regarding the sale of an owner-occupied, HOME-assisted property, however, the DOH has, as a condition of lending financial assistance, imposed a recapture provision, see paragraph below. This provision gives the homeowner maximum flexibility to market his/her home and protects the public purpose by allowing the recaptured funds to be used in other HOME eligible purposes. DOH must monitor these properties to insure occupancy as a principal residence during the term of the compliance period.

F. Recapture Restrictions

See DOH policy for “Homeowner Recapture” and Restrictive Covenant.

Part IV: General Requirements – Rental & Home Ownership Property

A. Compliance With Fair Housing and Equal Opportunity Laws

All properties must comply with applicable federal, state and local fair housing and anti-discrimination laws in the marketing and provision of housing. DOH may request written documentation to evidence the Owner's compliance with these laws. Federal laws that may be applicable to a project include, but are not limited to, the Fair Housing Act as amended by the Fair Housing Amendments Act of 1988, the HOME Rule 24 CFR Part 92.350-351, Section 504, the Americans with Disabilities Act, and any further amendments of said acts. These laws include provisions for construction and design of multifamily projects as well as property management.

Resident or Tenant Screening or Selection Processes: Selective screening practices for applicants are still appropriate, however, you must use the same set of standards and requirements for **every applicant**. It is recommended by HUD that a **written and posted criteria** be established and available that clearly defines the criteria by which each application will be judged.

Discrimination not only is the act, but the intent and the pattern, as well as the affect. If what you have as a standard or a policy has a negative affect on a "protected class", then the standard or policy is discriminatory. For example - if the criteria for tenant screening causes the pattern of denial of housing, additional fees or rent structures for single adults with children (minorities or other protected groups) - the effect of the criteria is discriminatory.

By having the screening policy posted the applicant is responsible for reading it, instead of placing the responsibility on Owners or management agents to verbally quote policy and running the risk of quoting policy to one applicant and not to another. This especially applies to telephone conversations. **Do Not Quote Policy – Provide It In Writing.**

There is a prohibition against "using different qualification criteria or applications, or sale or rental standards or procedures, such as income standards, application requirements, application fees, credit analysis or sale or rental approval procedures or other requirements, because of race, color, religion, sex, handicap, familial status, or national origin. If the affect is a pattern of rejection of families with children, etc., the policy is discriminatory.

Information that Should Not Be Used in Resident or Tenant Screening:

1. Arrest records of any kind. (HUD case proved that a higher number of arrests are of minorities, causing a "disparaging effect on minorities".) Examples given by HUD: rape, arson, child molestation, manufacturing and delivery of drugs.
2. Conviction records unless that conviction is for such offenses that could directly affect the safety of other residents of the rental community. Examples of unusable information: conviction of vehicular manslaughter.

Cautions: Owners and/or management agents can be held liable for the actions of those involved in the tenant screening process. How questions are asked may cause a discriminatory answer.

Retain records of verification questions and answers for a minimum of five (5) years. Document name and capacity of verification personnel. HUD recommends that the Owner or management agent, retain all records, including notes of conversations and “hard copies” of credit checks.

It is lawful to:

1. Set reasonable eligibility criteria as long as they are consistent for all applicants;
2. Require sufficient income to meet rent and utility payments;
3. Require certain terms and conditions such as security deposits or fees, provided that the conditions are the same for all applicants;
4. Inquire whether an applicant for a dwelling is a current illegal abuser of or addicted to a controlled substance.
5. Inquire whether an applicant has been convicted of the illegal manufacture or distribution of a controlled substance.
6. Restrict the number of occupants according to policy standards.
7. An Owner may choose to offer some or all of its units to persons with disabilities on a priority basis and may inquire whether applicants qualify for such a priority.
8. Require that the name of the provider of supervision of any children under 10 be on file with the Owner or management agent.
9. Adopt rules and regulations to prevent the abusive use of a property as long as it applies to all equally. This would allow policies regarding "occupants" use of recreational equipment in the parking lots, stairs, etc.

Consistency: It is important that a routine be established to disseminate information about the property to all possible applicants. Showing a unit to one applicant and a different unit to another may be construed as discriminatory intent. Volunteering information to one person and having to have the applicant ask in another circumstance may be viewed as discriminatory. **Uniformly provide information such as:**

1. Units available
2. Deposits and fees required
3. General information regarding the unit
4. Rent
5. Marital status
6. Number of children
7. Income of occupants
8. Credit information

Owner’s Grievance Procedures: The purpose of a grievance procedure is to assure that tenants are afforded an opportunity for appeal if the tenant disputes, within a reasonable period of time, i.e. 10 days, any management action or failure to act involving the tenant's lease or the project rules and regulations which adversely effect the individual tenant's rights, duties, welfare or status. This procedure must be incorporated in the project's dwelling leases by reference.

The grievance procedure is applicable to:

1. All individual grievances between the tenant and the Owner;
2. Disputes between tenants involving funding source regulations or to class grievances.

This procedure is not intended as a forum for initiating or negotiating policy changes between a group or groups of tenants and the management.

Informal Settlement of Grievances: Any grievance shall be personally presented either orally or in writing to the Owner so that the grievance may be discussed informally and settled without a conference with the management staff or agent. A summary of such discussion shall be prepared within fifteen (15) days, and one copy shall be given to the tenant and one copy shall be retained in the tenant's file. The summary shall specify the names of the participants, dates of the meeting, the nature of the proposed disposition of the complaint and the specific reasons therefore, and shall specify the procedures by which a hearing may be obtained if the grievance has not been satisfactorily addressed.

Procedure to Obtain a Conference: The complainant shall submit a written request for a conference to the management staff or agent within ten (10) days after receipt of the summary of informal settlement discussion pursuant to the paragraph above. The written request shall specify:

1. Reasons for the grievance; and
2. Action or relief sought.

Failure to Request a Conference: If the complainant does not request a conference in accordance with this procedure, then the Owner's decision regarding the grievance as described in the informal settlement shall become final. Provided that failure to request a hearing shall not constitute by the complainant of his right thereafter to contest the Owner's action in disposing of the complaint in an appropriate judicial proceeding.

Conference Prerequisite: All grievances shall be personally presented either orally or in writing to the management staff or agent as a condition precedent to a conference. However, if the complainant can show good cause why he/she failed to act in accordance with this procedure to the Owner, then the Owner may waive the provisions of this section. The Owner shall provide reasonable accommodations, including a signer, audio or visual aids, or other aids as requested by the participants, to allow persons with disabilities to participate in the conference.

The Owner shall provide the complainant with a determination within fifteen (15) days. One copy shall be given to the tenant and one copy shall be retained in the project's tenant file. The determination shall specify the names of the participants, dates of the meeting, the nature of the Owner's decision and the specific reasons for it.

DOH Complaint Procedures: DOH will investigate any complaint received and if necessary, will refer them to the HUD Regional Fair Housing and Equal Opportunity (FHEO) Office. The FHEO Office has the responsibility and authority to:

1. Investigate individual complaints alleging violations of applicable civil rights laws; and
2. Conduct compliance reviews of a State and each of its recipients to determine if HOME funded projects and activities are administered in a nondiscriminatory manner.

Equal Opportunity and Fair Housing Posters: The Equal Employment Opportunity (EEO) Posters and the Fair Housing Posters must be posted at the project site and in the Owner's office.

Section 504: This section of the Rehabilitation Act of 1973 provides that no qualified handicapped person shall, on the basis of handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal assistance. Owners must be in compliance with Section 504 and the implementing regulations, 24 CFR Part 8. 24 CFR Part 8 requires that each recipient complete a self-evaluation of its "policies and practices and the effects thereof that do not meet the requirements of this Part". Any policy and/or practice that does not meet the requirements of this Part, must be modified.

Owners must operate each housing project so that, when viewed in its entirety, it is readily accessible to and usable by individuals with disabilities. This includes the following:

1. Owners must modify its policies and practices so they do not discriminate
2. Owners must honor reasonable request for modification to policies by disabled tenant or applicants
3. Owners must make public spaces and dwelling units accessible, provided this does not create undue administrative and financial burdens nor make fundamental alterations in the nature of the program. For example - - Owners must provide accessible routes to the project (curb cuts or modification, ramps) and provide accessible parking spaces in an accessible location.
4. Owners must take steps to ensure effective communication with disabled individuals.
5. Owners must use requests by disabled individuals to determine which alterations and auxiliary aids are necessary.
6. Owners may comply through such means as reassignment of services to accessible buildings, provision of housing at alternative sites, or alteration of existing facilities. Owners may use any other methods that result in making the project and its activities readily accessible to and usable by disabled individuals.
7. Owners must give priority to methods to achieve accessibility that offer housing in the most integrated setting appropriate.
8. Owners must make common and public use facilities or parts of facilities accessible to disabled persons as long as it would not result in undue administrative and financial burdens.

General Requirements: The Owner's self-evaluation must be completed prior to initial lease-up. In preparation of the self-evaluation, the Owner must consult with disabled individuals or organizations representing them.

Elements of a Self-Evaluation:

1. Evaluation of current policies and practices relative to the Section 504 regulations.
2. Modifications of any policies and practices that do not meet the Section 504 requirements.
3. Corrective action to remedy any discrimination found.

Areas to Be Evaluated:

1. Buildings or facilities for physical accessibility

2. Program outreach and communication
3. Eligibility and admission criteria and practice

Reasonable Accommodation: 24 CFR Part 100.204 states: "It shall be unlawful for any person to refuse to make reasonable accommodations in rules, policies, practices, or services, when such accommodations may be necessary to afford a handicapped person equal opportunity to use and enjoy a dwelling unit, including public and common use areas." A "Reasonable Accommodation" is defined as an adjustment in a federally assisted or conducted program or activity in order to accommodate/he known physical or mental limitations of an otherwise qualified individual with a disability. If a disabled individual requests a reasonable accommodation, it must be provided unless it:

1. Imposes an undue financial or administrative burden, as determined by DOH, or
2. It alters the fundamental nature of the program.

B. On-going Affirmative Marketing

The DOH will annually evaluate, by desk reviews or on-site visits, the efforts taken by the Owners to affirmatively market the HOME assisted units. Owners must keep documentation on file of all efforts undertaken. The DOH will assess the efforts to determine the success of action and any necessary corrective actions. In accordance with 24 CFR 92.351 and to the extent feasible, Owners who have properties with five or more housing units assisted through the HOME Program, will market units in an affirmative manner in soliciting tenants or purchasers.

The objective of affirmative marketing is to provide information and otherwise attract eligible persons from all racial, ethnic, and gender groups in the housing market area to the available housing. This includes persons in the housing market area who are not likely to apply for this housing without special outreach efforts. In addition, the goal is to impose minimal burdens and sanctions on the owners yet effectively achieve affirmative marketing objectives.

Owners agree to: (1) maintain a fair housing policy which does not discriminate against tenants or prospective tenants because of race, color, religion, national origin, sex, physical and mental handicap, or familial status. Owners will take actions to ensure that all tenants and prospective tenants receive equal treatment in all terms and conditions of residency; (2) inform the public, owners, and potential tenants about fair housing laws and this affirmative marketing policy; post the HUD Fair Housing poster in common area(s) of housing assisted with HOME funds; (3) solicit applications for vacant units from persons in the housing market who are least likely to apply for the HOME-assisted housing without the benefit of special outreach efforts. In general, persons who are not of the race/ethnicity of the residents of the neighborhood in which the newly constructed or rehabilitated building is located shall be considered those least likely to apply; (4) maintain file records containing all marketing efforts including, but not limited to, copies of newspaper advertisements, file memorandums documenting phone inquiries, copies of inquiry letters and related responses, etc. These records shall be made available to the DOH for inspection during normal working hours; (5) maintain listings of all tenants residing in each unit at the time of application submittal through the end of the HOME compliance period including income, family size, sex, disabilities, and racial origin; and (6) not discriminate against prospective tenants on the basis or their receipt of, or eligibility for, housing assistance under any Federal, State, or local housing assistance program.

In the event that a Owner fails to comply with the affirmative requirements, then the Owner agrees to take corrective actions which include, but are not limited to, conducting extensive outreach efforts on all future vacancies using appropriate contacts in order to achieve occupancy goals. Should the Owner still not comply with the affirmative marketing requirements, the DOH may impose other sanctions as deemed necessary.

C. On-going Insurance Requirements

Owners must keep all required insurance current. See DOH Insurance Manual for details.

Part V: Reporting Requirements – Rental & Home Ownership Property

A. Rental Housing

Owners must submit to AAMD the following reports **annually** throughout the compliance period:

1. Owner/Project's Audited Financial Statements, only if other DOH \$ used;
2. DOH's Rental Project Certification Report;
3. DOH's HOME Annual Report;
4. Proposed Hi/Lo HOME Rents;
5. Proposed Utility Allowances for HOME-assisted Units **using Utility Allowance Chart**; and
6. Other reports, documentation, as may be required by DOH, to insure compliance.

B. Ownership Housing

Any homeowner that received HOME financial assistance to acquire, acquire and rehabilitate or to construct a single family (1-4 units) must submit annually to AAMD an affidavit that the property is still their principal residence.

A homeowner (without rental units) who received rehab assistance only is not required to complete a certification form. A homeowner with rental units must follow the rental housing rules.

Part VI: Program Monitoring & Compliance Remedies

A. Program Monitoring Guidelines

Monitoring and evaluation of Owners is a requirement of HOME Program. It also is one of the best ways to ensure effective program administration to maximize the benefit to persons in need of housing assistance. Monitoring of projects is the responsibility of all DOH staff members, and monitoring should be an ongoing activity.

Monitoring can be carried out in a variety of formal and informal ways and methods. These include on-site reviews; desk reviews of performance reports; financial audits; other verbal and written exchanges with the Owner; conversations with Owner, clients, etc..

Monitoring Notice: An on-site field-monitoring visit should be conducted of each Owner at least once every two years after “project completion” during the compliance period. Every attempt should be made to provide notice (preferably written) at least 14 days in advance of the scheduled visit. (Note: On-site monitoring visits should be coordinated, where possible, for Owners administering more than one DOH program.) The scope of the on-site monitoring review should be as comprehensive as possible taking into consideration all applicable contractual, program, and state and federal requirements.

Follow up Monitoring Letter: Every attempt should be made to complete and mail out a follow-up monitoring letter no later than 30 days from the date of the visit. It is very important to inform Owners of the result of the monitoring as soon as possible. If concerns, deficiencies, or findings are identified, the Owner should be asked to take steps to resolve these and respond by letter within 30-60 days.

For HQS project deficiencies identified, an immediate letter must be issued (even prior to the formal monitoring letter) to inform Owners of the project items that need to be corrected. Timely issuance of this letter is needed to stimulate correction of health or safety hazards. Appropriate follow up as well as an acknowledgment letter should be provided on a timely basis.

B. Findings, Deficiencies & Concerns

The monitoring letter is utilized to document any findings, deficiencies, or concerns identified by the reviewer. The focus is on mission or regulatory problems and not on "nit-picking" items. It is important to explain if some items are more important than others.

A "**finding**" is issued if it is discovered that the Owner has consistently and deliberately been out of compliance with any major program or contract provision. Each finding should be adequately described and documented and accompanied by date specific remedies.

A "**deficiency**" is somewhat less serious than a finding and is usually more inadvertent than deliberate. Like a finding, it should be clearly described, and the Owner should be given a specified amount of time to correct the deficiency and report back to DOH.

A "**concern**" is obviously the least serious of the three categories. It is often used to "head off trouble," alerting the Owner that this is an area that should be given some attention. Perhaps, some existing documents or procedures are out of date because the Owner hasn't implemented recently issued regulations.

Generally, the difference between a finding and a deficiency is in the motivation of a Owner. In the case of deficiency, the problem was caused by legitimate staff inexperience, turnover, etc. or the Owner acting in the best interest of the client neglected to adhere to a regulation.

DOH's regulatory responsibilities must be carried out, but a good part of the monitoring process (particularly for relatively new projects) is to provide technical assistance as well.

Corrective and remedial actions: DOH will use the procedures outlined in Section C in taking corrective and remedial actions regarding performance reviews.

Reporting Requirements: Owners shall submit the following to DOH's AAMD for review and approval:

1. Annual Financial Statements **only if other DOH funds involved**;
2. Annual HOME Program Certification Form;
3. Annual 3rd Party HQS Unit Inspection & Owner Certification Form;
4. Annual Recalculation of Rent & Utility Allowances;
5. Annual Tenant Paid Utility Data Sheet or local housing DOH documentation, whichever is applicable; and
6. Biennial IPA Audit.

C. Program Noncompliance

Performance review: If DOH determines preliminarily that the Owner has not met a program or regulatory requirements, the Owner will be given notice of this determination and an opportunity to demonstrate, within the time prescribed by DOH (not to exceed 60 days) and on the basis of substantial facts and data, that it has done so.

Corrective and Remedial Actions: Corrective or remedial actions for a performance deficiency (failure to meet a program or regulatory requirements) will be designed to prevent a continuation of the deficiency; mitigate, to the extent possible, its adverse effects or consequences; and prevent its recurrence. DOH may instruct the Owner, depending upon the severity of the non-compliance, to submit and comply with proposals for action to correct, mitigate and prevent a performance deficiency, including but not limited to:

1. Request the Owner to submit additional information;
2. Issue a letter of warning that advises the Owner of the deficiency and puts the Owner on notice that more serious actions will be taken if the deficiency is not corrected or if it is repeated;
3. Prepare and follow a schedule of actions for carrying out the affected activities, consisting of schedules, timetables, and milestones necessary to implement the affected activities;
4. Establish and follow a corrective action plan that assigns responsibilities for carrying out the remedial actions;
5. Direct the Owner to suspend, discontinue or not incur costs for the affected activity;
6. Direct the Owner to reimburse DOH for its HOME Investment Trust Fund in any amount not used in accordance with the program requirements;
7. Prohibit Owner from applying for future DOH/HOME assistance; and
8. Take other remedies that may be legally available.

Notification to Owner: If DOH does not receive the required certifications, or finds instances of noncompliance with the HOME requirements or other appropriate governing documentation, the Owner will immediately be notified of the violation and the time period allowed for correcting the violation.

Correction Periods: After a notice of noncompliance is received, an Owner shall have up to 30 days to correct the finding, except in the case of a missed certification, where the cure period is 10 working days.

APPENDIX I

HOME Project Transition Report to AAMD

HOME Project Transition Report to COPS

Date sent to COPS _____ Annual Monitoring Date: _____

HOME Sponsor: _____ Grant #: _____

Address: _____ Contact: _____ Phone: _____

HOME Award: \$ _____ TDC: \$ _____ Term of Affordability: _____ yrs.

of Units: _____ # of HOME Assisted Units: _____ HOME Term of Affordability: _____ yrs.

Affirmative Marketing required: (more than 5 units) Yes _____ No _____

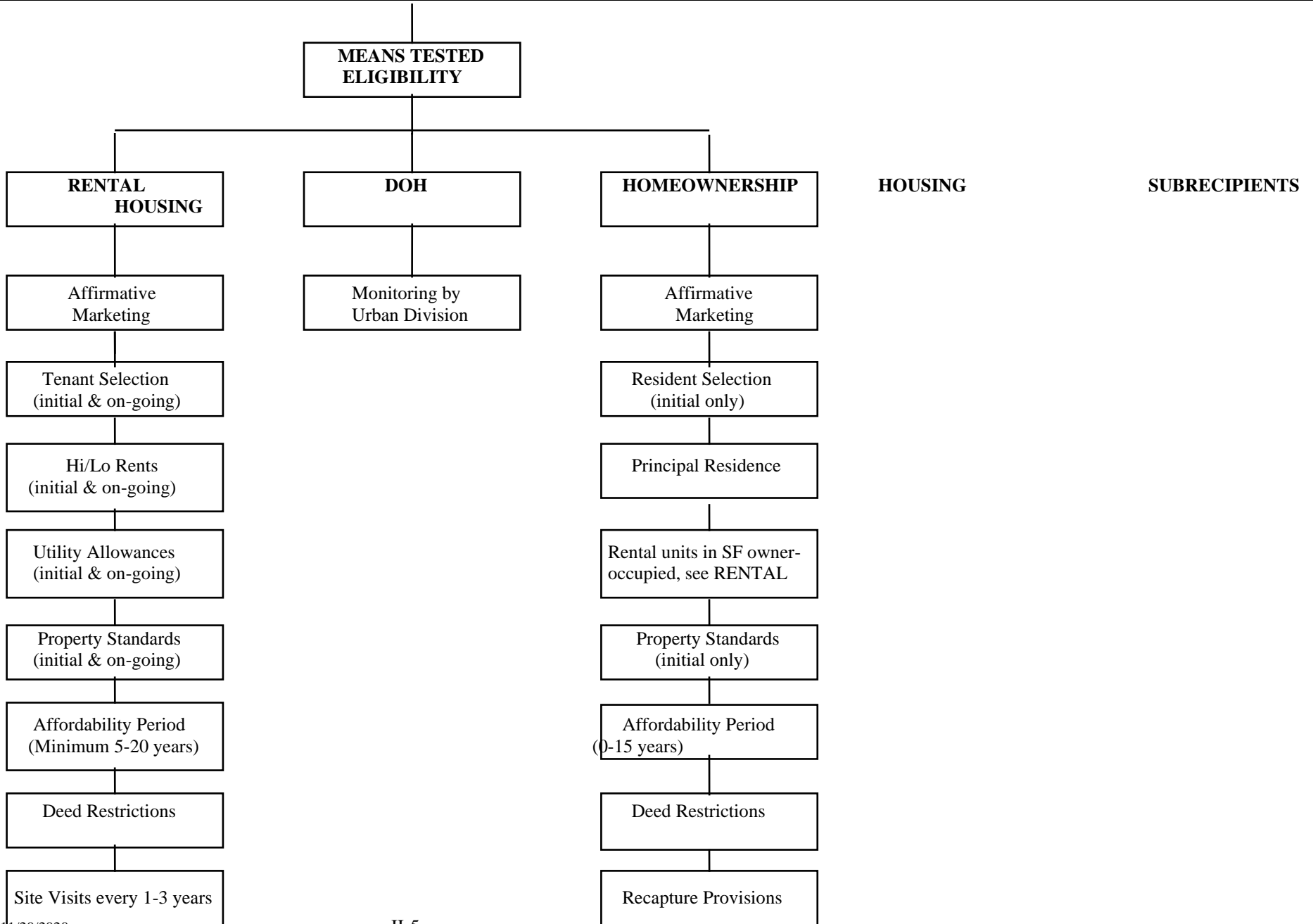
Information Re: HOME assisted units only

Unit #	HOME		Household Name	Annual Income	50% AMI	60% AMI	80% AMI	HOME Rent	Rent Paid	Tenant Paid Utilities	CO or HQS Completed	
	LO	HI									YES	NO

APPENDIX II

Compliance Chart

Compliance Monitoring – 6 Months Prior To Project Completion



Annual Reporting, Audits,
Certifications Required

Annual Certification as
Principal Residence

APPENDIX III

Sample Forms for Application, Certification and Re-Certification

This **Appendix** contains **sample forms** to be used by the Owner to properly certify and re-certify applicants:

- A. Application for Admission Form
- B. Summary of Annual Income Inclusions & Exclusions
- C. Tenant Income Worksheet Form
- D. Certification of Tenant Eligibility Form
- E. Certification/Re-certification Questionnaire
- F. Income Verification Form (employed)
- G. Income Verification Form (self-employed)
- H. Income Verification Form (unemployed)
- I. Social Security/Supplemental Security Income Benefits Verification Form
- J. Asset Verification Form
- K. Miscellaneous Benefits Verification Form

NOTE: Owner may use their own forms provided the same information can be obtained.

APPLICATION FOR ADMISSION

Name: _____

Address: _____

Home Phone: _____

Work Phone: _____

HOUSEHOLD COMPOSITION & CHARACTERISTICS

List Head of Household and all other members who will be living in the unit. Give the relationship of each family member to the Head of Household.

Member's Full Name	Relationship	Date of Birth	Age	Gender	SSN

For Statistical Purposes Only

Race of Head of Household - Check One
 White Black American Indian/Alaskan Native Asian/Pacific Islander

Ethnicity of Head of Household - Check One
 Hispanic Non-Hispanic

Do you expect a change in your household composition? Yes No
Explain if you answered "Yes": _____

Please identify any special housing needs your household has: _____

INCOME INFORMATION

Please answer each of the following questions. For each "yes", provide details in the charts below. Does any member of your household:

- | <u>YES</u> | <u>NO</u> | |
|------------|-----------|---|
| ___ | ___ | Work full-time, part-time or seasonally? |
| ___ | ___ | Expect to work for any period during the next year? |
| ___ | ___ | Work for someone who pays them cash? |
| ___ | ___ | Expect a leave of absence from work due to lay-off, medical, maternity or military leave? |
| ___ | ___ | Now receive or expect to receive unemployment benefits? |
| ___ | ___ | Now receive or expect to receive child support? |
| ___ | ___ | Entitled to child support that he/she is not now receiving? |
| ___ | ___ | Receive or expect to receive alimony? |
| ___ | ___ | Have an entitlement to receive alimony that is not currently being received? |

- ___ ___ Receive or expect to receive public assistance (welfare)?
- ___ ___ Receive or expect to receive Social Security or disability benefits?
- ___ ___ Receive or expect to receive income from a pension or annuity?
- ___ ___ Receive or expect to receive regular contributions from organizations or individuals not living in the unit?

List all income sources in the box below:

Member	Source & Type of Income	Annual Income

ASSETS

Do you receive any income from assets including interest on checking or saving accounts, interest and/or dividends from certificates of deposit, stocks or bonds or income from rental property? Yes No

List all checking and savings accounts (including IRA's, Keogh accounts, and Certificates of Deposit) of all household members.

Bank Name	Account Type	Account Number	Balance

Do you own real estate or any assets for which you receive no income (checking account, cash)? Yes No

List all stocks, bonds, trusts, pensions, or other assets and their value owned by any household member:

Have you sold or given away real property or other assets (including cash) in the past two years? Yes No

List all assets disposed of for less than their fair market value during the past two years: _____

PREVIOUS RENTAL HISTORY

Name and Address of Your Present Landlord:

Phone No.: _____
 How long have you lived there? ____ Years
 Reason for Leaving: _____

Name and Address of Your Former Landlord:

Phone No.: _____
 How long have you lived there? ____ Years
 Reason for Leaving: _____

Name and Address of Your Former Landlord:

Phone No.: _____
 How long have you lived there? ____ Years
 Reason for Leaving: _____

Name and Address of Your Former Landlord:

Phone No.: _____
 How long have you lived there? ____ Years
 Reason for Leaving: _____

EMPLOYMENT HISTORY

Name and Address of Your Present Employer:

Phone No.: _____
How long have you worked there? __ Years

Name and Address of Spouse or Co-Tenants Employer:

Phone No.: _____
How long have you worked there? __ Years

Name and Address Other Income Source:

Type of Income: _____
Phone No.: _____
How long have you received this income? __ Years

Name and Address Other Income Source:

Type of Income: _____
Phone No.: _____
How long have you received this income? __ Years

TENANT CERTIFICATION

I/we certify that if selected to receive assistance, the unit I/we occupy will be my/our only residence. I/we understand that the above information is being collected to determine my/our eligibility. I/we authorize the owner/manager to verify all information provided on this application and to contact previous or current landlords or other sources of credit and verify information which may be released to appropriate Federal, State or local agencies. I/we certify that the statements made in this certification are true and complete to the best of my/our knowledge and belief. I/we understand that false statements or information are punishable under Federal law.

Signature of Head: _____ Date: _____

Signature of Spouse/Co-Head: _____ Date: _____

SAMPLE

SECTION 8 PROGRAM

ANNUAL INCOME INCLUSIONS
AND
EXCLUSIONS

Section 8 - Annual Income

Regulatory Reference: See 24 CFR 813.106 (a), 236.3 (a) and 215.21 (a) for the definition of annual income.

Note: The Developer/Owner must use the Code of Federal Regulations. The information provided below is for illustrative purposes only.

Annual income is the anticipated total income from all sources received by the family head and spouse (even if temporarily absent) and by each additional member of the family, including all net income derived from assets for the 12 month period following the effective date of certification of income, exclusive of certain types of income. **Annual Income includes, but is not limited to:**

1. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services;
2. Net income from operation of a business or profession;
3. Interest, dividends and other net income of any kind from real or personal property;
4. The gross amount of periodic payments received from Social Security, annuities, insurance policies, retirement/pension funds, disability or death benefits or other similar types of income;
5. Payments in lieu of earnings such as unemployment or disability compensation and severance pay, also see exclusions;
6. Welfare assistance - if the payment includes an amount specifically designated for shelter and utilities and the welfare agency adjusts that amount based upon what the family is currently paying for shelter and utilities;
7. Alimony and child support received by the household, unless exclusion of these amounts is justified. Alimony or child support paid by a member of the household is counted as income, even if it is garnished from wages. **Example:** Mr. A pays \$150 per month in child support. It is garnished from his monthly wages of \$950. After the child support is deducted from his salary, he receives \$800. The owner must count \$950 as Mr. A's monthly income;
8. Recurring monetary contributions or gifts regularly received from persons not living in the unit. except, exclude from Annual Income recurring monetary contributions that are paid directly to a child care provider by persons not living in the unit;
9. Relocation payments made pursuant to Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; and
10. Actual income distributed from trust funds that are not revocable by or under the control of any member of the tenant family.

Annual Income Exclusions, include but is not limited to:

1. Income from employment of children under the age of 18;

2. Payments received for the care of foster children;
3. Meals on wheels or other programs that provide food for the needy; and amounts received under the School Lunch Act and the Child Nutrition Act of 1966 (including WIC);
4. Amounts paid by a State agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home;
5. Grants or other amounts received specifically for: (a) medical expenses (including Medicare premiums paid by an outside source), (b) set aside for use under a Plan to Attain Self Sufficiency (PASS) and excluded for purposes of Supplemental Security Income (SSI) eligibility., and (c) out of pocket expenses for participation in publicly assisted programs. These expenses include special equipment, clothing, transportation, child care, etc.;
6. The full amount of student financial assistance either paid directly to the student or to the educational institution;
7. Earnings in excess of \$480 for each full-time student 18 years old or older;
8. Adoption assistance payments in excess of \$480 per adopted child;
9. Loans (e.g., personal loan). **Example:** Ms. B obtained a loan for \$2,000. It does not matter how she used this money. It is not counted as income because Ms. B will have to repay it;
10. Temporary, non-recurring or sporadic income (e.g., gifts);
11. Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;
12. The special pay to a Family member serving in the Armed Forces who is exposed to hostile fire (e.g., in the past, special pay included Operations Desert Storm);
13. Compensation from Federal, State or local employment training programs and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for a limited period as determined in advance under the program by the state or local government;
14. A resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination;
15. Deferred periodic payments of supplemental security income and social security benefits that are received in a lump sum payment;
16. Payments received for the care of foster children or foster adults. (Foster adults are usually adults with disabilities, who are unrelated to the tenant family, and who are unable to live alone);
17. Recurring monetary contributions that are paid directly to a child care provider by persons not living in the unit;
18. Income excluded by Federal statute such as: (a) the value of the allotment provided to an eligible household under the Food Stamp Act; (b) payments received under Domestic Volunteer Service Act (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program); and (c) payments, rebates or credits received under Federal Low-income Home Energy Assistance Programs, Title V of the Older Americans Act .

TENANT INCOME WORK SHEET

Summary of Family Income Data

1. Name: _____

2. Number in Household: _____

Assets

Family Member	Asset Description	Current Market Value	Income from Assets
	3. Total Net Family Assets:		
		4. Total Actual Asset Income:	
5. If line 3 is greater than \$5,000, multiply line 3 by _____ (current passbook rate) and enter result here. Otherwise, leave blank. = \$			

Anticipated Annual Income

Family Member	Column A Wages/Salaries	Column B Benefits/ Pensions	Column C Public Assistance	Column D Other Income	Column E Asset Income
6. Totals:	A.\$	B.\$	C.\$	D.\$	E.\$

Enter the greater of lines 4 or 5 below

7. Enter total of items 6a through 6e.(This is the Annual Income).....7.

8.	Enter applicable HOME Income Limit (adjusted per family size)	
	50% income limit	8a. _____
	60% income limit	8b. _____

9. Family income is less than 50% median income (Line 7 is less than 8a.)	YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
Family income is less than 60% median income (Line 7 is less than 8b.)	YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
Family income is greater than 60% median income (Line 7 is greater than 8a. or b.)	YES	<input type="checkbox"/>	NO	<input type="checkbox"/>

- Confidential -

CERTIFICATION OF TENANT ELIGIBILITY

Project Name: _____	Unit #: _____
Effective Date of Certification: _____	Move-in Date: _____

Type of Certification: Original Move-in Correction of Prior Re-certification
 Interim Certification ANNUAL Re-certification Unit Transfer Other

HOUSEHOLD COMPOSITION

Name	Sex	Age	Relationship to Head of Household	SSI #

HOUSEHOLD ASSETS

Family Member	Savings Account Balance	Checking Account Balance	Other Assets Describe	Other Assets Value	Annual Asset Income
			If Total Assets are greater than \$5,000 multiply by .002 and enter amount	Equals Imputed Asset Income	
				Total Annual Asset Income	

HOUSEHOLD INCOME

Family Member	Wages/Salaries	Retirement Benefits	Public Assistance	Other Income	Imputed Asset Income
SUBTOTALS					

	Enter Total Annual Income	\$	
<input type="checkbox"/> 50% Income Limit = \$ _____	<input type="checkbox"/> 60% Income Limit = \$ _____		

HOUSEHOLD ELIGIBILITY

Number of Bedrooms:	Number in Household:	Total Household Annual Income: \$	Unit Rent: \$ /Mo.	Utility Allowance: \$ /Mo.
---------------------	----------------------	-----------------------------------	--------------------	----------------------------

I certify that this Household's Tenant Eligibility has been computed in accordance with HUD regulations and administrative procedures and that adequate verification was obtained as required. The calculations were based upon the data provided by the Tenant. I have read and understand the purpose and uses of collecting the required information from applicants and tenants and understand that misuse of this information can lead to personal penalties to me.

I further certify that the Rent and Utility Allowance listed above is in compliance with the Connecticut Department of Economic and Community Development's contract for financial assistance and related documents; and HOME Rule.

Signature of Owner's Representative

Title

Date

CERTIFICATION/RECERTIFICATION QUESTIONNAIRE

Name: _____ Address: _____

HOUSEHOLD COMPOSITION & CHARACTERISTICS

List Head of Household and all other members who will be living in the unit. Give the relationship of each family member to the Head of Household.

Member's Full Name	Relationship	Date of Birth	Age	Gender	SSN

Do you expect a change in your household composition? Yes No Explain if you answered "Yes":

INCOME INFORMATION

Please answer each of the following questions. For each "yes", provide details in the charts below. Does any member of your household:

- | <u>YES</u> | <u>NO</u> | |
|------------|-----------|--|
| ___ | ___ | Work full-time, part-time or seasonally? |
| ___ | ___ | Expect to work for any period during the next year? |
| ___ | ___ | Work for someone who pays them cash? |
| ___ | ___ | Expect a leave of absence from work due to lay-off, medical, maternity or military leave? |
| ___ | ___ | Now receive or expect to receive unemployment benefits? |
| ___ | ___ | Now receive or expect to receive child support? |
| ___ | ___ | Entitled to child support that he/she is not now receiving? |
| ___ | ___ | Receive or expect to receive alimony? |
| ___ | ___ | Have an entitlement to receive alimony that is not currently being received? |
| ___ | ___ | Receive or expect to receive public assistance (welfare)? |
| ___ | ___ | Receive or expect to receive Social Security or disability benefits? |
| ___ | ___ | Receive or expect to receive income from a pension or annuity? |
| ___ | ___ | Receive or expect to receive regular contributions from organizations or individuals not living in the unit? |

List all income sources in the box below:

Member	Source & Type of Income	Annual Income

ASSETS

Do you receive any income from assets including interest on checking or saving accounts, interest and/or dividends from certificates of deposit, stocks or bonds or income from rental property? Yes No

List all checking and savings accounts (including IRA's, Keogh accounts, and Certificates of Deposit) of all household members.

Bank Name	Account Type	Account Number	Balance

Do you own real estate or any assets for which you receive no income (checking account, cash)? Yes No

List all stocks, bonds, trusts, pensions, or other assets and their value owned by any household member:

Have you sold or given away real property or other assets (including cash) in the past two years? Yes No

List any assets disposed of for less than their fair market value during the past two years: _____

TENANT CERTIFICATION

I/we certify that the statements made in this certification are true and complete to the best of my/our knowledge and belief I/we understand that false statements or information are punishable under Federal law.

Signature of Head: _____ Date: _____

Signature of Spouse/Co-Head: _____ Date: _____

SAMPLE RELEASE OF INFORMATION FORMS

Income Verification Form

Note: To be used for employed persons only

To Whom It May Concern:

I have applied to rent an apartment in a complex that is receiving federal funds from the Connecticut Department of Economic and Community Development. As a condition of occupancy, my income must be verified by my employer.

I, _____ (printed name) _____ grant you permission to disclose my income to _____ (name of property Owner and/or property manager) _____ so that they may determine my income eligibility for rental of an apartment. Please indicate my anticipated gross annual income from wages, overtime, bonuses, commissions or any other form of compensation on a regular basis and send this form to the address listed below.

Applicant/Employee Signature

Date

Social Security Number: _____

Anticipated Gross

Annual Wages: \$ _____ (hourly wage x # hours worked)

Overtime: \$ _____

Bonuses: \$ _____

Commissions: \$ _____

TOTAL INCOME: \$ _____

I hereby certify that the income information provided here is true and complete to the best of my knowledge.

Employer Signature

Title

Date

(Print name of signatory above)

Send This Form To: _____

Income Verification Form

Note: To be used for self-employed persons only

I, _____ (print name) _____, do hereby certify that I am self-employed and that for the most current tax year, 199__, my net earnings were \$_____. I hereby attach copies of my individual federal income tax returns for the three calendar years immediately preceding the date referenced at the bottom of this form. I certify that the information shown in such accompanying income tax returns is true and complete to the best of my knowledge.

Applicant/Tenant Signature

(Print name of signatory above)

Current Address: _____

SUBSCRIBED AND SWORN to before me this _____ day of _____, 199_.

Notary Public
My Commission Expires: _____

Income Verification Form

Note: To be used for unemployed persons only

I, _____ (print name) _____, do hereby certify that:

1. I have made an application to rent an apartment in _____.
2. Check (a) or (b) as applicable:
 - (a) I am not presently employed but anticipate becoming employed within the next 12 months.
 - (b) I am not presently employed and do not anticipate becoming employed within the next 12 months.

Applicant/Tenant Signature

(Print name of signatory above)

Current Address: _____

SUBSCRIBED AND SWORN to before me this _____ day of _____, 199_.

Notary Public
My Commission Expires: _____

**Social Security/Supplemental Security
Income Benefits Verification Form**

The undersigned Owner of Social Security benefits has applied for housing in a development that is receiving federal funds. Under the conditions of occupancy, all source of income must be disclosed for the calculation of annual income.

Please complete the bottom portion of this form and send it to:

Applicant's Name: _____

Applicant's Social Security Number: _____

I, _____(print name of applicant)_____do hereby grant permission to the Social Security Administration to release information regarding my benefits to _____(name of property Owner and/or property manager)_____.

Applicant Signature

Date

TO BE COMPLETED BY SOCIAL SECURITY ADMINISTRATION

Amount of Yearly Benefits: \$_____

Are benefits expected to increase or decrease within the next 12 months? Yes__ No__

If Yes, please indicate the effective date of the expected change and the amount:

Date:_____ Increase:___ Decrease:___ Amount: \$_____/Year

I hereby certify that to the best of my knowledge this information is true.

Signature of Social Security Agent

Title

Date

(Print name of signatory above)

Asset Verification Form

This form should be used for all personal assets except checking and savings accounts. For saving and checking accounts, bank/credit union account statements for the three months prior to the date this form is signed by the applicant must be submitted as verification.

 (Name of institution holding asset)

I, _____ (print name) _____, have applied for occupancy in an apartment complex that is receiving federal funds. As a condition of occupancy, my assets must be disclosed for the purposes of calculating annual income.

I hereby grant my permission for you to release to _____ (name of property Owner and/or property manager) _____ information regarding my assets.

Please complete the remainder of this form and send it to the address below.

 Signature of Applicant

 Date

Type of Asset	Account #	Value of Asset/ Current Balance	Annual Interest Rate	Annual Income
		\$		\$
		\$		\$
		\$		\$

 Signature of Bank/Institution
 Representative Holding Asset

 Title

 Date

 (Print name of signatory above)

Miscellaneous Benefits Verification Form

Note: To be used for Unemployment Compensation, AFDC or other Public Assistance, Child Support/Alimony

To Whom It May Concern:

I have applied to rent an apartment in a complex that is receiving federal funds from the Connecticut Department of Economic and Community Development. As a condition of occupancy, my _____ (name of program) _____ benefits must be verified by your agency.

I hereby grant you permission to disclose the amount of my benefits to _____ (name of property Owner and/or property manager) _____, so that they may determine my eligibility for occupancy.

Full Name

Social Security Number

Signature

Date

TO BE FILLED OUT BY THE AGENCY PROVIDING BENEFITS

Anticipated Award Amount: \$ _____

Weekly Amount: \$ _____

Monthly Amount: \$ _____

Number of Weeks: _____

Maximum Potential Benefits: \$ _____

I hereby certify that to the best of my knowledge this information is true.

Signature of Agency Representative

Title

Date

(Print name of signatory above)

Send This Form To: _____

APPENDIX IV

Sample Utility Allowance Forms and Utility Calculation Procedures

VERIFICATION OF UTILITY CONSUMPTION

To: _____

From: _____

Name: _____

Address: _____

Date: _____

SSI #: _____

The person named resides in a project which received federal funds. We are required to determine a utility allowance for the project on an annual basis. We have chosen to use actual utility consumption to determine the allowance. We ask your cooperation in providing a print-out of the actual utility consumption of the household and returning it to the person listed at the top of the page. The tenant has consented to this release of information as shown below.

RELEASE: I hereby authorize the release of my utility consumption for the past 12 months. I understand this information is necessary to establish the utility allowance for the project.

Signature

Date

Notice to Applicant/Tenant: You do not have to sign this form if either the requesting organization or the organization supplying the information is left blank.

STEPS FOR COMPUTING YEARLY UTILITY ALLOWANCE

- A. Acquire tenant authorization for each unit to obtain utility information from the local utility company.
- B. Contact the utility company and ask for a printout of the previous twelve months' utility usage for each unit.
- C. At the same time request utility company's latest rates.
- D. Once you receive the information, the following steps should be taken to compute the allowance. **CALCULATIONS MUST BE DONE BY BEDROOM SIZE.**
 1. Write the kilowatt/therm usage on the utility spread sheet for each unit. Group the units by bedroom size.
 2. Total the number of kilowatts/therms used by each unit for the year in the far right hand column.
 3. Total the yearly kilowatt/therm usage by bedroom size.
 4. Divide each bedroom size total by 12 (number of months)
 5. Divide that figure by the total number of units for each bedroom size
 6. Transfer the average tenant usage figure from item 6 by the appropriate bedroom size to the Utility Allowance Worksheet.
 7. Using the rates provided by your utility company, calculate the utility allowance as shown on worksheet example. Be aware that each utility company may have their own rate structure (if you contact your utility company, they will mail you the current rates, as well as put you on the mailing list for rate changes).

Once all the utility allowance has been determined, keep all of the paperwork (*including the computer printouts from the utility company*). This will be reviewed during the monitoring process.

UTILITY ALLOWANCE WORKSHEET

Date Calculated: _____ Checked By: _____

Project Name: _____ Project No.: _____

Power Company: _____

CURRENT RATE: _____ SERVICE CHARGE: _____ Per kWh: _____

CALCULATION

_ 0_ Bedroom _____ Average KWH/Therm

_ 1_ Bedroom _____ Average KWH/Therm

_ 2_ Bedroom _____ Average KWH/Therm

_ 3_ Bedroom _____ Average KWH/Therm

_ 4_ Bedroom _____ Average KWH/Therm

APPENDIX V

Sample Eligibility and Ineligibility Form Letters

Dear Applicant:

On _____ you submitted an application for residency at our site. Based on the information currently in our files, you appear to be eligible for residency. We have place your name on our waiting list. When your name is at the top of our waiting list and an apartment is available, it will be necessary to update the information in our files and conduct another review of your application based on information we receive at that time. Please be advised that as a result of this review, we could reject your application.

We anticipate having an apartment available in _____. This is an estimated wait, based on our current turnover rate and the number of eligible applicants now on our waiting list. You should notify us immediately if any of the following events occurs:

1. Your household size increases or decreases.
2. Your household income increases or decreases.
3. You move to a new address
4. You get a new telephone number

If you wish to stay on our waiting list, you should contact us every twelve months. If we do not hear from you, we will assume you are no longer interested in an apartment at our site and we will remove your name from our waiting list.

To contact us you may call our office at _____ or drop us a note at the address noted (above/below) or stop by the office..

Thank you for your interest in our complex.

Sincerely

Name & Title

Dear Applicant:

On _____ you submitted an application for residence at our complex. Based on the information currently in our files, we have rejected your application for the following reason(s):

- Your income is too high for our housing program
- The largest unit size at our complex is too small to accommodate your household
- Your household does not meet our housing program's age or disability requirements.
- Your household members have failed to meet disclosure requirements for Social Security numbers.
- Landlord reference checks have revealed that you have a history of nonpayment of rent or eviction for nonpayment of rent.
- Landlord reference checks have revealed that you have a history of not complying with applicable certification procedures.
- Landlord reference checks have revealed that you have a history of disruptive behavior or damaging site property.
- A home visit or landlord reference check has revealed that you have unsafe or unsanitary housekeeping habits.
- Credit checks have revealed that you have a bad credit history.
- Police records have revealed that you have a history of physical violence, criminal activity, or drug-related activity.

You have fourteen (14) days from the date of this notice to respond in writing or request a meeting with our management staff to discuss our rejection of your application. If you are an individual with disabilities you may inform us of this fact and request "reasonable accommodations" - changes in our nonessential policies and practices, which would give you an equal opportunity to pursue the application process.

Sincerely,

Name & Title

APPENDIX VI

Sample Grievance and Appeal Policy

SAMPLE GRIEVANCE PROCEDURES

Purpose and Scope: The purpose of this document is to set forth the requirements, standards and criteria for a grievance procedure and to assure that tenants are afforded an opportunity for appeal if the tenant disputes, within a 10 day period, any management action or failure to act involving the tenant's lease or the project rules and regulations which adversely affect the individual tenant's rights, duties, welfare or status. This procedure **must be** incorporated in the project's dwelling leases by reference.

Applicability: This procedure shall be applicable to all individual grievances between the tenant and the Owner/manager. It shall not apply to disputes between tenants involving funding source regulations or to class grievances. This procedure is not intended as a forum for initiating or negotiating policy changes between a group or groups of tenants and the management.

Definitions: **Tenant** shall mean the adult person (or persons) other than a live-in aide: (a) who resides in the unit, and who executed the lease with the Owner as lessee of the dwelling unit, or, if no such person now resides in the unit; (b) who resides in the unit, and who is the remaining head of household of the tenant family residing in the dwelling unit.

Informal Settlement of Grievance: Any grievance shall be personally presented either orally or in writing to the management staff of the Owner so that the grievance may be discussed informally and settled without a conference with the Board or a sub-committee of the Board. A summary of such discussion shall be prepared within fifteen (15) days, and one copy shall be given to the tenant and one copy shall be retained in the project's tenant file. The summary shall specify the names of the participants, dates of the meeting, the nature of the proposed disposition of the complaint and the specific reasons therefore, and shall specify the procedures by which a hearing may be obtained if the grievance has not been satisfactorily addressed.

Procedure to Obtain a Conference: The complainant shall submit a written request for a conference to the Board within ten (10) days after receipt of the summary of discussion pursuant to Informal Settlement process noted above. The written request shall be mailed the Owner and shall specify:

1. Reasons for the grievance; and
2. Action or relief sought.

Failure to Request a Conference: If the complainant does not request a conference in accordance with this procedure, then the management staff decision regarding the grievance as described in the Informal Settlement process shall become final. Provided that failure to request a hearing shall not constitute a waiver by the complainant of his right thereafter to contest the Owner's action in disposing of the complaint in an appropriate judicial proceeding.

Conference Prerequisite: All grievances shall be personally presented either orally in writing to the management staff of the Owner as a condition precedent to a conference. However, if the complainant can show good cause why he/she failed to act in accordance with this procedure to

the Board or sub-committee of the Board, then the provisions of this section may be waived by the Board.

The Owner will provide reasonable accommodation including a signer, audio or visual aids, or other aids as requested by the participants, to allow persons with disabilities to participate in the conference.

The Owner shall provide the complainant with a determination within fifteen (15) days, one copy shall be given to the tenant and one copy shall be retained in the project's tenant file. The determination shall specify the names of the participants, dates of the meeting, the nature of the Board's decision and the specific reasons for it.

APPENDIX VII

Sample HQS Property Inspection Forms

Note: Sampling is permitted. The Owner must annually inspect 10 HOME-assisted units or 25% of the HOME-assisted units, whichever is greater, see “Multifamily Unit Inspection” form HUD-9602. The Owner must also complete annually the general “Physical Inspection Report” form HUD-9822.

APPENDIX VIII

HOME Annual Report Form

HOME Annual Report to DOH

HOME Sponsor: _____ Grant #: _____ Phone: _____

Address: _____ Contact Person: _____ Fax: _____

HOME Award: \$ _____ TDC: \$ _____ Term of Affordability: _____ yrs.

of Units: _____ # of HOME Assisted Units: _____ HOME Term of Affordability: _____ yrs.

Affirmative Marketing required: (> 5 units) Yes _____ No _____

Information Re: HOME assisted units only

Unit #	HOME		Household Name	Annual Income	No. Persons	No. BR's	Date of last Income Cert.	HOME Rent	Rent Paid	Tenant Paid Utilities	HQS Completed	
	Rent LO	HI									YES	NO

HOME INVESTMENT PARTNERSHIP PROGRAM

Utility Allowance Chart

Project Name: _____
Project Number: _____

Supply the applicable information regarding utilities in the spaces below.

Bedroom Size:	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Heating:	_____	_____	_____	_____
Cooking:	_____	_____	_____	_____
Water Heating:	_____	_____	_____	_____
General Electric:	_____	_____	_____	_____
Water:	_____	_____	_____	_____
Sewer:	_____	_____	_____	_____
Trash Collection:	_____	_____	_____	_____
Range Allowance:	_____	_____	_____	_____
Refrig. Allowance:	_____	_____	_____	_____
Total Utility Allowance:	_____	_____	_____	_____

APPENDIX IX

Annual Rental Project Certification Report

ANNUAL RENTAL PROJECT CERTIFICATION REPORT

For The Reporting Period Ending December 31, 200__

Project Name: _____

Project Number: _____

Property Address: _____

Current Owner: _____

Owner Address: _____

Owner Phone #: _____ Fax #: _____

OCCUPANCY INFORMATION (Rent Restricted Units Only)

Number of very low income 50% of AMI: _____ (0-30%: _____ 31-50%: _____)

Number of low income 60%: _____ (51-60%)

Number of low income (61-80%) *Recertification Only*: _____

Number of moderate income (greater than 80%) *Recertification Only*: _____

Total Number Of Occupied Units: _____

Total Number Of Vacant Units: _____

Number of very low income 50% units vacant: _____

Number of low income 60% units vacant: _____

CERTIFICATION

The undersigned, (the "Owner"), hereby certifies that all information supplied in this Annual Rental Project Certification Report is accurate under penalty of perjury. The purpose of this certification is to document that the project is being operated in accordance with HOME Program Rules, DOH's contract for financial assistance, Restrictive Covenant and any other applicable compliance requirements. This certification relates to units that are income and rent restricted by the DOH's HOME contract for financial assistance. In a mixed-income project, this certification may also apply to non-restricted/market rate units if this is necessary to meet the "next available unit" rule of the HOME Program.

I, _____, the Owner certifies that for the preceding calendar year the following applies:

1. An annual income certification for each DOH's HOME Program resident was received, and the documentation supporting that certifications are on file. ___ HOME assisted units will provide housing for tenants with incomes below 50% of median income and rental charges including utilities shall not exceed the Low HOME Rents; and ___ HOME assisted units will provide housing for tenants with incomes below 60% of median income and rental charges including utilities shall not exceed the High HOME Rents: YES NO N/A If no or N/A, please attached written explanation clearly marked Question #1.
2. Each HOME restricted unit in the project was rent restricted as prescribed in the executed DOH's HOME Program contract for financial assistance. YES NO N/A If no or N/A, please attached written explanation clearly marked Question #2.
3. If the annual income of a resident of a HOME restricted unit in the project increased above 80% of the area median income, their rent was adjusted to equal 30 percent of the family adjusted income (unless the Low-Income Housing Tax Credit Program rules apply to the unit). YES NO N/A If no or N/A, please attached written explanation clearly marked Question #3.
4. If the income of a resident of a HOME restricted unit in the project increased above the limit allowed under the DOH's HOME contract for financial assistance, the next available unit in the project was rented to residents having a qualifying income. YES NO N/A If no or N/A, please attached written explanation clearly marked Question #4.
5. Each HOME restricted units in the development is suitable for occupancy and meets all Section 8 Housing Quality Standards or all applicable housing codes, whichever are more restrictive. YES NO If no, please attached written explanation clearly marked Question #5.
6. All HOME restricted units in the project were for use by the general public and used on a non-transient basis and the initial leases for all of the units in the project were for a term of at least one year. YES NO N/A If no or N/A, please attached written explanation clearly marked Question #6.
7. The lease agreement used for each unit was the same lease as was originally put into effect at the start of the project. It does not include prohibited provisions. YES NO N/A If no or N/A, please attached written explanation clearly marked Question #7.

8. The Resident Grievance Procedure was in effect throughout the entire reporting period. YES NO If no, please attached written explanation clearly marked Question #8.
9. **CHDOs only**, the Resident Participation Program has demonstrated continuous compliance throughout the year. YES NO N/A If no or N/A, please attached written explanation clearly marked Question #9.
10. All HOME restricted units were leased to residents without regard to their status as holders of rental vouchers or certificates that are available under 24 CFR 882,887, or 92.211. YES NO If no, please attached written explanation clearly marked Question #10.
11. An up-to-date Affirmative Fair Housing Marketing Plan is in the project files, and a copy of this AFHMP has been submitted to DOH: YES NO
12. The AFHMP has been reviewed by the Owner and has been found to be a success. YES NO
13. If the affirmative marketing is not deemed a success, whereby the affirmative marketing requirements are not met, the Owner has attached a plan of corrective actions to be taken to make the AFHMP a success. YES NO N/A If no or N/A, please attached written explanation clearly marked Question #13.
14. The Equal Housing Opportunity slogan, logo, or statement was used in all advertisements, public service announcement, press releases, and information mailings. YES NO If no or N/A, please attached written explanation clearly marked Question #14.
15. Residents were permitted to make handicapped accessibility adaptations to the units at the residents' expense. YES NO N/A If no or N/A, please attached written explanation clearly marked Question #15.
16. Were one of the following methods used to outreach low income residents for project related employment and contracting opportunities? YES NO
 - Attempt to recruit low-income residents through: local advertising media, signs prominently displayed at the project site, contacts with community organizations and public or private agencies operating within the metropolitan area (or non-metropolitan county) in which the project is located, or similar methods.
 - Participate in a HUD program or other program which promotes the training or employment of low-income residents.
 - Participate in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 business concerns.
 - Coordinate with Youthbuild Programs administered in the metropolitan area in which the project is located.
 - Other (Please explain)
 - If no or N/A, please attached written explanation clearly marked Question #16.
17. An Affirmative Action Plan is maintained, along with all of the following records that support this Plan:

- Applicants for employment by race, color, religion, sex, national origin, ancestry, age, handicap; and sources of applicants, e.g., response to vacancy announcement, word of-mouth, advertising in journals, etc.
 - Test scores and rankings on employment eligibility lists by race, color, religion, sex, national origin, ancestry, age, and handicap.
 - Employees (existing and new) hired by race, color, religion, sex, national origin, ancestry, age, and handicap.
 - Initial placement of employee after hire, office/location to which the employee was assigned, and position by race, color, religion, sex, national origin, ancestry, age, and handicap.
 - Employee transfers and promotions by race, color, religion, sex, national origin, ancestry, age, and handicap; position and office/location from which transferred or promoted; and position and office/location to which transferred or promoted.
 - Voluntary and involuntary employment terminations by race, color, religion, sex, national origin, ancestry, age, and handicap; type of termination and reason.
 - YES NO NA If no or N/A, please attached written explanation clearly marked Question #17.
18. Have adhered to the requirements of 24 CFR 92.351. The Affirmative Action Officer (AAO) has reviewed all of the above records to assure compliance with all aspects of the Plan. The Executive Director, AAO, or other appropriate person, will seek explanations for the deficiencies and offer assistance in overcoming them where appropriate. YES NO N/A If no or N/A, please attached written explanation clearly marked Question #18.
19. Have adhered to the requirements of the DOH's HOME Program to obtain accurate utility allowances for use in the calculation of rents for this project. I have: (1) obtained the PHA utility allowances or (2a.) incorporated into the lease a provision granting the Owner access to the tenant utility cost records, and (2b.) obtained signed release forms from each tenant granting the Owner authorization to obtain the utility cost records from the appropriate utility companies, and (2c.) obtained the necessary utility cost records from the appropriate utility companies, and (2d.) reviewed the individual tenant cost as applies to each unit size, i.e. 1-BR, 2-BR, 3-BR, 4-BR, etc., to determine the appropriate utility allowance, and (3) I have attached hereto the completed Utility Data Sheet with supporting documentation. I acknowledge this process to be an annual requirement of the DOH's HOME Program and certify to the adherence of this requirement for year 199__ .
20. Have inspected the property and all the HOME-assisted units therein, in accordance with the Section 8 Housing Quality Standards or all applicable housing codes, whichever are more restrictive; and have remedied any non-compliance.
21. Have paid all taxes owed. YES NO N/A If no or N/A, please attached written explanation clearly marked Question #21.

THIS CERTIFICATION IS MADE UNDER PENALTY OF PERJURY. IF, AT ANYTIME, THE DOH DETERMINES THAT THE OWNER OF THE PROJECT IS NOT IN COMPLIANCE WITH DOH'S CONTRACT FOR FINANCIAL ASSISTANCE AND/OR

THE HOME PROGRAM AND RELATED RULES, THE DOH SHALL PURSUE ALL RIGHTS AND REMEDIES THAT THE IT MAY HAVE PURSUANT TO THESE DOCUMENTS OR AS PROVIDED BY LAW.

Owner Name: _____ **Title:** _____

Owner Signature: _____ **Date:** _____

F.E.I.N. # Or SSI #: _____

Phone #: _____ **Fax #:** _____

APPENDIX X

Homeowner's Annual Affidavit

Homeowner's Annual Affidavit

For The Reporting Period Ending December 31, __

Property Address: _____

Current Owner: _____

Owner Address: _____

Owner Phone #: _____ Fax #: _____

CERTIFICATION

The undersigned, (the "Owner"), hereby certifies that all information supplied in this Homeowner's Annual Affidavit is accurate under penalty of perjury. The purpose of this certification is to document that the project is being operated in accordance with HOME Program Rules, DOH's contract for financial assistance, Restrictive Covenant and any other applicable compliance requirements. This affidavit relates to owner-occupied dwelling unit that is restricted by the DOH's HOME contract for financial assistance.

I, _____, the Owner certifies that for the preceding calendar year the dwelling units was my principal residence. I understand that if the dwelling unit was not used or is found not to be used as my principal residence, the DOH may demand recapture of a pro-rata share of HOME dollars received by me.

THIS AFFIDAVT AND CERTIFICATION IS MADE UNDER PENALTY OF PERJURY. IF, AT ANYTIME, THE DOH DETERMINES THAT THE OWNER IS NOT IN COMPLIANCE WITH DOH's CONTRACT FOR FINANCIAL ASSISTANCE AND/OR THE HOME PROGRAM AND RELATED RULES, THE DOH SHALL PURSUE ALL RIGHTS AND REMEDIES THAT IT MAY HAVE PURSUANT TO THESE DOCUMENTS OR AS PROVIDED BY LAW.

Owner Name: _____

Owner Signature: _____ Date: _____

SSI #: _____

APPENDIX XI

Audit Supplement - HOME - Administrative Fund

HOME AUDIT REQUIREMENTS DURING PERIOD OF AFFORDABILITY

Department of Economic and Community Development HOME INVESTMENT PARTNERSHIP ADMINISTRATION FUND PROGRAM 0-3500-057-035

1. PROGRAM OBJECTIVES

The objectives of the HOME Investment Partnership Administration Fund are to provide decent and affordable housing for low and very low income families for a specified period beginning after project completion (See Restrictive Covenant). The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership.

2. PROGRAM PROCEDURES

Housing projects funded with federal HOME funds and /or state DOH funds are required to comply with certain ongoing requirements identified by HUD and/or DOH during the affordability period (i.e., the period for which the owner/manager must maintain subsidized housing). The auditor should use the DOH Administration Fund compliance supplement for the DOH program the project was funded from (i.e. Moderate Rental, Limited Equity Cooperative, etc.) along with this compliance supplement. The more stringent compliance requirement must be followed in the case of any conflicts.

3. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Not applicable.

B. ELIGIBILITY

1. Compliance Requirement - HOME-assisted units in a rental housing project must be occupied only by households that are eligible as low-income families and must meet certain limits on the rents that can be charged. The maximum HOME rents are the lesser of: the fair market rent for comparable units in the area, as established by HUD under 24 CFR section 888.111, or a rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area as determined by HUD with adjustments for the number of bedroom units. In rental projects with five or more units there are additional rent limitations. Twenty (20) percent of the HOME-assisted units must be occupied by very low-income families and meet one of the following rent requirements: (1) the rent does not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for larger or smaller families; or (2) the rent does not exceed 30 percent of the families adjusted income (24 CFR section 92.252).

Suggested Audit Procedures

(1) Select a sample of tenant files for review and verify that the tenant rents were properly calculated on the tenant calculation forms, did not exceed the rent limitations described above, are supported by documentation, and that an annual recertification is done.

C. MATCHING, LEVEL-OF-EFFORT, AND/OR EARMARKING REQUIREMENTS

Not applicable.

D. SPECIAL REPORTING REQUIREMENTS

Compliance Requirement - Year-end financial reports must be submitted to DOH.

Suggested Audit Procedures

- Obtain copies of submitted reports and review for completeness and submission by required dates.
- Trace data in selected reports to supporting documents.

E. SPECIAL TESTS AND PROVISIONS

1. Housing Quality Standards

Compliance Requirement - The owner/manager must perform housing quality inspections at the time of initial occupancy and at least annually thereafter to assure that the units are safe, decent, and sanitary (24 CFR section 982.401).

Suggested Audit Procedures

- Verify through a review of documentation that the owner/manager identifies those units on which housing quality inspections are due.
- Verify through a review of documentation that the owner/manager performs inspections of units and that any needed repairs are completed timely.

2. Tenant Utility Allowances

Compliance Requirement - The State DOH must approve maximum monthly allowances for utilities and services (excluding telephone and Cable TV) (24 CFR section 92.252).

Suggested Audit Procedures

- Select a sample of units with tenant utility allowances and their related tenant files for review.
- Verify that the tenant utility allowances are properly established and were applied to tenants correctly.

3. Affirmative Marketing and Tenant Selection

Compliance Requirement - Housing assisted with HOME funds must be affirmatively marketed in accordance with 24 CFR 92.351, if applicable. The owner/manager must comply with the Affirmative Marketing Requirements, as set forth by the Commissioner of DOH.

Suggested Audit Procedures

- Obtain a copy of the owner's approved Affirmative Marketing Plan, if applicable, (projects with 5 or more HOME-assisted units).
- Inquire of the owner/manager as to policies and procedures relating to: marketing of the units; processing, approving and rejecting applications; and providing reasonable accommodation to applicants and tenants with disabilities in accordance with the requirements of applicable federal civil rights laws.
- Test whether procedures were placed in operation as established by management through inquiry and examination of documentary evidence.
- Review a sample of correspondence files for applications rejected, including documented reasons for valid rejections, or tenants evicted and legal invoices for any evidence of litigation or potential litigation related to discriminatory rental practices.
- Determine that the HUD-approved Equal Housing Opportunity logo, slogan or statement is displayed in marketing materials and that the Fair Housing Policy statement, ADA policy, and Fair Housing posters are conspicuously displayed at the project location and project management office.

