



The CA Quarterly Review

Spring 2010

March 22, 2010

North Tampa Housing Development Corporation

From the Desk of Don Shea, NTHDC Director and Contract Administrator

“If you can find a path with no obstacles, it probably doesn’t lead anywhere”

Frank Clark - 1911

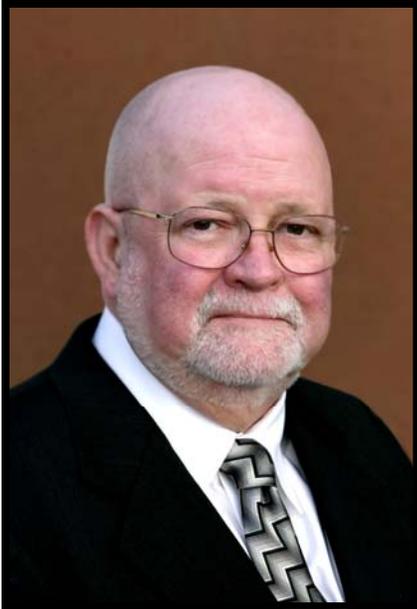
As we roll into our new year, it is certainly not on a path without obstacles. However, it is not much different than in years past. We all know that our path does lead to something very important and very special to each of us and to the population that our industry serves.

The obstacles we face seem to change with the turning of the pages of the calendar but we are able to face and deal with those obstacles through our unified efforts and persistent performance. As I have stated so often at industry meetings and conferences, “we at NTHDC cannot be successful if all of our partners are not successful”.

I want to insure all of you that NTHDC is totally committed to working with all of our owner / agents and regulatory partners in the delivery of our essential services to the affordable housing community.

It is hard to believe that we are now well into our sixth year working together, and I am very pleased to say that each year has shown a demonstrated improvement over the past one. With many of the ways we do this business scheduled to undergo changes, the year 2010 may present the greatest challenges of all.

I do believe the progress we have been able to make in the past will carry us well into what the future holds for us all and I look forward to working with each of you.



Inside this issue:

EIV and the Management and Occupancy Process	2-6
EIV and Repayment Agreements	6-8
EIV and Income Reports	9
The Viridian: An Affordable housing Preservation Archetype	10
The Weatherization Program	11-12
Member Profile: Lynn Mey	12

EIV and its Impact on MORs and Vouchering

This issue of the CA Quarterly Review focuses again on EIV and how it will impact Owners and Agents. As we are all aware, as of January 31, 2010, all Owner/Agents are required to use EIV. Previous issues of our newsletter have provided instructions to gain access to the EIV system and how to use it. This newsletter focuses on EIV and its impact on the Management and Occupancy Review Process and on vouchering, specifically repayment agreements.

EIV and the Management and Occupancy Review Process

As of January 31, 2010, Owners and Agents are required to use the Enterprise Income Verification System to complete certain activities associated with intake of applicants and recertification of existing tenants. PBCAs are required to include a review of these activities and the documentation associated with them at the Management and Occupancy Review on-site visit in addition to other documentation typically reviewed on-site.

Several aspects of the MOR process have changed. First and foremost, the PBCA will check for specific EIV documents that are required per HUD Notice 09-20.

Documents Which Must Be Present at an MOR

The following is a list of documents that must be presented at the Management and Occupancy review. **These must be the original signed forms.**

- Owner's authorization for individuals to access EIV on their behalf
- Multifamily Housing Coordinator Access Authorization Forms (Signed original copy and current copy- must be renewed annually.)
- User Access Authorization Form (Signed original copy and current copy- must be renewed annually.)
- Signed Rules of Behavior Form(s) (for individuals without access to the EIV system.)
- Copy of written policies and procedures for using the EIV employment and income data and reports.
- Record of EIV training conducted for staff annually
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In addition, the following documentation will be required as needed.

- Documentation relating to the follow-up of failed Identification/Verification Reports.
- Documentation relating to the follow-up of Multiple Subsidy Report.
- Documentation relating to the follow-up of Deceased Tenant Report.
- Tenant files must be properly documented in accordance to HUD notice 09-20

Finally, the Owner/Agent Tenant Selection Plan **must** be updated to include the use of "Existing Tenant Search Report".

EIV and the Management and Occupancy Review Process

(Continued from page 2)

These documents will serve as the basis for any findings related to EIV compliance. HUD has not provided comprehensive guidance on what will result in a finding. However, the table below details the eighteen issues which HUD has confirmed will generate a finding on an Owner/Agent's Management and Occupancy Review.

A Finding Will Be Written for the following (Per HUD)

1. O/A Does not have access to EIV
2. Missing/incomplete EIV documents as listed in the Addendum C
3. EIV data not kept secure
4. EIV data being shared with other entities: (tax credit project, Section 515 projects, or Service Coordinators)
5. O/A is sharing access IDs and passwords
6. Rules of Behavior (ROB) for non-system users missing where applicable
7. Missing/incomplete form HUD-9887
8. EIV Income Reports are not in tenant files as third party verification
9. O/A is not using EIV for recertifications effective June 1, 2010
10. O/A has not updated Policies and Procedures to include how EIV is used
11. O/A is not providing tenants with the EIV & You brochure at move-in and recertification (HUD Notice 10-02)
12. O/A has not updated the Tenant Selection Plan to include use of Existing Tenant Report
13. Tenant files that do not have documentation to support EIV discrepancy resolution
14. O/A is not following HUD's record retention requirements
15. Unresolved Failed Verification and Pre-Screening Discrepancies
16. O/A is not reviewing New Hires Report
17. Deceased Tenant Report has not been reviewed and/or errors corrected
18. Multiple Subsidy Report has not been Reviewed and/or errors corrected

“The use of these reports, such as the Income Report and Existing Tenant Search, are crucial to HUD’s goal of reducing improper payments.”

Owner/Agent Use of EIV

The use of EIV is required. For multifamily owners/agents the implementation of the required use of EIV commenced January 31, 2010. The EIV system contains specific data on tenants available in several verification reports. The use of these reports, such as the Income Report and Existing Tenant Search, are crucial to HUD's goal of reducing improper payments. The chart below identifies reports owners must use and how frequently they should be run.

.....Continued on page 4

EIV and the Management and Occupancy Review Process *(Continued from page 3)*

When and How To Use EIV Reports

Note: More detail on reports and their use can be found in HUD Notice 09-20, located at the following website: <http://www.hud.gov/offices/adm/hudclips/notices/>

Report	Frequency	Required or Recommended	Use this report to
Failed EIV Pre-Screening Report	Monthly	REQUIRED	Verify personal identifiers such as SSN, Last Name or DOB sent to TRACS. Any invalid data on this report must be corrected by Owner/Agents. O/A must confirm data with tenants and send a HUD-50059 to correct the discrepancy in the TRACS system. Reviewers at the MOR will look for evidence that the O/A is using this report and correcting information in TRACS.
Failed Verification Report	Monthly	REQUIRED	This report checks personal identifiers with data in SSA. O/A must identify those records with errors and follow up to correct inaccurate information by conferring with the tenant. They must also obtain third party verification or documentation to support the tenant's personal identifiers and the accuracy of the HUD-50059 and TRACS data. See requirements for third party verification in HUD Handbook 4350.3, REV1, CHG3
Existing Tenant Search and Multiple Subsidy Report	At admission Quarterly	RECOMMENDED	These 2 reports check for double subsidy in Multifamily programs and/or Public Housing Programs. If the report indicates a possible double subsidy situation, the O/A should discuss this with the applicant and if necessary the PHA or other O/A before admitting the applicant. O/A must follow up on all records found. PBCA Staff will look for documentation of O/A follow-up on potential issues.

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EIV and the Management and Occupancy Review Process *(Continued from page 4)*

Report	Frequency	Required or Recommended	Use this report to
Deceased Tenant Report	Quarterly	RECOMMENDED	Use this report to identify potential subsidy payments to deceased tenants or household members. O/A must confirm with the household, next of kin or emergency contact person on the status of the individual. If deceased, the O/A must update the HUD-50059; if a single member household is identified as deceased, O/A should terminate tenancy and update any errors in TRACS records.
Income Report	Annual Recertification of Existing Households	REQUIRED	The income report must be used at annual recertification and initial or interim certifications to verify the employment and income of the tenants. The income report serves as third party verification unless the tenant disputes the employment or income information reported. O/As must print and retain a copy of the report in the tenant's file. If tenant disputes this information, O/A must note this on the report and follow established guidance for obtaining 3 rd party verification directly from the income source.
No Income Report	Annual Recertification and as policies indicate	RECOMMENDED	O/As should use the No Income Report at recertification and at other times as stated in the O/A's policies and procedures. It is recommended that O/As have a policy to re-verify the status of tenants reporting \$0 income at lease quarterly and to use EIV to determine if any income has been reported since the last certification.
New Hires Report	Quarterly	RECOMMENDED	The new hires report provides information on households who have started new jobs within the last six months. This database is updated monthly. It is recommended that O/As have policies and pro-
Income Discrepancy Report	Recertification	REQUIRED	The income discrepancy report identifies tenants whose income reported in TRACS differs by more than \$2400 from the actual income reported by SSA and HHS. At the time of recertification, O/As are required to review and resolve any discrepancies in income reported on the income discrepancy report.

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EIV and the Management and Occupancy Review Process *(Continued from page 5)*

Compliance with EIV

Owners and agents are required to be compliant with all provisions of EIV use, security, and access as described in HUD Notice 09-20. The following websites may be helpful to owners and agents in understanding EIV requirements.

Where to Find the EIV Brochure to Distribute to Tenants/Applicants:

<http://www.hud.gov/offices/hsg/mfh/rhiip/eivbrochure.pdf>

Where to Find HUD's EIV Homepage:

<http://170.97.67.13/offices/hsg/mfh/rhiip/eiv/eivhome.cfm>

Where to Find the EIV User Manual:

<http://170.97.67.13/offices/hsg/mfh/rhiip/eiv/usermanual.pdf>

EIV and Repayment Agreements

Did you know the requirements for Tenant Repayment Agreements have changed? Per the HUD Notice 09-20 tenant repayment agreements must meet the following guidelines:

- Owner/Agents do not have to prove fraud before entering into a repayment agreement with a tenant.
- When fraud is suspected, the O/A should report this to the HUD OIG Office of Investigation in the District that has jurisdiction in the state the project is located.
- In order to place a tenant on a repayment agreement you must have the original signed 50059 or 50059-A (if applicable) and any other verifications during which the unreported/underreported income timeframe has occurred. If the O/A does not have this historical information, the O/A cannot go back to the tenant for unreported or underreported income.
- Tenants can opt to pay all the money back;
 - One lump sum
 - Installment payments
 - Combination of both-lump sum and installment payments

Both the tenant and Owner/Agent must agree on the terms and **sign** the repayment agreement. The monthly installment payments should not exceed 40% of the family's current monthly adjusted income. The term "**should not**" is listed because the tenant can choose to pay more if they want to. However, the tenant cannot be forced to pay an amount greater than the 40% threshold.

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EIV and Repayment Agreements *(Continued from page 6)*

The required language for the repayment agreement is as follows:

- Repayment Time Period. The time period for repayment by the tenant of the amount owed. For example; The tenant agrees to repay \$1,000, and agrees to monthly payments of \$25. $\$1,000/\$25 = 40$ months (time period).
- The repayment agreement must reference the paragraphs in the lease whereby the tenant is in non-compliance and may be subject to termination of their lease.
- The repayment agreement should contain a clause whereby the terms of the agreement can be renegotiated if there is a decrease or increase in the family's income.

Returning Funds Collected Through the Vouchering Process

Once the Owner/Agent and tenant agree to a repayment agreement the money must be refunded through the voucher. The following guidelines should be adhered to when submitting the voucher. There are a few ways in which the money can be refunded to HUD. Below are a few examples that will make the process seamless.

The electronic 50059 and 50059-A must be processed on the Owner/Agent voucher and those certifications submitted through iMAX for the PBCA. These certs will create a negative adjustment based on the overpaid subsidy. ***Note: The timeframe for these certs should not exceed 5 years per the 9887 and 9887-A signed by the tenant.**

If the tenant pays the entire amount owed at the time of the meeting, a manual adjustment is **not** needed on the voucher unless the OA wants to retain a percentage of their cost incurred to collect. This amount should be the lesser of:

- Owner/Agent actual costs, or
- 20% of the amount received from the tenant

If the tenant pays a lump sum payment and enters into a repayment agreement for the remaining amount due, the O/A must first reverse the adjustment created by correcting the prior certification(s) less the lump sum payment by adding an O/A initiated accounting adjustment (OARQ) Miscellaneous Accounting Request to the voucher.

- Total adjustment is -\$1,240 (Amount due to HUD based on certs)
- Tenant pays \$480 in lump sum
- OARQ should be for \$760 (\$1,240-\$480)
- Comment field on the voucher must be complete- "Reversal of adjustments subject to repayment –Unit 1023, John Smith."

EIV and Repayment Agreements *(Continued from page 7)*

If the tenant does not pay a lump sum payment and enters into a repayment agreement for the total amount due, the O/A must first reverse the adjustment created by correcting the prior certification(s) by adding an O/A initiated accounting adjustment (OARQ) Miscellaneous Accounting Request to the voucher.

- Total adjustment is -\$1,240 (Amount due to HUD based on certs)
- OARQ adjustment is a positive \$1,240. This leaves the voucher unaffected until the tenant actually starts making payments.
- Comment field on the voucher must be complete- "Reversal of adjustments subject to repayment –Unit 1023, John Smith."

***Note: This process should be used for tenants claiming zero income currently but at some time did have underreported/unreported income. The 40% rule would prevent the tenant from being placed on monthly payments.**

As the tenant makes payments per the repayment agreement, the O/A must enter them as negative amounts on the voucher as OARQ Miscellaneous Accounting Requests.

- Tenant pays \$50.
- OARQ should be for -\$50.
- Comment field on the voucher must be complete- "Repayment –Unit 1023, John Smith."

If the O/A is deducting his/her costs from the payment received from the tenant, the OARQ Miscellaneous Account Request will be for the amount collected from the tenant less the O/A's costs.

- Tenant pays \$50.
- Owner/Agent costs are \$8.
- OARQ would be for \$42
- Comment field on the voucher must be complete- "Repayment – Unit 1023 – John Smith - \$50 collected less costs of \$8."

Please see the remaining Notice for the Owner/Agents requirements regarding the appropriate way to handle these funds.

EIV: Using Income Reports

Be advised that there is a distinct difference in how these reports should be used depending on the source of the data. Income information derived from NDNH, W-4, Wage and Unemployment Compensation from EIV, **is not to be used to calculate tenant income** but may serve as 3rd Party Verification. However, an income report with data information from SSA **CAN** be used to both calculate income and serve as third party verification. A review of the language of [HUD notice 09-20](#) follows:

NDNH (New Hires (W-4), Wage and Unemployment Compensation)

The NDNH employment and unemployment income information in EIV may only be used as third party verification of the tenant's employment and is **not** to be used to calculate the tenant's income. O/As will use documentation provided by the tenant, e.g., pay stubs, unemployment benefit information, etc., to calculate the tenant's income unless circumstances require the O/A to obtain third party verification directly from the employer or unemployment agency.

The O/A will then use the documentation provided by the tenant for determining the tenant's income. The O/A will annualize the tenant's income using the current income projected forward for the next 12-months. O/As will make copies of any tenant provided documents and return originals to the tenant.

If the information in EIV agrees with the employment and income the tenant reports he/she receives, the O/A will use the EIV income report as third party verification of the tenant's employment

If the information in EIV does not agree with the employment and income that the tenant reports, or if the tenant disputes the EIV data, the O/A must obtain third party verification directly from the employer for use in determining the tenant's income.

Social Security Benefits: SSA and SSI

If the tenant agrees with the social security benefit information reported in EIV, the O/A will use the EIV Income Report as third party verification and the gross benefit amount reported for calculating the tenant's income. If applicable, the Medicare premium paid by the tenant will also be included in the medical expense deduction calculation.

If the SSA information in EIV does not agree with the amount the tenant reports he/she receives, when the tenant disputes the EIV data, or when there is no SSA information in EIV, the O/A must obtain third party verification by asking the tenant to provide a copy of their benefit letter, dated within the last 120 days of receipt by the owner. The O/A should not send the tenant to the SSA office if they do not have this information. Instead, the O/A should ask the tenant to request benefit information from SSA using SSA's web site, the preferred method, or using SSA's toll-free number.

- The O/A may assist the tenant in requesting benefit information using SSA's website at www.ssa.gov. To request a Proof of Income Letter, go to: <https://secure.ssa.gov/apps6z/BEVE/main.html> and follow the instructions.
- To request a Proof of Income Letter from SSA's toll-free number call 1-800-772-1213.

This information is free and the tenant should receive the letter in the mail within 10 days. The tenant will provide the Proof of Income Letter to the O/A for use in calculating their income. A copy of the letter will be retained in the tenant's file and the original returned to the tenant for their records.



The Viridian: An Affordable Housing Preservation Archetype

In June 2009, Sage Partners purchased the Columbian Apartments. With the current tax credit market at a near standstill, it took 16 months for Sage Partners to obtain the financial backing to finalize the deal. Sage Partners is currently in the process of renovating each unit, although they still have some renovations yet to be completed, they held an open house on March 9, 2010 showcasing the wonderful transformation that has taken place at the newly dubbed Viridian Apartments.

Sage Partners decided to change the name from The Columbian to the Viridian, in part because viridian is latin for green. Green seems an appropriate theme for this project, as the owners, Sage partners, decided to utilize a lot of energy efficient methods while renovating the building as a whole and specifically in the units. They installed energy efficient generators, appliances, and lighting just to name a few.

As nearly two-thirds of the affordable housing stock in the nation become eligible to pay off their FHA mortgages, and potentially opt-out of the program, many analysts agree that the Section 8 program is on the brink. Many properties in the current Section 8 Housing portfolio are in desperate need of renovation and rehabilitation. Although, as demonstrated by Sage Partners, it can be extremely difficult to obtain funding for rehabilitation, but it is not impossible.



Pictured Above: (left) Tere Dykes Regional Manager, Royal American Mgmt (right) Jonathan Rushnak, CCS NTHDC

The Weatherization Assistance Program

The Weatherization Assistance Program annually provides grant funds to community action agencies, local governments, Indian tribes and non-profit agencies to provide specific program services for low-income families of Florida. These entities provide program services throughout the state. The mission of the program is to reduce the monthly energy burden on low-income households by improving the energy efficiency of the home.

The Weatherization Assistance Program enables low-income families to permanently reduce their energy bills by making their homes more energy efficient.

The 2009 American Recovery and Reinvestment act provided with nearly \$176 million in funding through the Department of Energy to support the Weatherization program.

In the Weatherization Assistance Program, weatherization services are cost-effective energy efficiency measures for existing residential and multifamily housing with low-income residents. Under this definition, it includes a wide variety of energy efficiency measures that encompass the building envelope, its heating and cooling systems, its electrical system, and electricity consuming appliances. In other words, the full range of energy efficiency measures in buildings that apply to all homes and apartment buildings is included in weatherization technologies.

Eligibility

On January 25, 2010, the Department of Energy (DOE) implemented a new rule 71-CFR-3847 for its Weatherization Assistance Program (WAP). Under the new rule, if a public housing, assisted multi-family or Low Income Housing Tax Credit (LIHTC) building is identified by the U.S. Department of Housing and Urban Development (HUD) and included on a list published by DOE, that building meets certain income eligibility and may meet other WAP requirements without the need for further evaluation or verification.

Florida has over 180 properties that are eligible to apply for the weatherization program grant funding.

Find out if your property is eligible for the program. http://apps1.eere.energy.gov/wip/docs/10_cfr_440_22_b_4_i_list.xls

http://apps1.eere.energy.gov/wip/docs/10_cfr_440_22_b_4_ii_list.xls

A minimum requirement for inclusion on these lists is that at least two-thirds of the residents of the building (50% for 2–4 unit buildings) must meet DOE's income eligibility requirement, which is currently set at 200% of the federal poverty level.

Note that a public housing, assisted housing, and LIHTC building that do not appear on the list using HUD records may still qualify for the WAP. Income eligibility can be made on an individual basis by the local WAP service provider that implements the Program based on information supplied by property owners and the families.

The Weatherization Assistance Program *(Continued from page 11)*

Florida Community Development Income Eligibility Requirements

2009-2010 Household Income Guidelines	
Number of People in Household	Maximum Annual Household Income
1	\$21,660
2	\$29,140
3	\$36,620
4	\$44,100
5	\$51,580
6	\$59,060
7	\$66,540
8	\$74,020
For each additional member of the household add \$7,480	

To find out where to apply for assistance in your county, you may visit the Department of Community Affairs website at:

www.FloridaCommunityDevelopment.org/WAP

Department of Community Affairs
Division of Housing and Community Development
Community Assistance Section
2555 Shumard Oak Boulevard
Tallahassee, Florida 32399

Ms. Paula Lemmo, Community Program Manager

Telephone: (850) 922-1844

Email: paula.lemmo@dca.state.fl.us



Member Profile: Lynn Mey

Lynn Mey is a Central Contract Specialist out of the Tampa office and has been with NTHDC for over three years. Lynn came to NTHDC with over 18 years of Property Claims Adjusting experience and has worked on numerous natural disaster response teams, such as Hurricane Katrina. Lynn would like to convey how much she enjoys the opportunity to meet all of the Owners and Agents at the upcoming NTHDC Training Seminars and to remind everyone to mark the training dates on their calendars. In her spare time, Lynn is working on a special project of teaching her new puppy, Sugar Magnolia, words like “no no”, “out”, and “don’t eat my shoes”.



Pictured Above: Lynn Mey, Central Contract Specialist