

section 8 moderate rehabilitation



compliance handbook



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table of contents

chapter 1	
Introduction	1
1.1 Purpose	1
1.2 Moderate Rehabilitation Program	1
1.3 The Single Room Occupancy (SRO) Program - Current	1
1.4 Roles and Responsibilities of Key Players in the Mod Rehab Program	2
1.5 Principles for Addressing Overlapping Requirements	5
chapter 2	
Fair Housing and Civil Rights	6
2.1 Key Regulations and Statute	6
2.2 Prohibited Actions	7
2.3 Protections for Persons with Disabilities	7
A. Owner/Agent Responsibilities for Reasonable Accommodations	7
B. Owner/Agent Responsibilities for Reasonable Modifications	8
C. Affirmatively Furthering Fair Housing	9
D. Record-keeping	9
chapter 3	
Eligibility and Denial of Assistance	10
3.1 Chapter Overview	10
3.2 Eligibility Requirements	10
A. Authorization for the Release of Information Requirement	10
B. Social Security Number Disclosure Requirements	11
C. Income Limits	12
D. Citizenship Status	13
E. Student Status Requirement	13
F. Persons Subject to a Lifetime Sex Offender Registration	14
G. Criminal and Drug Screening	14
H. Adverse End of Participation and Debts Owed	15
I. Family Definition	15
J. Prohibition Against Double Subsidies	16
K. Sole Residence	16
L. Homeless Requirement for Single Room Occupancy Programs (SRO)	16
M. CHFA-approved Local Preferences	16
3.3 Additional Screening	17
3.4 Prohibited Screening Criteria	17
3.5 Determining Eligibility of Remaining Family Members	18
3.6 Denial of Assistance	18
chapter 4	
Tenant Selection Plans, Applications, and Waiting Lists	19
4.1 Chapter Overview	19
4.2 Tenant Selection Plans	19
A. Program Eligibility Requirements	19
B. Policies to Comply with Section 504 of the Rehabilitation Act of 1973, the Fair Housing Act, and Title VI of the Civil Rights Act of 1964	19

C.	Violence Against Women Act (VAWA) Protections	20
D.	Limited English Proficiency	20
E.	Occupancy Standards	20
F.	Unit Transfer Policies	21
G.	Procedures for Accepting Applications	21
H.	Policy for Opening and Closing the Waiting List	21
4.3	Applications	22
A.	Preliminary Application	22
B.	Full Application Form	22
C.	Accepting Applications	23
D.	PHA Selection Preferences	24
4.4	Waiting Lists	24
A.	Maintaining the Waiting List	25
B.	Selection From the Waiting List	28
C.	Income Targeting Requirements	28
D.	Purging/Updating the Waiting List	29
E.	Opening the Waiting List	30
F.	Closing the Waiting List	31
chapter 5		
	Lease Requirements and Leasing Activities	33
5.1	Introduction	33
5.2	Leases, Lease Addendums, and Attachments	33
A.	Program Lease Required Provisions	33
B.	Prohibited Lease Provisions	
	The following provisions must not be included in a lease modification.	39
C.	Lease Attachments and Addendums	40
5.3	The Leasing Process	43
A.	Briefing	43
B.	Inspecting the unit	44
5.4	Security Deposits	46
5.5	Charges in Addition to Rent	47
A.	Charges Prior to Occupancy	47
B.	Charges at Initial Occupancy	47
C.	Charges for Late Payment of Rent	48
D.	Damages	48
chapter 6		
	Determining Income and Calculating Rents	49
6.1	Annual Income	49
A.	Definition of Annual Income	49
B.	Projecting and Calculating Annual Income	54
C.	Determining Income from Assets	57
6.2	Adjusted Income	61
A.	Deductions	61
6.3	Calculating Rents	67
A.	Total Tenant Payment	67
B.	Tenant Rent	67
C.	Assistance Payments	68
D.	Utility Reimbursement	68
E.	Mod Rehab Minimum Rent	68
F.	Prorated Assistance	70

chapter 7	
Verification Requirements	71
7.1 Introduction	71
7.2 Key Requirements	71
A. Methods of Verification Acceptable Listed in the Order of Priority	71
7.3 Verification of Family Composition	73
7.4 Verification of Family Type and Individual Status	73
7.5 Verification of Expenses	75
7.6 Verification of the Need for an Assistance Animal	75
7.7 Verification of Income	75
7.8 Verification of Assets	76
7.9 Verification of Social Security Numbers	76
7.10 Verification of Citizenship and Immigration Status	77
7.11 Verifying Eligibility of a Student for Assistance	77
chapter 8	
Recertifications	80
8.1 Introductions	80
A. Key Requirements	80
8.2 Annual Recertifications (ARs)	81
A. Timing of Recertifications	81
B. Determining Recertification Anniversary Dates	81
C. Notices to Tenants	81
D. Steps to Completing an Annual Recertification	83
8.3 Interim Recertifications (IRs)	83
8.4 Unit Transfers	85
A. Determining Whether a Unit Transfer Should Occur	85
B. Inputting Data for a Unit Transfer 50058 Worksheet	86
8.5 Submitting Information to CHFA	86
chapter 9	
Enterprise Income Verification (EIV)	87
9.1 System Overview	87
9.2 Security	87
9.3 Requesting EIV Income Reports	88
A. Income Reports for Annual Certifications	88
B. Income Reports for Interim Certifications	88
C. Income Reports for Move-ins	88
D. Income Reports to Follow Up on Stand-Alone Discrepancy Reports and New Hires Reports	89
9.4 Existing and Former Tenant Reports	89
9.5 Reporting End of Participation (EOP)	89
A. What to Report at End of Participation	90
B. Updating Reported Information	91
C. If a Participant Disputes the Debt or Termination Information Reported	91
9.6 Utilizing EIV Reports	91
A. What To Do If the EIV Information is Incorrect	93
9.7 Following Up With Income Discrepancies and New Hires	95
9.8 Other EIV Reports	96
9.9 Summary of Owner/Agent EIV Responsibilities	96

chapter 10	
SAVE Verification	97
10.1 Access to SAVE	97
10.2 SAVE Requirements	97
A. Notification Requirements	97
B. Submission of Documentation	97
C. Required Documentation of Citizenship/Immigration Status	98
D. Verifying Information on Immigration Status	99
E. Appealing Determinations of Ineligibility	100
F. Delay, Denial, or Termination of Assistance	101
chapter 11	
Terminations and End of Participation	103
11.1 Terminations	103
A. Grounds for Termination of or Refusal to Renew the Lease	103
B. Notice of Termination of Tenancy	103
C. Substitution of State and Local Requirements	104
D. Termination of Assistance	104
E. Notice of Termination of Assistance	104
11.2 End of Participation	105
A. Security Deposit Disposition	105
B. Special Claims	105
C. Repayment Agreements	106
chapter 12	
HQS Inspections	107
12.1 Chapter Overview	107
12.2 Housing Quality Standards General Requirements	107
12.3 Performance Requirements and Acceptability Standards	108
A. Sanitary Facilities	108
B. Food Preparation and Refuse Disposal	109
C. Space and Security	110
D. Thermal Environment	111
E. Illumination and Electricity	112
F. Structure and Materials	112
G. Interior Air Quality	113
H. Water Supply	113
I. Lead-based Paint	114
J. Access	115
K. Site and Neighborhood	115
L. Sanitary Condition	115
M. Smoke Detectors	116
12.4 Lead-based Paint Requirements and Responsibilities	116
A. Exempt Units	116
B. Applicable Lead-based Requirements	117
C. Basic Lead-based Paint Requirements	117
D. Notification and Disclosure of Lead-based Paint Hazards Prior to Occupancy	118
E. Visual Assessment for Deteriorated Paint	118
F. Stabilization of Deteriorated Paint Surfaces	118
G. Ongoing Maintenance	120
12.5 HQS Inspections Processes and Procedures	120
A. Notification of HQS Failures	121
B. Verification of Correction of HQS Deficiencies	122

C. Determination of Responsibility	123
D. Closing HQS Inspections	124
chapter 13	
Management Reviews	125
13.1 Frequency of Management Reviews	125
13.2 Notification	125
13.3 Items Reviewed	125
13.4 Report	126
13.5 Closure	126
chapter 14	
Housing Assistance Payments (HAP) Contracts	127
14.1 Chapter Overview	127
14.2 Owner Eligibility	127
14.3 Renewal HAP Contract Process	128
14.4 Contract Rents Upon Renewal	129
14.5 Contents of HAP Contract	129
14.6 HAP Contract Execution and Time Limits	129
14.7 Change in Ownership	129
chapter 15	
HAP Payments	131
15.1 Payment to Owner	131
A. Distribution of housing assistance payment	132
B. Stopping the housing assistance payment	132
C. Processing housing assistance payments	132
15.2 Internal Revenue Service (IRS) Reporting Requirements	132

chapter 1

Introduction

1.1 Purpose

The purpose of this Handbook is to assist owners and agents (O/A) who participate in the Section 8 Moderate Rehabilitation Program (Program) administered by Colorado Housing and Finance Authority (CHFA) in implementing the Program.

1.2 Moderate Rehabilitation Program

The Moderate Rehabilitation (Mod Rehab) Program was designed in 1978 to be an expansion of the rental certificate program. The rental certificate program was initially amended to permit moderate levels of rehabilitation to upgrade and preserve the nation's housing stock.

Although the rental certificate program stimulated maintenance of the housing stock, it was estimated that at least 2.7 million rental units had deficiencies requiring a moderate level of upgrading; approximately 85 percent of these units were in buildings of fewer than 20 units. The Mod Rehab Program was designed to upgrade that housing stock.

The program was repealed in 1991 and no new projects are authorized for development. Assistance is limited to properties previously rehabilitated pursuant to a housing assistance payments (HAP) contract between an owner and a Public Housing Agency (PHA).

1.3 The Single Room Occupancy (SRO) Program - Current

The Section 8 SRO program was created under the Stewart B. McKinney Homeless Assistance Act and was signed into law on July 22, 1987. The purpose of the program was to provide funding to rehabilitate existing structures to create SRO housing for homeless individuals of very low income.

An SRO is a residential building that provides a small private room for one individual. Recognizing that the need for affordable, basic housing was increasing, particularly for single, very low-income individuals, Congress, as part of the McKinney Act, moved to reinvigorate the provision of SROs as one viable alternative to homelessness.

Although it was not required by the SRO Section 8 program, approximately half of all sponsors provided some supportive services. Services ranged from household management skills, health exams, substance abuse counseling, job counseling and literacy training. SROs also give residents a fixed address to which essential income benefits such as pension checks, social security, and other general assistance materials can be sent.

1.4 Roles and Responsibilities of Key Players in the Mod Rehab Program

PHAs administering the Mod Rehabilitation Program enter into contractual relationships with three parties: HUD, the owner, and the family. The roles and responsibilities of HUD, the PHA, the owner, and the family are defined in 24 CFR 5 and 24 CFR 882. Legal documents include the Consolidated Annual Contributions Contract (ACC), Moderate Rehabilitation HAP Contract, the Administrative Services Agreement for owners who participate in CHFA's Mod Rehab Program, Moderate Rehabilitation Lease, and Statement of Family Responsibility.

Role of HUD

HUD has four major responsibilities:

- Develop policy, regulations, handbooks, notices, and guidance to implement housing legislation;
- Allocate housing assistance funds;
- Provide technical assistance and training to PHAs; and
- Monitor PHA compliance with Program requirements and performance goals.

Role of CHFA

CHFA administers the Mod Rehab Program under contract with HUD and has the following areas of responsibility:

- Establishing local policies;
- Determining family eligibility and reexamining of family income;
- Maintaining the waiting list and selecting families for admission;
- Verify calculation of family share of the rent and the amount of the housing assistance payment;
- Establishing utility allowances;
- Approving units, assuring compliance with housing quality standards;
- Making housing assistance payments to owners;
- Conducting informal reviews and hearings at the request of applicants and participants;
- Complying with fair housing and equal opportunity requirements, HUD regulations and requirements, the consolidated ACC, CHFA's administrative plan, and federal, state and local laws.

PHA responsibilities are defined in the consolidated ACC, the HAP contract, and in applicable regulations. CHFA does not own the assisted units and does not perform owner functions.

CHFA administers its Program under the provisions of certain waivers that it received from HUD on May 1984, April 1987, and August 1987. These waivers allow CHFA to delegate certain responsibilities to the owner of multifamily properties in the Program. CHFA has delegated these responsibilities through an Administrative Services Agreement with the owners of the properties participating in CHFA's Program. CHFA will assure compliance with this Agreement, its Administrative Plan, and related procedures through regular monitoring of management practices and through the periodic management reviews. Owner's noncompliance could lead to suspension or termination of Section 8 rental assistance or of the Housing Assistance Contract.

Role of the Owner

The owner has the following major responsibilities:

- Taking and processing applications;
- Maintaining and administering the waiting list;
- Determining Moderate Rehabilitation Program eligibility for applicants;
- Verifying preferences;
- Selecting tenants, providing Program Briefings;
- Conducting certification and recertification of tenants;
- Enforcing occupancy standards;
- Complying with the HAP contract, lease, and Statement of Family Responsibility;
- Carrying out normal owner functions during the lease term, such as enforcing the lease, performing maintenance, collecting the family share of rent from the family, and charging tenants for any damage to the unit;
- Maintaining unit compliance with HQS;
- Complying with fair housing and equal opportunity requirements; and
- Paying for utilities, maintenance, and other services (unless paid for by the family under the lease).

Owner responsibilities for the Mod Rehab Program are defined in the HAP contract, the lease, and HUD regulations at 24 Code of Federal Regulations (CFR) Part 882, as well as CHFA's Administrative Plan and this handbook.

Role of the Family

Responsibilities of the family include:

- Supplying true and complete required information including:
 - Any information that the PHA or HUD determines necessary in the administration of the Program, including evidence of citizenship or eligible immigration status;
 - Information as requested for regular or interim reexaminations of family income; and
 - Social Security numbers and signed consent forms for obtaining and verifying information;
- Correcting any failed HQS items caused by the family;
- Allowing the owner/agent or CHFA to inspect the unit at reasonable times and after reasonable notice;
- Not committing any serious or repeated violation of the lease;
- Not engaging in drug-related criminal activity or violent criminal activity;
- Notifying the owner/agent before moving or terminating the lease as required by the lease with the owner/agent;
- Using the assisted unit as a residence only and as the sole residence of the family. Members of the household may engage in legal profit-making activities within the unit, but only if those activities are incidental to the primary use of the unit as a residence. The members of the family also may not receive another housing subsidy in the same unit or a different unit;
- Promptly informing the owner/agent of any change in household composition. If the change is by any means other than birth, adoption, or court-awarded custody of a child, the family then must first obtain owner/agent approval to add the family member;
- Notifying the owner/agent of any absence from the unit and complying with owner/agent and CHFA policies governing absence from the unit;
- Not subletting the unit, assigning the lease, or having any financial or other interest in the unit; and
- Not committing fraud, bribery, or any other corrupt or criminal act in connection with any assisted housing programs.

Family obligations are stated on the Statement of Family Responsibility (form HUD-52578A), in the lease, and in the Program regulations at 24 CFR, Part 882, for Moderate Rehabilitation Program.

1.5 Principles for Addressing Overlapping Requirements

General

In addition to complying with this handbook, owner/agents must comply with other federal, state, and local laws applicable to their property. If other federal, state, or local laws conflict with the requirements of this handbook, contact CHFA for guidance. In addition, when addressing complex overlapping requirements, it is always prudent for owner/agents to seek proper counsel.

Statutory Program Eligibility Requirements

State or local law cannot overrule federal statutory Program eligibility requirements.

Multiple Federal Laws

If more than one federal law applies to a property, as may be the case if a Mod Rehab property obtains HUD insured loan(s) or obtains tax credits, the laws should be read and applied together. Where one law imposes a more restrictive requirement or standard on the owner/agent than another, the more restrictive requirement or standard is controlling as to federal law.

Overlap Between Federal and State/Local Nondiscrimination Laws

If state or local laws impose different nondiscrimination requirements than federal law, the more rigorous standard, the one that promotes the higher level of protection for the tenant, is controlling regardless of whether the more rigorous standard is that of the state, local, or federal law.

chapter 2

Fair Housing and Civil Rights

The owner/agent of HUD-subsidized properties is subject to several important federal civil rights laws. These requirements seek to ensure that all applicants have equal access to affordable housing and that owner/agents treat all tenants equitably. In addition, states and local jurisdictions often establish their own civil rights laws that affect rental housing.

The owner/agent of HUD-subsidized housing must display the Fair Housing poster required by the Fair Housing Act and HUD regulations at 24 CFR, part 110.

This chapter provides a limited overview of key federal civil rights and nondiscrimination requirements that pertain to admissions and occupancy in mod rehab properties.

2.1 Key Regulations and Statute

1. 24 CFR, part 1 Title VI of the Civil Rights Act of 1964
2. 24 CFR, part 8 Section 504 of the Rehabilitation Act of 1973
3. 24 CFR, part 100 et seq Fair Housing Act
4. 24 CFR part 5.105, and with the Americans with Disabilities Act (42 U.S.C. 12101 et seq.).
5. 24 CFR, part 146 Age Discrimination Act of 1975
6. Uniform Federal Accessibility Standards (UFAS), effective July 11, 1988
7. Executive Orders 11246, 11625, 12138, 12432, 11063, 13166, and 12259, 46FR 1253 (1980) as amended;
8. Section 3 of the Housing and Urban Development Act of 1968; The Fair Housing Act (Title VIII of the 1968 Civil Rights Act)
9. Title II of the Americans with Disabilities Act (ADA) (HUD Notice PIH 95-48).
10. Colorado Anti-Discrimination Act of May 29, 2008

To summarize these laws and regulations, it is unlawful to discriminate at any stage of the application or participation process in private or federally assisted housing against households or members of a household because of race, color, national origin, religion, sex, age, disability, familial status, political affiliation, sexual orientation, gender identity, or because the family receives income from public assistance.

The owner/agent must be familiar with the regulations implementing these civil rights laws regarding fair housing and Program accessibility, and with the applicable HUD Notices explaining those requirements. HUD's Office of Fair Housing and Equal Opportunity (FHEO) also can provide technical assistance on these requirements.

2.2 Prohibited Actions

Under these protections, an owner, manager, or any staff member must not:

1. Deny anyone the opportunity to apply to rent housing, or deny to any qualified applicant the opportunity to lease housing suitable to his or her needs;
2. Provide anyone housing that is different from that provided to others;
3. Subject anyone to segregation, even if by floor or wing. The owner/agent must not engage in activities that steer potential tenants away from or toward particular units by words or actions based on race, color, religion, sex, disability, familial status, national origin, gender identity, or sexual preference.
4. Restrict anyone's access to any benefit enjoyed by others in connection with the housing program;
5. Treat anyone differently in determining eligibility or other requirements for admission, in use of the housing amenities, facilities or programs, or in the terms and conditions of a lease.
6. Deny anyone access to the same level of services;
Note: The owner/agent should be certain that all services at the project are supplied in a nondiscriminatory fashion. For example, there cannot be a preference for providing a service to persons of a specific religion, even if the agency providing the service is a faith-based organization.
7. Publish or cause to be published an advertisement or notice indicating the availability of housing that prefers or excludes persons;
8. Discriminate in any residential real estate transactions;
9. Discriminate against someone because of that person's relation to or association with another individual; or
10. Retaliate against, threaten, or act in any manner to intimidate someone because he or she has exercised rights under the Fair Housing Act.

2.3 Protections for Persons with Disabilities

The Fair Housing Act defines a person with a disability as someone with a physical or mental impairment that substantially limits one or more major life activities, someone who has a record of such impairment, or someone regarded as having such impairment. Major life activities include such functions as walking, breathing, seeing, hearing, working, etc. A disability can be temporary or permanent. Persons with temporary disabilities are protected against discrimination in the same way as are persons who have permanent disabilities.

A. Owner/Agent Responsibilities for Reasonable Accommodations

Although the Fair Housing Act generally requires applicants to be given equal treatment and prohibits discrimination against anyone with respect to the prohibited bases, there are certain limited circumstances when the Act requires a housing provider to treat persons with disabilities differently to enable them to have

equal access to, or enjoyment of, housing and other housing-related programs. Specifically, the Fair Housing Act requires housing providers to provide “reasonable accommodations” to persons with disabilities. This means the owner/agent may have to modify rules, policies, practices, procedures and/or services to afford a person with a disability an equal opportunity to use and enjoy the housing.

If requested, the owner/agent must make reasonable accommodations to rules and policies to give persons with disabilities equal opportunity to enjoy dwelling and/or common areas (e.g., through assigned parking for persons with disabilities, or animals assisting disabled tenants, even if pets are not generally allowed).

Program Accessibility/Eligibility

To ensure that persons with disabilities have an opportunity to participate in the Program, Section 504 requires the owner/agent to ensure that outreach materials and the application process are open to persons with disabilities. For example, the owner’s/agent’s application process must be accessible to persons with disabilities, or the owner/agent must make provisions to take applications from these persons.

To ensure communication accessibility, the owner/agent is required to use a telecommunications device suitable for the hearing-impaired or equally effective communication system (such as a TTY relay service). The owner/agent must provide TTY, unless the phone company offers it or an equally effective communication system. The owner/agent must pay for the cost of an interpreter for a hearing impaired person upon request, although advance notice may be required, and must provide copies of legal documents and informational materials in Braille or on tape for visually impaired applicants. The owner/agent is not required to take any actions that would result in a fundamental alteration in the nature of the Program or cause undue financial or administrative burden.

In addition, Executive Order 13166 requires federal agencies and grantees to take affirmative steps to communicate with persons who need services or information in a language other than English.

B. Owner/Agent Responsibilities for Reasonable Modifications

Section 504 of the Rehabilitation Act of 1973 (as amended) prohibits discrimination under any program or activity receiving federal financial assistance solely on the basis of a disability. The rule requires those who are considered “recipients” of federal funds to ensure that individuals with disability will receive equal opportunity to participate in programs and services in the most appropriate integrated setting.

The owner/agent is required to make and pay for reasonable structural modifications to units and/or common areas that are needed by applicants and tenants with disabilities, unless these modifications would change the fundamental nature of the project or cause undue financial and/or administrative burdens.

If the owner/agent can provide documentation that the modification would cause a change to the fundamental nature of the project or cause undue financial and administrative burdens, the owner/agent must permit disabled persons, at their own expense, to make reasonable modifications to the premises (both interior unit and common area). However, permission may be conditioned on the renter agreeing to restore the unit interior to its previous condition. Permission may also be conditioned

on provision of a description of work, assurance it will be done in “workmanlike” manner and that necessary building permits will be obtained.

C. Affirmatively Furthering Fair Housing

If the procedures that the owner/agent intends to use to publicize the availability of this Program are unlikely to reach persons of any particular race, color, religion, sex, age, national origin, or mental or physical disability, the owner/agent must establish additional procedures to ensure that such persons are made aware of the availability of the Program. The owner/agent must also adopt and implement procedures to ensure that interested persons can obtain information concerning the existence and location of services and facilities that are accessible to persons with disabilities.

The owner/agent must engage in affirmative marketing to groups least likely to apply for the owner’s/agent’s housing even if this group is different from the religious or ethnic group generally served by the owner/agent organization. In an effort to make sure that those least likely to apply have been reached, CHFA requires that the owner/agent submit an Affirmative Fair Housing Marketing Plan to CHFA. These plans must be reviewed every five years.

D. Record-keeping

The owner/agent must keep civil rights related records in accordance with 24 CFR 1.6, 8.55(b), and 107.30. The civil rights related records include race and ethnicity data, compliance with 504, and compliance with Executive Order 11063. And title VI of the Civil Rights Act requires that the owner/agent maintain racial and ethnic data showing the extent to which members of minority groups are beneficiaries of federal financial assistance. To avoid the risk of violating civil rights and nondiscrimination requirements when seeking to gather such data, the owner/agent should consistently ask the same questions of all prospective and current tenants. In addition, the owner/agent should avoid asking for information only from certain populations and not others. For example, instead of asking only some applicants about their race, the owner/agent should have a means of seeking this information from all applicants.

chapter 3

Eligibility and Denial of Assistance

3.1 Chapter Overview

This chapter outlines HUD's requirements for participation in the Program and provides guidance for establishing additional criteria. The owner/agent should strive for objectivity and consistency when applying these criteria to evaluate the eligibility of families who apply for assistance. The owner/agent must provide families applying for assistance the opportunity to explain their circumstances, furnish additional information if required, and receive an explanation from the owner/agent of the basis for any decision regarding their eligibility.

3.2 Eligibility Requirements

Several factors affect eligibility of an applicant for the Program (more information listed below):

- A. Authorization for the Release of Information requirement
- B. Social Security number disclosure requirements
- C. Income limit requirements specific to the Program
- D. Citizenship status requirements
- E. Student status requirement
- F. Persons subject to sex offender registration Program requirement
- G. Criminal and drug screening standards
- H. Debts owed to PHA requirements/persons evicted from another PHA
- I. CHFA's definition of family
- J. Homelessness requirement if SRO.
- K. CHFA-approved local preferences

A. Authorization for the Release of Information Requirement

The owner/agent must require all adult applicants and participants (age 18 and over) to sign the Authorization for Release of Information/Privacy Act Notice (form HUD-9886) as a condition for admission and continued assistance. The form is valid for 15 months and must be signed annually at each recertification. With each adult member of the household, the owner/agent should review the information that the form authorizes HUD and CHFA to collect. Once signed, the form provides authorization for the following:

- HUD and CHFA to obtain any information necessary from State Wage Information and Collection Agencies (SWICAs) to verify information

provided at the time of application or recertification.

- HUD and CHFA to verify income information with previous and current employers that is pertinent to eligibility or level of assistance.
- HUD and CHFA to request income tax return information from the IRS and Social Security Administration (SSA) to verify income related to eligibility or level of assistance. The Privacy Act portion of the form informs applicants and participants that the information that is collected may be used for computer matching with other agencies including the Social Security Administration, the Internal Revenue Service, and State Wage Information Collection Agency.

The owner/agent must comply with the provisions of the Federal Privacy Act as well as any state or local laws relating to confidentiality.

Provisions for Refusal to Sign

If the applicant, tenant, or any adult member of the applicant's or tenant's family does not sign and submit the consent form as required in 24 CFR 5.230, the following statements apply:

1. The owner/agent must deny assistance and admission to the applicant; or
2. The owner/agent must terminate assistance to the family.

B. Social Security Number Disclosure Requirements

In accordance with 24 CFR 5.216, all applicants and participants (including each member of the household) are required to disclose and provide documentation of his/her assigned Social Security Number (SSN), with the exception of the following individuals:

- a. Those individuals who do not contend to have eligible immigration status (individuals who may be unlawfully present in the United States). These individuals in most instances would not be eligible for a SSN.
 - i. A family that consists of a single household member (including a pregnant individual) who does not have eligible immigration status is not eligible for housing assistance and cannot be housed.
 - ii. A family that consists of two or more household members and at least one household member that has eligible immigration status, is classified as a mixed family, and is eligible for prorated assistance in accordance with 24 CFR 5.520. The PHA may not deny assistance to mixed families due to nondisclosure of a SSN by an individual who does not contend to have eligible immigration status.
- b. Existing Program participants as of January 31, 2010, who have previously disclosed their SSN and HUD has determined the SSN to be valid. Owner/agents must confirm HUD's validation of the participant's SSN by viewing the household's Summary Report or the Identity Verification Report on the EIV report.

- c. Existing Program participants as of January 31, 2010, who are 62 years of age or older, and had not previously disclosed a valid SSN. This exemption continues even if the individual moves to a new assisted unit.

Disclosure of SSNs is considered information subject to the Federal Privacy Act (5 USC 552a, as amended). In accordance with 24 CFR 5.212, the collection, maintenance, use, and dissemination of SSNs, any information derived from SSNs and income information must be conducted, to the extent applicable, in compliance with that Act and all other provisions of federal, state, and local law.

Applicants to the Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program for Homeless Individuals, under 24 CFR 882, may be admitted to the Program without providing the requested documentation (prior to or at admission); however, the individual must provide the PHA with such documentation within 90 calendar days from the date of admission. (The PHA may grant the individual one 90-day extension, if in its discretion, determines that the individual's failure to comply with the SSN documentation requirement was due to unforeseen circumstances and outside the control of the family.) If upon the expiration of the provided time period, the individual fails to comply with the SSN disclosure and documentation requirements, the PHA must terminate the tenancy or assistance, or both of the individual.

This exception is only for an SRO property.

C. Income Limits

HUD establishes income limits by family size for the area in which the assisted units are located. The income limits are published annually in a HUD Notice and are generally effective on the date of publication. The income limits are available on the Internet at www.huduser.com at the "datasets" portal.

1. The very low income limit, which is set at 50 percent and the low income limit set at 80 percent of the area median income, are the income limits generally used to determine initial Program eligibility.
2. HUD also publishes an extremely low income limit. Each PHA must ensure that 75 percent of its admissions in each PHA fiscal year are families whose incomes are at or below the extremely low income limit, which is set at 30 percent of the area medium income.

Applying Income Limits

Income limits vary by family size. Income limits are published based on the number of persons in the household (for example, one-person, two-persons, three-persons) with increasingly higher income limits for families with more members. When determining family size for establishing income eligibility, the owner/agent must include all persons living in the unit except the following:

"Live-in aide": A person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities, and who:

1. Is determined to be essential to the care and well-being of the person(s);

2. Is not obligated for the support of the person(s); and
3. Would not be living in the unit except to provide the necessary supportive services.

When determining income eligibility, the owner/agent must count the income of family members only.

Annual income is compared to the applicable income limit to determine eligibility. A family's income must be less than or equal to the income limit for the family size for the area in which the property is located at the time the family is offered a unit in the subsidized building.

D. Citizenship Status

The applicant must meet the requirements of citizenship or eligible immigration status.

Eligibility for federal housing assistance is limited to U.S. citizens and applicants who have eligible immigration status. Persons claiming eligible non-citizen status must present appropriate immigration documents, which must be verified by the owner/agent through the Immigration and Naturalization Service (INS) aka Office of Homeland Security.

Every applicant household for (and participant in) the Program must sign a certification for every household member either claiming status as:

- A U.S. citizen, or
- An eligible non-citizen, or

Stating the individual's choice not to claim eligible status and acknowledge ineligibility.

An applicant family without any citizens or members with eligible immigration status is not eligible for assistance.

E. Student Status Requirement

HUD published its Final Rule on limiting Section 8 rental assistance to students on December 31, 2005. Student eligibility requirements apply to applicants enrolled full or part time at an institution of higher education and who are under 24 years of age.

The owner/agent must determine a student's eligibility for Section 8 assistance at move-in, annual recertification, and at the time of an interim recertification if one of the family composition changes reported is that a household member is enrolled as a student.

No assistance shall be provided under Section 8 of the 1937 Act to any individual whom:

- a. Is enrolled as a student at an institution of higher education, as defined under section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002);
- b. Is under 24 years of age;
- c. Is not a veteran of the United States military;
- d. Is unmarried;
- e. Does not have a dependent child;
- f. Is not a person with disabilities, as such term is defined in section 3(b)(3) (E) of the 1937 Act and was not receiving assistance under section 8 of the 1937 Act as of November 30, 2005; and
- g. Is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible on the basis of income to receive assistance under section 8 of the 1937 Act.

F. Persons Subject to a Lifetime Sex Offender Registration

Any member of the household who is subject to a lifetime registration requirement or is currently registered under a state sex offender registration program must be denied assistance. During the admissions screening process, the owner/agent must perform the necessary criminal history background checks in the state where the housing is located and in other states where the household members are known to have resided.

G. Criminal and Drug Screening

The owner/agent may use stricter tenant section policies but must at minimum reject applicants if any of the following apply (if a time period is not specified, the owner/agent may establish a reasonable time period):

- a. Any household member has been evicted from federally assisted housing for drug-related criminal activity, for (at least) three years from the date of eviction. If the evicted household member who engaged in drug-related criminal activity has successfully completed a supervised drug rehabilitation program or circumstances leading to the eviction no longer exist (e.g., the household member no longer resides with the applicant household) the owner/agent may, but is not required to, admit the household.
- b. Any household member is currently engaging in illegal drug use.
- c. The owner/agent determines that there is reasonable cause to believe that a household member's illegal use (or a pattern of illegal use) of a drug or abuse (or pattern of abuse) of alcohol may interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents. (Screening standards must be based on behavior, not the

condition of alcoholism.)

- d. Any member of the applicant's household has been convicted of the manufacture of methamphetamine on the premises of federally subsidized housing (lifetime).
- e. Violent criminal activity
- f. Any criminal activity that would threaten the health, safety, or right to peaceful enjoyment of the premises by other residents, the owner/agent or any employee who is involved in the housing operations.
- g. Unlawfully obtaining government assistance (e.g., fraud)

*Note: The same criteria regarding criminal history also applies to live-in aides.

H. Adverse End of Participation and Debts Owed

HUD maintains a national repository of debts owed to Public Housing Agencies (PHAs) or Section 8 landlords and adverse information of former participants who have voluntarily or involuntarily terminated participation in HUD's rental assistance programs. All PHAs are required to use this system in accordance with HUD regulations at 24 CFR 5.233. A report must be requested for each applicant. If the applicant report reveals an adverse end of participation of the applicant with any other Public Housing Authority (PHA), the applicant will be denied assistance until the issue is resolved with the other PHA including entering into a repayment agreement.

I. Family Definition

Only applicants who meet CHFA's definition of family are eligible. A family includes, but is not limited to, the following, regardless of sexual orientation, gender identity, or marital status:

- a. A household with or without children. A child who is temporarily away from home due to placement in foster care should be considered a member of the family.
- b. An elderly family, which is defined as a family whose head, co-head, spouse, or sole member is at least 62 years of age; or two or more persons, each of whom are at least 62, living together; or one or more persons who are at least 62 living with one or more live-in aides.
- c. A disabled family means a family whose head, co-head, spouse, or sole member is a person with disabilities; or two or more persons with disabilities; or one or more persons with disabilities with one or more live-in aides.
- d. A displaced family, which is a family in which each member or the sole member is a person displaced by governmental action, or whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized by federal disaster relief laws.
- e. A remaining member of a tenant family is a family member of an

assisted tenant family who remains in the unit when other members of the family have left the unit.

- f. A single person who is not an elderly or displaced person, or a person with disabilities, or the remaining member of a tenant family.

J. Prohibition Against Double Subsidies

Under no circumstances may any tenant benefit from more than one subsidy. Tenants must not receive assistance for two units at the same time. Tenants must not benefit from Housing Choice Voucher assistance in a unit already assisted through the Program.

This prohibition does not prevent a person who is currently receiving assistance from applying for an assisted unit in the Program. The assisted tenancy in the unit being vacated must end the day before the subsidy begins in the new unit.

The owner/agent must request an existing tenant search from CHFA for all members regardless of age of the household prior to offering a unit in the Program to any applicant.

K. Sole Residence

A family is eligible for assistance only if the unit will be the family's only residence. The owner/agent must not provide assistance to applicants who will maintain a residence in addition to the HUD-assisted unit.

L. Homeless Requirement for Single Room Occupancy Programs (SRO)

Only single persons who are homeless will be offered rental assistance at the two Single Room Occupancy properties, Forum Apartments and Golfers Way Apartments, both in Denver. The term "homeless" or "homeless individual" does not include any individual imprisoned or otherwise detained pursuant to an Act of the Congress or a state law.

M. CHFA-approved Local Preferences

Although an approved preference does not disqualify an applicant if they do not fall under the preference for participation in the Program for the following properties, it does give priority to applicants at those properties for those that qualify under the preference.

The following local preferences were adopted to respond to local housing needs and priorities. Not more than 30 percent of the applicants who are admitted to the projects in CHFA's Moderate Rehabilitation Program in any one-year period will be given assistance under these local preferences.

- a. Local Preference #1
Applicants with severe physical disability will be offered assistance before persons without such characteristics. This preference is applicable to Camelot II in Greeley, Colorado.

- b. Local Preference # 2
Applicants who are participating in a program that includes educational, training, and job-readiness components will be offered assistance before persons who are not participating in such a program at Crabtree Apartments in Fort Collins.
- c. Local Preference # 3
Applicants who are 62 years of age or older or who are handicapped or disabled will be offered assistance before persons who do not match such characteristics. This preference is applicable to Columbine Towers (Denver), Garfield Apartments (Denver), Park West Apartments (Denver), and Tiara Apartments (Aurora).

3.3 Additional Screening

The Mod Rehab Program is a rental assistance program designed to provide subsidy in the private rental market. Typical rental management practices by the owner/agent are encouraged, including screening applicants for their suitability as tenants.

The owner/agent is encouraged to screen families on the basis of their tenancy histories and to inquire about factors such as:

- Payment of rent and utility bills;
- Caring for a unit and premises;
- Respecting the rights of others to the peaceful enjoyment of their housing; and
- Compliance with other essential conditions of tenancy.

3.4 Prohibited Screening Criteria

The owner/agent is prohibited from establishing any screening criteria that could be discriminatory. The owner/agent must comply with all applicable federal, state, or local fair housing and civil rights laws and with all applicable civil rights related Program requirements.

1. The owner/agent may not discriminate based on race, color, national origin, religion, sex, age, handicap, familial status, political affiliation, sexual orientation, gender identity, or because the family receives income from public assistance.
 2. The owner/agent may not discriminate against segments of the population (e.g., welfare recipients, single parent households) or against individuals who are not members of the sponsoring organization of the property.
- The owner/agent may not require a specific minimum income.

These prohibitions apply to: (1) accepting and processing applications; (2) selecting tenants from among eligible applicants on the waiting list; (3) assigning units; (4) certifying and recertifying eligibility for assistance; and (5) all other aspects of continued occupancy. Complaints alleging violations of these prohibitions must be referred to

HUD's Regional Offices of Fair Housing and Equal Opportunity.

3.5 Determining Eligibility of Remaining Family Members

Periodically, family composition changes after initial occupancy. If the qualifying person leaves the unit, a determination must be made as to whether the remaining member(s) of the household will be eligible to receive assistance.

The following basic requirements for eligibility must be met for a person to qualify as a remaining member of a household:

1. The individual must be a party to the lease when the family member leaves the unit. A live-in aid is not considered a family member.
2. The individual must be of legal contract age under state law.
3. The remaining household must still have a member that did not contend ineligible non-citizen status.

3.6 Denial of Assistance

The owner/agent must notify the applicants of their decision to deny assistance. The rejection notice must be in writing.

The written rejection notice must include:

1. The specifically stated reason(s) for the rejection;
2. The applicant's right to respond to the owner/agent in writing or request a meeting within 14 days to dispute the rejection; and
3. Persons with disabilities have the right to request reasonable accommodations to participate in the informal hearing process.

If any applicant requests a meeting to discuss the applicant's rejection with the owner/agent, a member of the owner's/agent's staff who was not involved in the initial decision to deny admission or assistance must conduct the meeting.

Within five business days of the meeting, the owner/agent must advise the applicant in writing of the final decision on eligibility.

chapter 4

Tenant Selection Plans, Applications, and Waiting Lists

4.1 Chapter Overview

CHFA is responsible for establishing an application and selection process that treats applicants fairly and consistently and provides an effective method for determining eligibility. CHFA, through its Administrative Services Agreement with the owners of the properties under the Program, has assigned to the owner the responsibility to implement these processes. The owner's/agent's implementation of these processes must result in consistent determinations as to which applicants should be placed on the waiting list, which are determined ineligible to participate in the Program, and which comply with HUD rules on nondiscrimination.

4.2 Tenant Selection Plans

CHFA requires the owner/agent to have a written Tenant Selection Plan (TSP). The owner/agent must develop and make public written tenant selection policies and procedures that include descriptions of the eligibility requirements and income limits for admission. The contents of the TSP also must be consistent with the purpose of improving housing opportunities and be reasonably related to Program eligibility and an applicant's ability to perform the obligations of the lease. The TSP must include all the information necessary for an applicant and the owner/agent to be able to determine Program and property eligibility, as well as how the process is applied. The TSP must include the following elements.

A. Program Eligibility Requirements

For Program eligibility requirements that must be included in the TSP, see Chapter 3.

For income limits, the TSP should also explain that an applicant might be passed over in order to meet income-targeting requirements.

B. Policies to Comply with Section 504 of the Rehabilitation Act of 1973, the Fair Housing Act, and Title VI of the Civil Rights Act of 1964

The owner/agent must adhere to the Fair Housing Act and Federal Civil Rights Laws. The owner/agent must not discriminate against applicants or tenants based on race, color, national origin, sex, age, disability, religion, familial status, or sexual orientation. In compliance with Section 504 regulations, the owner/agent must take reasonable, nondiscriminatory steps to maximize the use of accessible units by eligible individuals whose disability requires the accessibility features of a particular unit. The owner/agent must consider extenuating circumstances in the screening process for applicants with disabilities, where required as a matter of reasonable accommodation.

C. Violence Against Women Act (VAWA) Protections

The owner/agent may not consider incidents of domestic violence, dating violence, or stalking as serious or repeated violations of the lease or other “good cause” for termination of assistance, tenancy, or occupancy rights of the victim of abuse.

The owner/agent may not consider criminal activity directly relating to abuse, engaged in by a member of a tenant’s household or any guest or other person under the tenant’s control, cause for termination of assistance, tenancy, or occupancy rights if the tenant or an immediate member of the tenant’s family is the victim or threatened victim of that abuse.

The owner/agent may request in writing that the victim, or a family member on the victim’s behalf, certify that the individual is a victim of abuse and that the Certification of Domestic Violence, Dating Violence or Stalking, Form HUD-91066, or other documentation as noted on the certification form, be completed and submitted within 14 business days, or an agreed upon extension date, to receive protection under the VAWA. Failure to provide the certification or other supporting documentation within the specified timeframe may result in eviction.

D. Limited English Proficiency

The owners/agent must provide persons with Limited English Proficiency (LEP) resources in order that they might be afforded equal access to all housing and housing related services. The owner/agent will take reasonable steps to ensure meaningful access to the information and services they provide for applicants with Limited English Proficiency. LEP applicants will be provided with written and/or verbal application-related information in their language upon request. The owner/agent will also take reasonable steps to ensure meaningful access to those that are Sensory Impaired (SI). This may require the owner/agent to assist persons with Limited English Proficiency or SI in the application process, including conducting the interview and completing the application.

The owner/agent will identify applicants or residents who do not speak English as their primary language and have a limited ability to read, speak, write, or understand English (LEP) or are Sensory Impaired (includes but not limited to: deaf, deafened and hearing impaired, blind, visually impaired, or deaf/blind).

After determining how to communicate with the customer, the owner/agent will secure the appropriate language assistance resource needed to communicate with the LEP/SI customer.

E. Occupancy Standards

A single person cannot occupy a unit with two or more bedrooms unless one of the following applies:

- A person with a disability who needs the larger unit as a reasonable accommodation.
- A displaced person when no appropriately sized unit is available.
- An elderly person who has a verifiable need for a larger unit, e.g. a live-in attendant.

- A remaining family member of a resident family when no appropriately sized unit is available.

If a family, based on the number of members, would qualify for more than one unit size, the owner/agent must allow the family to choose which unit size they prefer.

A smaller unit size may be assigned upon request; only if occupancy of the smaller unit will not cause serious overcrowding and will not conflict with local codes.

The owner/agent should check with local housing codes for restrictions on unit size. An example might be as follows.

unit size	minimum occupants	maximum occupants
No bedroom	1	1
One-bedroom	1	2
Two-bedroom	2	4
Three-bedroom	3	6

F. Unit Transfer Policies

The owner/agent of each property that consists of more than one unit size will maintain an internal transfer list.

Current tenants requiring a unit transfer for the following reasons will be given preference over applicants on the waiting list.

- A required unit transfer due to family size or changes in family composition. When an owner/agent determines that a transfer is required, the tenant must move within 30 days after notification that a unit of the required size is available within the property, or may remain in their current unit and pay the HUD-approved market rent.
- A unit transfer for a medical reason certified by a medical professional or the need for an accessible unit.

If a current tenant requests a unit transfer for any other reason, the unit transfer policy of the property will be observed. If the property does allow such a transfer, the participant will be added to the waiting list of applicants provided there is no record of consistent late or unpaid rental obligations or police activity, and inspection of the tenant's current unit must indicate there is no damage to the property or poor housekeeping habits resulting in health or safety hazards.

G. Procedures for Accepting Applications

See Section 4.3

H. Policy for Opening and Closing the Waiting List

See Sections 4.4, B and C.

4.3 Applications

HUD does not mandate the format or content for an application or the method for processing applications. Families wishing to participate in the Program must complete an application according to the method required by CHFA and the owner/agent. The family should apply using a written application form and sign the form upon completion.

A. Preliminary Application

CHFA allows the owner/agent to opt to have applicants complete a streamlined, abbreviated pre-application form as the first step in the application process. The pre-application is designed to help determine the applicant's eligibility for the Section 8 Mod Rehab Program. The form should collect only the information that is required for this determination and for placement of the applicant on the waiting list: name and address, date and time of application, citizenship, student status, whether or not the applicant is a registered sex offender, qualifications for any local preference, and status of debts related to prior residence in assisted unit. In addition, the pre-application asks for an estimate of annual income.

Pre-applications are screened by the owner's/agent's staff to determine initial eligibility and effectively screen out obviously ineligible applicants before placing them on the waiting list.

If the owner/agent determines a family as ineligible, the owner/agent must notify the family in writing of the reasons for the determination and inform the family how they may request an informal review. The owner/agent also must inform those applicants that are determined potentially eligible of their status and place them on the waiting list.

The applicant will not complete a full application until the family is selected from the waiting list, just prior to the expected availability of an assisted unit. This deferral ensures that the information collected and verified is accurate and up-to-date when the unit becomes available for occupancy.

The preliminary application can easily be taken by mail, in a public setting with a large number of applicants present, or at the owner/agent's office.

If the owner/agent uses a pre-application process, the pre-application must be filed in the tenant file with the full application upon admittance.

B. Full Application Form

An owner/agent with no waiting list or a very short waiting list may use only a full application form.

The full application should provide the following:

- Information necessary to compute the family's annual income. This includes identification of all sources of income and how amounts are paid (annually, bi-annually, quarterly, monthly, bimonthly, biweekly, weekly, etc.) and all assets.
- Information necessary to determine allowances and adjusted income. This includes information related to the number of dependents, type of family and any childcare, disability, or medical expenses (only for elderly

or families where the head, spouse, or co-head are disabled).

- Information to determine family composition and family unit size requirements.
- Information related to qualification and verification of preferences.
- Name and address of current and previous landlord.
- Identification of the need for accessible features.
- Information on previous evictions from federally assisted housing.
- Information on arrests for use of controlled substances and activities related to abuse of alcohol and violent criminal activity.
- Statistical information for reporting/tracking purposes, such as race, ethnicity, household size, housing status.
- A certification that the information provided is accurate and complete.

C. Accepting Applications

An owner's/agent's method of accepting and processing applications depends upon its particular circumstances. The following factors should be taken into consideration:

- Number of families expected to apply;
- Leasing rate, and current and future availability of subsidized units;
- Number of applicants currently on the waiting list;
- Staff availability and workload; and
- Administrative constraints.

The owner/agent must accept applications from all applicants when the waiting list is open. Even when it is apparent to staff that a particular family may be found ineligible, any family requesting an application when the list is open must be allowed to apply. If in subsequent evaluations of the application, the household is found to be ineligible, the owner/agent must inform the family in writing of the reason for its ineligibility and of the family's right to request an informal review.

Fair Housing Requirements

The owner/agent is required to make the application process accessible to elderly and disabled populations. The owner's/agent's application site must be accessible, unless making it accessible would result in an undue financial or administrative burden. If the application site cannot be made accessible, the owner/agent must offer a reasonable accommodation that provides full access to the application process using an alternative application process for these populations.

Examples of reasonable accommodation for applications

1. Providing the hearing impaired accessibility through TTD/TTY or Colorado Relay.
2. Providing a sign interpreter upon request.
3. Providing materials in Braille or on tape to persons with visual impairments.
4. Conducting home interviews for the elderly or persons with disabilities.

The owner/agent may use both traditional and nontraditional approaches to taking applications. While the traditional method tends to be in-person at the owner's/agent's offices or at a special short-term location, other approaches may be considered. The owner/agent should consider a mail-in application process, making home visits, accepting applications over the internet, printing an application in the local newspaper or developing an innovative approach that addresses local needs. All advertising must always include the fair housing logo and must never use any discriminatory language or reference.

What is important is that the approach chosen accommodates the needs of the interested parties, takes into consideration staff resources and availability, and is an efficient means to achieving leasing goals. Consideration should be given to ways in which the application process can be expedited so it is equally accessible to all.

D. PHA Selection Preferences

In its Administrative Plan, CHFA has established local preferences for the selection of families admitted to some of the properties in its Mod Rehab Program. These preferences do not make anyone eligible who was not otherwise eligible and they do not change the right of the owner/agent or CHFA to adopt and enforce tenant screening criteria. These local preferences affect only the properties to which they specifically apply. (See Chapter 3.2)

Any owner/agent who desires to add, modify, or delete the local preferences attached to their property must obtain written approval from CHFA before taking such action. CHFA encourages the owner/agent to consider establishing a local preference for families that include victims of domestic violence or homeless individuals.

4.4 Waiting Lists

Upon receipt of an application for tenancy or assistance, the owner/agent must indicate on the application the date and time received. This may be accomplished by either using a date and time stamp or by writing and initialing the date and time received. The owner/agent must then process the applicant for admission, place the applicant on the waiting list in chronological order, or, based on a preliminary eligibility determination, reject the applicant.

A. Maintaining the Waiting List

The waiting list format should contain sufficient information to allow the owner/agent to properly select families who are next eligible for rent assistance at their property according to the selection policy described in the administrative plan. The waiting list should not be rewritten to remove applicants.

The waiting list must include the following information about each applicant:

- Date and time the applicant submitted an application;
- Name of head of household;
- Annual income level (used to estimate levels for income-targeting, i.e., extremely low income, very low income, and low income)
- Bedroom unit size (i.e., the number of bedrooms for which the family qualifies under the occupancy standards);
- Identification of the need for an accessible unit, including the need for accessible features;
- Qualifications for any local preference;
- A column must be available for documentation if the applicant was rejected or moved in; and
- Comments of contacts and communications.

While additional information, such as race/ethnicity, gender, and family size may be collected on pre-applications and applications and retained in property files, it is good practice to avoid including these types of data on the property waiting list. This information is not directly relevant to tenant selection and might result in discrimination against some applicants.

The owner/agent must use a single waiting list for admission to its units but may divide the list according to unit sizes—that is, by number of bedrooms—available on the property.

The owner/agent should at least annually analyze their waiting list policies and documentation procedures to determine whether an independent party reviewing the list and its supporting documentation could follow the actions taken, applicable preferences, and reasons why certain individuals may have been selected ahead of others on the waiting list. If not, the owner/agent must make the waiting list format and associated practices more transparent.

The owner/agent must develop a method to maintain documentation of the waiting list composition, application status, and actions taken.

The method adopted by the owner/agent will vary based upon the level of automation used at the property.

The owner/agent may keep a manual property waiting list.

1. Manually maintained waiting lists must be maintained as a permanent record.
 - a. The list must not be “rewritten.”
 - b. The list must be maintained in a manner that cannot easily be altered.
 - c. The list must be kept in a manner that can be audited.
2. The manual waiting list must provide an easily viewable record of the date and time of application, and date and time of selection from the waiting list.

The owner/agent may maintain an electronic waiting list (instead of a manual property waiting list).

1. Electronic waiting lists must have a mechanism for maintaining the date and time of each applicant’s placement on or selection from the waiting list and a way to document changes made to the list. The following are examples of methods that owner/agents might use to track inputs to the electronic waiting list and changes to it.
 - a. Use a data backup function to record the time and date of entry of new applications and changes to existing records in the electronic waiting list.
 - b. Print a record of the appearance of the waiting list as often as necessary (at least monthly) to show each applicant’s placement on and selection from the list. The time and the date of the printout should appear on the report. The owner/agent can file this information in the tenant file and in a central waiting list selection file.
 - c. Whenever status changes occur, such as changes in family composition and unit size, the change should be recorded with an explanation, and the resorted list should be printed.
2. To the extent possible, the owner/agent should use electronic safeguards, such as assigning waiting list password access only to individuals responsible for maintaining the system. Ideally, a system should record the user name and the time, date, and action entered whenever a record is changed or entered in the electronic waiting list.

Whenever a change is made in the waiting list, an action is taken, or an activity specific to an applicant occurs, a notation must be made on the waiting list.

The goal regardless of the type is to provide an auditable record of applicant additions, selections, withdrawals, and rejections. Independent reviewers looking at the waiting list should be able to:

1. Find an applicant on the waiting list;
2. Readily confirm that an applicant was housed at the appropriate time based on unit size needs, preferences, and income-targeting; and
3. Trace various actions taken with respect to a family's application for tenancy.

Maintaining Waiting List Documentation

Applicant files must be retained for at least three years after the date an application is closed, withdrawn from the waiting list, or determined ineligible. Applications from families admitted to the Program must be retained by the owner/agent for the duration of the families' participation in the Program.

All files should be maintained in a place that assures confidentiality and access only by authorized staff. The owner/agent should remind staff of the importance of applicant file confidentiality. Failure to provide confidentiality to Program families may have a negative impact on the owner's/agent's ability to obtain full and accurate family information.

The owner/agent should create a waiting list applicant file to hold the application and any related correspondence and supporting documentation. Active applicant files should be separated from ineligible or inactive applicant files. Applicant files should be organized in a way that provides an accurate and chronological history. This documentation is important because it gives the owner/agent a permanent written record of actions taken which affect the application.

Actions that should be recorded include:

- Change in preference status
- Changes in family size and composition
- Change of address
- Withdrawal from the waiting list
- Determination of ineligibility

The owner/agent should document all telephone and personal contacts with the applicant, including date, nature of the contact, and action taken. As eligible applicants are selected from the waiting list, determined eligible, offered a unit, and lease under the Program, the applicant file then forms the basis of the participant file.

B. Selection From the Waiting List

As units are expected to become available, the owner/agent will select eligible applicants from the waiting list to continue the eligibility determination and leasing processes. Applicants are selected from the waiting list in chronological order from the waiting list. If the owner/agent has a local preference or to meet income targeting requirements, the applicants in these categories must be issued a unit before an applicant that applied earlier but has no preference or does not meet income targeting requirements. The owner/agent may not select families for admission to the Program in any other order.

Although CHFA has established a preference system to admit families with certain characteristics from the waiting list, admission to or exclusion from the Program must never be based on the following:

- The presence of family members that include unwed parents, recipients of public assistance, or children born out of wedlock;
- Family includes children;
- Age, race, color, religion, sex, sexual orientation, gender identity, marital status, or national origin; and
- Persons with a specific disability.
- Where the family lived before admission to the Program (e.g. must be from local area)

However, if the property has a 221(d) 4 or 221(d) 3 loan, the owner/agent must give any applicant from a presidentially declared disaster area preference on the waiting list. For any other property, the preference may be included in the owner/agents tenant selection plan, but is not required.

C. Income Targeting Requirements

At least 75 percent of the families who are admitted to the Program during CHFA's fiscal year (January 1-December 31) must be extremely low income. Extremely low income families are those with incomes at or below 30 percent of the area median income. The annual gross income of the applicant family is used for income targeting purposes. Annual income must have been verified within the 60 days prior to issuance of a unit.

The owner/agent must regularly monitor the income levels of its waiting list applicants and new admissions to ensure income targeting requirements are met by the end of CHFA's fiscal year. The owner/agent should monitor admissions at least quarterly to determine the actual percentage of extremely low income families who are admitted into the Program and advise CHFA when this percentage is less than 50 percent.

D. Purging/Updating the Waiting List

Importance of Purging

The waiting list should be kept as up-to-date as possible to minimize the number of applicants without current contact information and ineligible determinations. Depending how quickly the owner's/agent's waiting list turns over, information provided during the application process may become outdated. Factors that may require an applicant to update an application include a change in address, income, family composition, welfare benefits, or change in circumstances affecting the applicant's preference status.

Purging the waiting list prevents delays in leasing activities. When a waiting list is out of date, it can be very difficult, if not impossible, to reach applicants from the waiting list. Once they are contacted, their applicant status has often changed such that they no longer meet the Program's eligibility or owner's/agent's selection criteria. If these delays occur regularly, they can result in a slower leasing rate. The primary goal of purging a waiting list is to obtain current information on interested applicants and to remove applicants no longer interested in participating in the Program.

An applicant's name may be made inactive on the waiting list for the following:

- After the family fails to respond to the owner's/agent's written invitation to submit a full application and attend an eligibility appointment;
- If this written invitation is returned by the post office and marked "undeliverable";
- If the applicant refuses the unit that is available for occupancy at least two times;
- If the applicant refuses or fails to supply required information;
- If the applicant does not notify the owner/agent of changes affecting: (1) their eligibility status, or (2) the owner's/agent's ability to locate the applicant.

Fair Housing Requirements

The owner's/agent's decision to withdraw from the waiting list the name of an applicant family that includes a person with disabilities is subject to reasonable accommodation requirements. For example, if an applicant family demonstrates that it failed to respond to the owner's/agent's request for information due to a family member's disability, the owner/agent must decide whether to reinstate the family on the waiting list as a reasonable accommodation for the disability.

Timing of Purging the Waiting List

When and how often an owner/agent should purge its waiting list and the extent of the purge depends upon a number of factors, including:

- The average number of families that need to be considered to result in a positive eligibility determination.

- Length of the owner/agent’s waiting list.
- Staff and financial resources available to the owner/agent for this purpose.

Procedures for Purging

In general, the owner/agent should inform applicants of their responsibility to notify the owner/agent immediately of any changes affecting: (1) their eligibility status, or (2) the owner’s/agent’s ability to locate the applicant.

HUD does not have required guidelines to purge a waiting list; a purge typically begins with a standardized mailing to waiting list applicants requiring a verification of continued interest. Applicants must complete a new preliminary application providing all information needed for placement on the waiting list, such as address and phone number, household composition, income, type of preference claimed, and minority designation of the head of household. The update request should provide a deadline by which the application must be returned, and clearly explain what will happen if the application is not received by the deadline date.

Procedure for Updating the Waiting List

- Send a notice by first class mail.
- For each notice returned marked “Addressee Unknown,” close the application, attach the returned notice and envelope, and file and maintain for three years.
- For each application for which there has been no response and no returned notice within 14 days, send a second notice by mail providing a final deadline. When the final deadline passes, close applications for which there has been no response and maintain the record of the certified delivery with the original application for a period of three years.

When the waitlist is purged, it must not be rewritten. The list should contain all applicants at all times, even those that have been rejected or moved in.

E. Opening the Waiting List

The owner/agent may keep the waiting list open and accept applications at any time during the business day or only open the waiting list for brief application periods. The expected result is a waiting list that has a sufficient number of eligible applicants to ensure that units are occupied as quickly as possible by eligible applicants. At the same time, the waiting list should not be allowed to grow to such a size that the wait for housing is unreasonable. The decision to open the waiting list depends upon local needs and circumstances, such as existence of an outdated or diminished waiting list or to meet the requirements of the Affirmative Fair Housing Marketing Plan approved for the property.

If the waitlist was closed and the owner/agent decides to open the waitlist, the owner/agent must notify CHFA of the change. The owner/agent must also advertise the opening as described in the property’s Affirmative Fair Housing Marketing Plan.

Fair Housing Requirements

All outreach, advertising, and public notices announcing the opening or closing of a waiting list must include efforts to ensure that the information will reach those populations that are considered to be “least likely to apply” for assistance. Outreach must also include efforts to reach persons with disabilities. All advertising and outreach literature must include the equal housing opportunity logo and nondiscrimination in the advertising message.

Families That May Require Special Outreach

As required in the Affirmative Fair Housing Marketing Plan, the owner/agent should also analyze the housing market area to identify and determine the needs of the eligible population groups. This analysis will help them focus their outreach efforts more effectively. Focused outreach efforts may have to be made to the following groups: minorities, working poor, elderly, and persons with disabilities or non-English speaking persons.

Outreach materials should provide easily understood and usable information that is expressed in simple and direct terms. The outreach materials should include specific information on where, when, and how to apply for the Program and an explanation of application procedures. The owner/agent that is attempting to reach diverse population groups or special population groups may want to present the outreach material in a manner suitable for that group, taking into account special ethnic and/or cultural characteristics. For example, materials may need to be translated into another language.

Evaluating Outreach to Families

The owner/agent should monitor the waiting list to determine that outreach efforts are reaching the eligible population and to determine which outreach efforts are most successful. Other factors to monitor include whether outreach activities are reaching the targeted groups in a cost-effective way and whether the number of families applying because of the outreach can be served within a reasonable time period.

A simple form, or language incorporated into the application form itself, could be used to record how each applicant heard about the Program. Include information to identify whether the applicant is included in the population identified as least likely to apply. This form can be used to help determine the cost effectiveness of each method as well as to show where outreach needs to be improved, dropped, or emphasized.

F. Closing the Waiting List

The owner/agent should consider closing the waiting list when they have insufficient units available to assist all applicants on the waiting list over a reasonable period of time. Although the owner/agent has the discretion to define what is “reasonable,” it is recommended that the wait for assistance not be more than 12 months. The owner/agent may choose to close only a portion of the waiting list instead of the entire waiting list. For example, the owner/agent may continue to receive applications from families qualifying for a specific local preference category, i.e. homeless families or unit size, while closing the waiting list to all other groups.

If the waitlist was open and the owner/agent decides to close the waitlist, the owner/agent must notify CHFA of the change. The owner/agent must also advertise the closing as described in the properties Affirmative Fair Housing Marketing Plan.

Benefits of Closing the Waiting List

- Eliminates unnecessary application processing costs.
- Staff can devote time to other important Program activities.
- Prevents false hope among families that assistance will be available in near future.

Before closing the waiting list, the owner/agent should consider whether the waiting list includes a sufficient number of extremely low income families to satisfy the requirement that 75 percent of families admitted to the Mod Rehab Program are extremely low income.

chapter 5

Lease Requirements and Leasing Activities

5.1 Introduction

A lease is a contract between the owner and tenant that explains the terms for residing in the unit. A lease is a legally binding contract and is enforceable in a Colorado court of law.

The lease must include the Mod Rehab addendum, HUD form 52517d, which sets forth the tenancy requirements for the Mod Rehab Program. The owner/agent and all adult household members must sign the lease and HUD tenancy addendum; the tenant has the right to enforce the tenancy addendum against the owner. The terms of the Mod Rehab addendum prevail over any other provisions of the lease.

The lease must also provide that the owner/agent may terminate the tenancy of a family when the owner/agent determines that a household member is illegally using a drug or when the owner/agent determines that a pattern of illegal use of a drug interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents.

It is important that the family and owner/agent understand the terms of the lease and HAP contract documents. Once the documents are prepared, the owner/agent should review the specific terms of the lease, addendum, and contract with the prospective tenant to clarify the requirements for participating in the Program, answer any questions, or respond to any comments or concerns.

5.2 Leases, Lease Addendums, and Attachments

Per CFR 24 882.511, the lease must include all provisions required by HUD, and must not include any provisions prohibited by HUD.

This section identifies the requirements regarding the owner's/agent's lease, lease addendums, and lease attachments, including the Lead-based Paint Disclosure Form, house rules, and pet regulations. It also describes procedures for meeting these requirements, identifying which procedures are required and which are optional.

note

The lease may also need to be provided as a reference in languages other than English for Limited English Proficiency (LEP) persons, when applicable, in accordance with HUD guidance, Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons. The English lease should always be signed.

A. Program Lease Required Provisions

The following provisions must be included in the lease. These provisions are based upon current HUD regulations, policies, procedures, or other guidelines for the Program and must be part of an owner's/agent's lease agreement with the tenants.

1. **Length of Time (Term).** The initial term of this Agreement shall be

begin on _____ and end on _____. (Not to exceed the expiration of the HAP contract.) After the initial term ends, the Agreement will continue on a month-to-month basis, unless otherwise terminated by Paragraph 23 of this agreement.

2. **Rent.** The Owner hereby leases to the Tenant the Leased Premises, effective _____, 20__, for the amount indicated below, payable monthly, in advance, on or before the first day of each month at _____. The Lease shall continue until (i) a termination of the Lease by the Owner in accordance with Section ___ hereof; (ii) a termination of the Lease by the Tenant in accordance with the Lease or by mutual agreement during the term of the Lease, or (iii) a termination of the Housing Assistance Payments Contract by CHFA.
 - A. The amount of the total monthly rent payable to the Owner during the term of the Lease (the "Contract Rent") as determined in accordance with the contract, as amended from time to time, between the Owner and the Colorado Housing and Finance Authority ("CHFA"), initially shall be \$_____.
 - B. Of the Contract Rent, the amount payable by CHFA, as the housing assistance payment, on behalf of the Tenant, initially shall be \$_____.
 - C. The portion of the Contract Rent payable by the Tenant (the "Tenant Rent") as determined by CHFA, in accordance with HUD Regulations, initially shall be \$_____. The calculations used to determine Tenant Rent are indicated on Form HUD-50058, which is attached hereto, as Exhibit _____. The amount of the Tenant Rent is subject to change as determined by CHFA during the term of the Lease. Any change in the amount the Tenant Rent will be stated in a written notice more fully described in Paragraph 2.3 below. [CFR section 882.407]
3. **Changes to Tenant's Share of Rent.** The Tenant acknowledges that the amount of Tenant Rent and/or the amount of assistance that HUD pays on behalf of the Tenant may be changed during the term of this Lease, if:
 - A. HUD or CHFA changes any allowance for utilities or services considered in computing the Tenant Rent; or
 - B. The Tenant experiences changes in income, household composition, or the extent of exceptional medical or other unusual expenses in the case of households designated as senior, handicapped or disabled in accordance with the HUD Regulations. [CFR section 882.212/882.510]
 - C. The Owner agrees to implement changes in the Tenant Rent or housing assistance payment in accordance only with the time frames and administrative procedures established in the HUD Regulations. The Owner agrees to give the Tenant at least 30 days advance written notice of any increases in the Tenant Rent, except as noted in Paragraph 3. The notice will state the new amount that the Tenant is required to pay, the date that the new amount is effective and the reasons for the rent change. The notice of rent change will also

advise the Tenant that he/she may meet with the owner/agent to discuss the rent change.

4. **Regularly Scheduled Recertifications.** A recertification of income shall be made to CHFA from the date of this Lease, in accordance with HUD regulations. CHFA will request the Tenant to report income and composition of the Tenant's household and to supply any other information required by HUD for the purpose of CHFA's determination of the Tenant Rent and housing assistance payment, if any. Pursuant to the Tenant's Statement of Responsibility, which is attached hereto and made a part hereof as attachment___, the Tenant agrees to provide accurate statements with regard to this information and to do so by the date specified in CHFA's request. [CFR section 882.413(a)]CHFA will verify the information supplied by the Tenant and use the verified information to re-compute the amount of the Tenant Rent and housing assistance payment to reflect any change in the Contract Rent. [CFR section 882.515]
5. **Reporting Changes between Regularly Scheduled Recertifications.** If any of the following changes occur, the Tenant agrees to advise the Owner/agent immediately:
 - A. A change in composition of the Tenant's household.
 - B. A change in the Tenant's household income [CFR section 882.118/882.212]
6. **Utilities and Appliances.** The Owner shall provide the following utilities and appliances to the Tenant under the Lease: [LIST UTILITIES AND APPLIANCES]
7. **Maintaining the Leased Premises.** The Owner shall provide maintenance and services as follows:
 - A. The Owner shall maintain the Leased Premises, equipment, common areas, and facilities provided for the use and benefit of the Tenant in compliance with applicable HUD housing quality standards.
 - B. The Owner shall respond in a reasonable time to calls by the Tenant for services consistent with the obligations of this Lease. Where applicable (as in the case of multi-unit buildings), the maintenance with respect to common areas, facilities and equipment shall include cleaning; maintenance of lighting and equipment; maintenance of grounds, lawns and shrubs; and removal of snow and ice.
 - C. Extermination services and repainting shall be provided by the Owner as conditions may require.
8. **Condition of the Leased Premises.** By signing this Lease, the Tenant acknowledges that the Leased Premises is safe, clean and in good condition. The Tenant agrees that all appliances and equipment in the Leased Premises are in good working order, except as described on the Unit Inspection Report, which is attached hereto and made a part hereof, as Attachment___.
9. **Security Deposit.** The Owner acknowledges the Tenant's Payment

of \$_____ [which is the greater of \$50 or one month's Total Tenant Payment], as a security deposit which may be used by the Owner (subject to Colorado law) at the time the Leased Premises are vacated by the Tenant, for the reimbursement of the cost of repairing any intentional or negligent damages to the Leased Premises beyond normal wear and tear, caused by the Tenant, his/her family, dependents, guests or invitees; unpaid rent, utility charges or other charges owed by the Tenant and permitted to be paid from the Security Deposit, in accordance with Colorado law. The Owner agrees that the balance of the Security Deposit, after payment of items as provided for above, if any, shall be returned along with an itemized statement of those costs to the Tenant at his last known address within 30 days after the Tenant vacates the Leased Premises. Should there be no damages or other charges pending upon termination of the Lease, the Owner will reimburse the Tenant the amount of the Security Deposit in full.

10. Access by Owner/agent. The Tenant acknowledges that inspection of the Leased Premises will be conducted at least annually, by CHFA, but as often as determined necessary by the Owner/agent.

11. Discrimination Prohibited. The Landlord will not discriminate based upon race, color, religion, national origin, sex, disability, familial status, creed, ancestry, marital status, sexual orientation, military status, parenthood, or age.

12. Termination of Tenancy.

- A. By Tenant: To terminate this Lease, the Tenant must give the Owner/agent 30 days written notice. If the Tenant fails to give this notice, the Tenant shall be liable for rent up to the end of the 30 days for which notice was required or to the date the Leased Premises is re-rented, whichever is earlier.
- B. By Owner: The Owner/agent may not terminate or refuse to renew this Lease on other than the following grounds:
 - a) drug related criminal activity engaged in, on or near the premises, by any tenant, household member, or guest, and any such activity engaged in or on the premises by any other person under the tenant's control;
 - b) determination made by the Landlord that a household member is illegally using a drug;
 - c) determination made by the Landlord that a pattern of illegal use of a drug interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents;
 - d) criminal activity by a tenant, any member of the tenant's household, a guest or another person under the tenant's control;
 - i. that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents (including property management staff residing on the premises); or
 - ii. that threatens the health, safety, or right to peaceful

enjoyment of their residences by persons residing in the immediate vicinity of the premises;

- e) if the tenant is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime, that is a felony under the laws of the place from which the individual flees;
 - f) if the tenant is violating a condition of probation or parole under Federal or State law;
 - g) determination made by the Landlord that a household member's abuse or pattern of abuse of alcohol threatens the health, safety or right to peaceful enjoyment of the premises by other residents;
 - h) if the Landlord determines that the tenant, any member of the tenant's household, a guest or another person under the tenant's control has engaged in the criminal activity, regardless of whether the tenant, any member of the tenant's household, a guest or another person under the tenant's control has been arrested or convicted for such activity.
- C. The Owner/agent may not terminate the Lease during the first term of the lease for "other good cause".
- D. Notice of Termination of Tenancy: The Owner/agent must serve a written notice of termination of tenancy on the Tenant which:
- a) states the reasons for such termination with enough specificity to enable the tenant to prepare a defense;
 - b) advises the tenant that if a judicial proceeding for eviction is instituted, the Tenant may present a defense in that proceeding;
 - c) is served on the Tenant by sending a prepaid, first class, properly addressed letter (Return Receipt Requested) to the Tenant at the Leased Premises or by delivering a copy of the notice to the Leased Premises; and
 - d) states the date on which the tenancy will terminate. Such date must be determined in accordance with the following:
 - i. When termination is based on failure to pay rent, the date of termination must be not less than five working days after the Tenant's receipt of the notice.
 - ii. When termination is based on serious or repeated violations of this Lease or in violation of applicable, local, Colorado or federal law, the date of termination must be in accordance with Colorado law.
 - iii. When termination is based on other good cause, the date of termination must be no earlier than 30 days after this notice is served on the Tenant.

- E. Evictions: The owner/agent will not evict the Tenant unless the Owner/agent complies with the requirements of Colorado and local law, the provisions of this Lease and applicable HUD regulations. "Eviction" means the dispossession of the Tenant from the Leased Premises, pursuant to Colorado law.

13. Overcrowded and under occupied Units. In the event that CHFA determines that the Leased premises is not decent, safe and sanitary by reason of an increase in the Tenant's household or that the Leased Premises is larger than appropriate for the Tenant's household, the Owner/agent will offer the Tenant an alternative unit, if available, and the Tenant will be required to move. If the Owner/agent has no alternative unit, CHFA shall assist the Tenant in locating other standard housing in the locality, within the Tenant's ability to pay and require that the Tenant move to such unit as possible. In no case, will the Tenant be forced to move, nor will the housing assistance payments be terminated, unless the Tenant rejects without good reason, the offer of a unit which CHFA has deemed acceptable, or local housing codes require the family to move.

14. Effectiveness of Lease. This lease has been signed by the parties on the condition that:

- A. This lease shall not become effective unless CHFA has executed a Housing Assistance Payment Contract with the Owner either prior to or effective the first day of the term of the lease.
- B. This lease shall end no later than the termination date of the Housing Assistance Payments Contract. In the event that CHFA determines, after having given the Tenant reasonable notice (with a copy to the Owner/agent) and opportunity to respond, that the Tenant is ineligible for further housing assistance payments because of failure to comply with the Tenants obligations under the Statement of Family Responsibility, CHFA shall notify the Owner/agent and the Tenant of such determination. Such determination shall be grounds for termination of this Lease by the Owner/agent.

15. Attachments to this Lease. The Tenant certifies that he/she has received a copy of this Lease along with the following attachments and understands that such attachments constitute a part of this Lease:

- 1. HUD form 50058
- 2. Mod Rehab Lease Addendum, HUD form 52517D
- 3. Statement of Family Responsibility, HUD form 52578A
- 4. HUD form 9886, Consent to Release of Information
- 5. Protections for Victims of Abuse Addendum
- 6. House Rules
- 7. Lead-based Paint Disclosure
- 8. Debts Owed form

9. EIV brochure

10. Unit Inspection Report

The owner/agent may include other attachments like house rules, but these must be included.

16. The lease must also include the information on prohibited lease provisions listed below in Section B Prohibited Lease Provisions.

B. Prohibited Lease Provisions

The following provisions must not be included in a lease modification.

Confession of judgment

The prior consent by the tenant to any lawsuit initiated by the owner in connection with the lease and to a judgment in favor of the landlord.

Distrain for rent or other charges

An agreement by the tenant that the owner is authorized to take property of the tenant and hold it until the tenant performs an obligation the owner has determined the tenant has failed to perform.

Exculpatory clauses

An agreement by the tenant not to hold the owner or its agents liable for any acts or omissions, intentional or negligent, on the part of the owner or the owner's authorized representatives or agents.

Waiver of legal notice by tenant before actions for eviction or money judgment

An agreement by the tenant that the landlord may institute suit without notifying the tenant that the suit has been filed.

Waiver of legal proceedings

Authorization for the owner to evict the tenant or hold/sell the tenant's possessions whenever the owner determines a breach or default has occurred, without notice to the tenant or determination by a court of the rights and liabilities of the parties.

Waiver of jury trial

Authorization for the owner's attorney to appear in court on behalf of the tenant and waive the right to a jury trial.

Waiver of right to appeal judicial proceeding

Authorization for the owner's attorney to waive the tenant's rights to: (1) appeal for judicial error in any suit brought against the tenant by the owner or its agent, or (2) file suit to prevent the execution of a judgment.

Tenant chargeable with cost of legal actions regardless of outcome

A provision that the tenant agrees to pay all attorney and other legal costs if the owner brings legal action against the tenant, even if the tenant prevails in the action. Prohibition of this provision does not mean the tenant, as a party to a lawsuit, may not be obligated to pay attorney's fees or other costs if the tenant loses the suit.

C. Lease Attachments and Addendums

The following must be attached to the lease:

1. **Move-in, HUD-50058**
The 50058 shows the resident how their rent was calculated.
2. **Mod Rehab Lease Addendum, HUD form 52517D**
The Mod Rehab Lease addendum includes the prohibited lease provisions.
3. **Statement of Family Responsibility, HUD form 52578A**
The statement of family responsibility explains and reinforces the tenant's responsibility in the Program.
4. **Consent to Release of Information, HUD form 9886**
This form must be signed by all adult household members. This form allows CHFA and HUD the ability to request information from EIV and other applicable verification sources.
5. **Protections for Victims of Domestic Violence**
Owner/agents must have tenants sign the VAWA lease protections. Owner/agents must provide tenants the option to complete the Certification of Domestic Violence, Dating Violence or Stalking, form HUD-91066. The certification form may be made available to all eligible families at the time of admission or, in the event of a termination or start of an eviction for cause proceeding, the certification may be enclosed with the appropriate notice, directing the family to complete, sign and return the form within fourteen (14) business days. The owner/agent may extend this time period at his/her discretion.
6. **House Rules**, if such rules have been developed by the owner/agent
 - a. Developing a set of house rules is a good practice. By identifying allowable and prohibited activities in housing units and common areas, owner/agents provide a structure for treating tenants equitably and for making sure that tenants treat each other with consideration. House rules are beneficial in keeping properties safe and clean and making them more appealing and livable for the tenants.
 - b. The decision whether to develop house rules for a property rests solely with the owner/agent. The owner/agent must be careful not to develop restrictive rules that limit the freedom of tenants. If the owner/agent develops house rules for a property, these rules must be consistent with HUD requirements for operating HUD subsidized projects, must be reasonable, and must not infringe on tenants' civil rights.
 - c. House rules are listed in the lease as an attachment to the lease.
 - d. House rules must not create a disparate impact on tenants based on race, color, national origin, religion, sex, disability, sexual orientation, gender identity, or familial status.
 - e. House rules should be reasonable.

- f. House rules cannot circumvent the lease or mod rehab lease addendum.
- g. Owner/agents must give the tenants 30 day notice prior to implementing new rules.

7. Lead-based Paint Disclosure Form

The Disclosure Rule (40 CFR part 745, subpart F and 24 CFR part 35, subpart A – Requirements for Disclosure of Known Lead-Based Paint and/or Lead-Based Paint Hazards in Housing), published March 6, 1996, specifies the types of information that the owner/agent must give to applicants prior to signing their leases. These requirements apply to all properties built prior to January 1, 1978.

Residential structures built after January 1, 1978, are exempt from lead-based paint requirements because Congress banned the use of lead-based paint for residences after this date.

Zero-room dwelling units, including single room occupancy (SRO) units, are exempt.

For properties where the requirements apply, both the owner/agent and tenants need to be aware of lead-based paint hazards, such as paint chips, paint dust in units, and contaminated soil in common areas. Lead-based paint is dangerous to adults and children, but especially to children under age six.

Units that are older, are in poor physical condition, have been renovated unsafely, or have exterior lead-contaminated soil are at the most risk. Nevertheless, the owner/agent in all applicable properties must provide tenants with basic information on lead-based paint and its hazards, and they must maintain an accurate record of this communication. Compliance with these regulations is also crucial in order to reduce liability and avoid lawsuits, obtain more favorable insurance premiums, and avoid penalties for failing to meet government requirements.

Disclosure Rule Requirements

- A. Prior to leasing, the owner/agent must provide the tenant with two items:
 - 1. Lead hazard information pamphlet
The owner/agent must provide tenants of a residential property with the EPA/HUD/Consumer Product Safety Commission (CPSC) lead hazard information pamphlet (Protect Your Family from Lead In Your Home), or an EPA- approved equivalent. The owner/agent is required to document that the tenant was given a copy of the pamphlet before signing the lease.
 - 2. Disclosure form
The owner/agent must include the disclosure form in the lease packet and obtain the prospective tenant's signature before he or she signs the lease. The disclosure form is designed to document receipt of the Lead Hazard

Information Pamphlet and to meet three disclosure requirements, as follows:

- C. Disclose the presence of known lead-based paint/hazards

The owner/agent of target housing must disclose the presence of known lead-based paint and/or lead-based paint hazards. The disclosure form has a line for owner/agents to mark to verify that lead-based paint/hazards have been disclosed.

- D. Disclose information on lead-based paint/hazards

The owner/agent must provide applicants with any available records or reports pertaining to the presence of lead-based paint and/or lead-based paint hazards. The owner/agent must provide applicants with procedures to obtain access to any available records or reports pertaining to the presence of lead-based paint and/or lead-based paint hazards. The disclosure form has a line for the owner/agent to mark to verify that copies of all relevant records and reports have been provided to the applicant. The form also documents if there are no records or reports available.

- E. Recommended practice

The tenant briefing is an ideal time to provide applicants with the Lead Hazard Information Pamphlet and to give them the opportunity to review the disclosure form.

8. Debts owed HUD from 52675

The U.S. Department of Housing and Urban Development maintains a national repository of debts owed to Public Housing Agencies (PHAs) or Section 8 landlords and adverse information of former participants who have voluntarily or involuntarily terminated participation in the Program. This information is maintained within HUD's Enterprise Income Verification (EIV) system, which is used by Public Housing Agencies (PHAs) and their management agents to verify employment and income information of Program participants, as well as, to reduce administrative and rental assistance payment errors. The EIV system is designed to assist PHAs and HUD in ensuring that families are eligible to participate in HUD rental assistance programs and determining the correct amount of rental assistance a family is eligible for. All PHAs are required to use this system in accordance with HUD regulations at 24 CFR 5.233.

HUD requires PHAs, which administer the above-listed rental housing programs, to report certain information at the conclusion of a tenant's participation in a HUD rental assistance program. This notice provides the tenant with information on what information the PHA is required to provide HUD, who will have access to this information, how this information is used and the tenant's rights. The owner/agent must provide this notice to all applicants and Program participants. All residents are required to acknowledge receipt of this notice by signing page 2. Each adult household member must sign this form.

9. EIV brochure

This brochure must be given to all adult members of a household and a copy signed and dated by each must be retained in the tenant file. This brochure explains to the participants what EIV (Enterprise Income Verification) is and their responsibilities in reporting changes.

10. Move-in inspection report signed by both the owner/agent and tenant

The owner/agent is required to inspect the unit prior to moving in a new family to a unit. The unit must pass an HQS inspection before any housing assistance payments can be made on behalf of the family.

It is also important for the owner/agent to document the condition of the unit to be able to identify any damage charges to the family when the family vacates the unit. It is recommended that the owner/agent take pictures of the units as documentation of the condition.

11. Pet rules (if applicable)

The owner/agent must not apply house pet rules to assistance animals and their owners. However, this prohibition does not preclude the owner/agent from enforcing state and local health and safety laws, if they apply, nor does it preclude the owner/agent from requiring that the tenant with a disability who uses an assistance animal be responsible for the care and maintenance of the animal, including the proper disposal of the assistance animal's waste.

12. Owner/agent live-in aide addendum (if applicable)

The live-in aide addendum must establish that a live-in aide is not eligible to remain in the unit once the tenant is no longer living in the unit, regardless of the circumstances for the tenant's departure. The live-in aide addendum may give the owner/agent the right to evict a live-in aide who violates any of the house rules.

5.3 The Leasing Process

Once it has been verified that an applicant is eligible and calculated the tenant rent, the leasing process begins. The owner/agent will need to sign the lease and all other documents with the applicant. The owner/agent will want to conduct a briefing to make sure that the tenant understands their obligations under the lease and the Program.

A. Briefing

Holding a meeting prior to occupancy helps the owner/agent ensure that new tenants understand the terms of the lease. It also gives the owner/agent an opportunity to relay important information about resident rights, the lead-based paint disclosure, house rules, and conditions for termination of assistance and tenancy. At the same time, information provided during tenant briefing topics gives tenants a clear understanding of the owner's/agent's responsibilities and better enables tenants to fulfill their own responsibilities. The briefing gives the tenant an opportunity to ask questions and discuss the information being presented.

Briefing Topics

The briefing may cover a variety of topics. The following list identifies topics related to lease requirements that are important to discuss with the tenant:

- Signatures;
- Term of lease;
- Annual/interim recertifications;
- Rent;
- Security deposit
- Lease attachments, when applicable
- Other charges;
- Maintenance/damages;
- EIV brochure (the owner/agent is required to provide to applicants at the time of selection from the waiting list or final application processing and tenants annually at recertification a copy of the EIV brochure);
- Penalties for fraud;
- Termination of assistance;
- Termination of tenancy; and
- General rules.

Conducting the Briefing Meeting

1. The owner/agent is advised to conduct the briefing before the tenant signs the lease to make sure that the tenant has a good understanding of his/her obligations and responsibilities prior to move-in.
2. The owner/agent must ensure that there are appropriate means to communicate with hearing and/or speech impaired individuals. In addition, information may also have to be conveyed in languages other than English for LEP persons, in accordance with HUD guidance available on HUD's LEP website at <http://www.hud.gov/offices/fheo/lep.xml>.
3. It is also beneficial for the tenant to receive an information packet that contains handouts summarizing important topics covered during the briefing. If applicable, forms can also be given to the residents during the briefing.
4. Preferably, the briefing does not take place the same day the tenant signs the lease. This way the tenant will have time to think of questions regarding the lease.

B. Inspecting the unit

CHFA, or its authorized contractor(s), has the right and requirement to inspect the units and the entire property to ensure that the property is being physically well-maintained. These inspections assure CHFA/HUD that the owner/agent is fulfilling their obligations under the regulatory agreements and/or subsidy contracts and tenants are provided with decent, safe, and sanitary housing.

Move-in Inspection

Prior to moving a tenant into a unit, they must pass a Housing Quality Standard (HQS) inspection. This inspection should be performed as soon as the unit has been turned and ready for a new tenant. It should also be conducted prior to a move in inspection done using HUD form 52580 with the new tenant. If the owner/agent chooses to conduct an HQS inspection as the move-in inspection, the owner/agent must be aware that if the unit does not pass the HQS the tenant cannot receive assistance until it passes. A new inspection will need to be completed and passed before the assistance can be paid.

After the owner/agent conducts a unit inspection, the inspection form must indicate the condition of the unit. The condition of the unit must be decent, safe, sanitary, and in good repair. If cleaning or repair is required, the owner/agent must specify on the inspection form the date by which the work will be completed. No rental assistance can be paid during this time, and the tenant must be advised as to when the unit will be ready for vacancy.

Both the owner/agent and the tenant must sign and date the inspection form.

The inspection form must include the statement, "The unit is in decent, safe and sanitary condition."

The move-in inspection form must be made part of the lease, as an attachment to the lease.

A move-in inspection is an opportunity to familiarize the tenant with the project and the unit, as well as to document its current condition. By performing move-in inspections, the owner/agent and tenants are assured that the unit is in livable condition and is free of damages. A move-in inspection gives the owner/agent an opportunity to explain to the new residents the tenant's responsibility for damages caused to the unit by family members and visitors, discuss the house rules, and familiarize tenants with the operation of appliances and equipment in the unit.

Move-out Inspection

Upon the unit being vacated by the tenant, the owner/agent performs a move-out inspection to ensure there are no damages to the unit. The owner/agent should list the damages on the move-out form and compare it with the move-in form to determine if the damage is reasonable wear or tear or excessive damage caused by the tenant's abuse or negligence. The tenant should be given prior notice of the move-out inspection and be allowed to accompany the owner/agent if the tenant chooses. Ideally, the tenant should accompany the owner/agent on the move-out inspection so that any discrepancies can be discussed and a decision reached as to the extent of the damage, and who is responsible for the cost associated with the damage.

If a tenant does not wish to participate, the owner/agent may do the inspection alone.

HUD does not provide move-out inspection criteria. If the owner/agent

determines that the unit is damaged as a result of tenant abuse or neglect, the owner/agent may use the security deposit to cover the repair costs. The tenant should not be charged for normal wear and tear.

The owner/agent must document these inspections. The owner/agent may design their own inspection forms for a move in-move out inspection. (This inspection is not to be confused with an initial HQS inspection, which must be done on HUD form 52580 A.)

5.4 Security Deposits

Security deposits provide the owner/agent with some financial protection when a tenant moves out of the unit and fails to fulfill their obligations under the lease.

1. The amount of the security deposit established at move-in does not change when a tenant's rent changes.
2. The amount of the security deposit to be collected is the greater of:
 - a. One month's total tenant payment, or
 - b. \$50
3. The owner/agent must comply with any applicable state and local laws governing the security deposit.
4. The tenant is expected to pay the security deposit from their own resources, and/or other public or private sources.
5. The owner/agent may collect the security deposit on an installment basis.
6. The security deposit is refundable.
7. An applicant may be rejected if they do not have sufficient funds to pay the deposit.

Security Deposits for Tenants Transferring to Another Unit

When a tenant transfers to a new unit, an owner/agent may:

1. Transfer the security deposit; or
2. Charge a new deposit and refund the deposit for the old unit.

The owner/agent must be consistent in whichever practice they choose.

Interest Earned on the Security Deposit

The owner/agent must comply with any state and local laws regarding investment of security deposits and distribution of any interest earned thereon. If state law is silent, the Mod Rehab Program does not require the owner/agents invest the security deposit or pay interest to the tenants.

In addition, interest to the tenants must be computed in accordance with state or local law. When state or local law is silent, the actual rate earned on the security deposits must be computed and credited to each tenant's portion of the security deposit.

Security Deposit Disposition

- a. If the amount the resident owes at move out is less than the security deposit plus any accrued interest, the owner/agent must refund the unused balance to the tenant. Colorado law requires the security deposit disposition to be completed within 30 days of legally regaining possession of the unit, unless otherwise stated in the lease allowing the owner/agent up to an additional 30 days.
- b. If the owner/agent fails to provide an itemized list of charges to the tenant, the tenant is entitled to a full refund of the tenant's security deposit plus accrued interest.
- c. If a disagreement arises concerning the reimbursement of the security deposit to the tenant, the tenant has the right to present objections to the owner/agent in an informal meeting. The owner/agent must keep a record of any disagreements and meetings in the tenant file for a period of three years for inspection by the HUD Field Office or CHFA. These procedures do not preclude the tenant from exercising any rights under state and local law.
- d. If the security deposit is insufficient to reimburse the owner/agent for any unpaid rent or other amounts that the tenant owes under the lease, the owner/agent may be able to submit an unpaid rent and/or damage claim for reimbursement from CHFA.
- e. Any reimbursement from CHFA received by the owner/agent must be applied first toward any unpaid tenant rent due under the lease. Additionally, no reimbursement may be claimed for unpaid rent for the period after termination of the tenancy.

5.5 Charges in Addition to Rent

A. Charges Prior to Occupancy

The owner/agent must not charge applicants for costs associated with accepting and processing applications, screening applicants, or verifying income and eligibility. Owner/agents must not require applicants to pay application fees, credit report charges, charges for home visits, charges to obtain a background check(s), or other costs associated with the above functions. These costs are considered project expenses.

B. Charges at Initial Occupancy

The owner/agent must not collect any money from tenants at initial occupancy other than rent and the maximum allowed security deposit.

C. Charges for Late Payment of Rent

The owner/agent may assess a late fee if the tenant has been given at least five calendar days as a grace period to pay the rent. On the sixth day, the owner/agent may charge a fee, not to exceed \$5 for the period of the first through fifth day that the rent is not paid. Additionally, the owner/agent may charge a fee of \$1 per day for each additional day the rent remains unpaid for the month. The total late charge assessed for the month does not exceed \$30.

The owner/agent may deduct accrued, unpaid late charges from the tenant's security deposit at the time of move-out, if such a deduction is permitted under state and local laws. The owner/agent must not evict a tenant for failure to pay late charges.

D. Damages

Whenever damage is caused by carelessness, misuse, or neglect on the part of the tenant, household member, or visitor, the tenant is obligated to reimburse the owner/agent for the damages within 30 days after the tenant receives a bill from the owner/agent.

The owner/agent may deduct accrued, unpaid damage charges from the tenant's security deposit at the time of move-out, if such a deduction is permitted under state and local laws.

The owner's/agent's bill is limited to actual and reasonable costs incurred by the owner/agent for repairing the damages.

The owner/agent may not charge a tenant for bad behavior, such as foul language, noise, or failure to supervise children. However, if such behavior is serious or prolonged, it may be grounds for lease violation and termination of tenancy.

The owner/agent cannot charge for normal wear and tear.

Example: Wear-and-Tear versus Damage

Wear-and-tear: The carpet is worn and has reached the end of its useful life.

Damage: A relatively new carpet has rips and tears

chapter 6

Determining Income and Calculating Rents

6.1 Annual Income

The owner/agent must determine the amount of a family's income and eligibility before the family is allowed to move into a unit in the Program and at least annually thereafter. The amount of assistance paid on behalf of the family is calculated using the family's annual income less allowable deductions. HUD program regulations specify the types and amounts of income and deductions to be included in the calculation of annual and adjusted income.

A. Definition of Annual Income

Annual income means all amounts, monetary or not, which:

1. Go to or are on behalf of, the family head or spouse (even if temporarily absent) or to any other family member;
2. Or all amounts anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date.

Income inclusions and income exclusions listed below are the complete definition of annual income as published in the regulations and Federal Register notices. Annual income means all amounts that are not specifically excluded by regulation.

Income Inclusions

Annual income includes all of the following:

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
2. The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family

has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;

4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, lotteries, disability or death benefits, and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment (but see No. 17 under Income Exclusions);
5. Payments in lieu of earnings, such as unemployment, worker's compensation, and severance pay (except as provided in No. 3 under Income Exclusions);
6. Welfare assistance;
 - a. Welfare assistance received by the household.
 - b. The amount of reduced welfare income that is disregarded specifically because the family engaged in fraud or failed to comply with an economic self-sufficiency or work activities requirement.
 - c. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustments by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare income to be included as income shall consist of:
 - i. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - ii. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage;
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
8. All regular pay, special pay, and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family, spouse, or other person whose dependents are residing in the unit (except for number 7 under Income Exclusions); and
9. Any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, "financial assistance" does not include loan

proceeds for the purpose of determining income.

Income Exclusions

Annual income does not include the following:

1. Income from employment of children (including foster children) under the age of 18 years;
2. Payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone);
3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses (except as provided in No. 5 under Income Inclusions);
4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
5. Income of a live-in aide (as defined by regulation);
6. The full amount of student financial assistance paid directly to the student or to the educational institution (see Income Inclusions 9, above, for students receiving Section 8 assistance);
7. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
8. Amounts received under training programs funded by HUD;
9. Amounts received by a person with disabilities that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
10. Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
11. A resident service stipend. This is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner/agent on a part-time basis that enhances the quality of life in the development. This may include, but is not limited to fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;

12. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) 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 the period during which the family member participates in the employment training program;
13. Temporary, nonrecurring, or sporadic income (including gifts). For example, amounts earned by temporary census employees whose terms of employment do not exceed 180 days (Notice PIH 2000-1);
14. Reparations payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
15. Earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household and spouse);
16. Adoption assistance payments in excess of \$480 per adopted child;
17. Deferred periodic payments of supplemental security income and social security benefits that are received in a lump-sum payment or in prospective monthly payments;
18. 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;
19. 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; and
20. Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the 1937 Act. A notice will be published in the Federal Register and distributed to PHAs identifying the benefits that qualify for this exclusion. Updates will be distributed when necessary. The following is a list of income sources that qualify for that exclusion:
 - a. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 [7 U.S.C. 2017 (b)];
 - b. Payments to Volunteers under the Domestic Volunteer Services Act of 1973 [42 U.S.C. 5044(g), 5058];
 - c. Payments received under the Alaska Native Claims Settlement Act [43 U.S.C. 1626(c)];
 - d. Income derived from certain sub marginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);

- e. Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program [42 U.S.C. 8624(f)];
- f. Payments received under programs funded in whole or in part under the Job Training Partnership Act [29 U.S.C. 1552(b)]; (effective July 1, 2000, references to Job Training Partnership Act shall be deemed to refer to the corresponding provision of the Workforce Investment Act of 1998 (29 U.S.C. 2931));
- g. Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub.L- 94-540, 90 Stat. 2503-04);
- h. The first \$2000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U. S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first \$2000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408);
- i. Amounts of scholarships funded under title IV of the Higher Education Act of 1965, including awards under federal work-study program or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu);
- j. Payments received from programs funded under Title V of the Older Americans Act of 1985 [42 U.S.C. 3056(f)];
- k. Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in In Re Agent-product liability litigation, M.D.L. No. 381 (E.D.N.Y.);
- l. Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);
- m. The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);
- n. Earned income tax credit (EITC) refund payments received on or after January 1, 1991 [26 U.S.C. 32(j)];
- o. Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433);
- p. Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990 [42 U.S.C. 12637(d)];

- q. Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran (38 U.S.C. 1805);
- r. Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602); and
- s. Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931).

B. Projecting and Calculating Annual Income

Once the owner/agent knows and verifies all sources of income, the owner/agent must convert reported income to an annual figure. Convert periodic wages to annual income using the following:

- Multiply hourly wages by the number of hours worked per year (2080 hours for full-time employment with a 40 hour work week and no overtime).
- Multiply weekly wages by 52.
- Multiply biweekly wages (paid every other week) by 26.
- Multiply semimonthly wages (paid twice each month) by 24.
- Multiply monthly wages by 12.

To annualize other than full-time income, multiply the wages by the actual number of hours or weeks the person is expected to work.

Generally the owner/agent should use current circumstances to anticipate annual income, unless verification forms indicate an imminent change (e.g., verification indicates an increase of 2.4 percent in Social Security benefits beginning on January 1).

The owner/agent may choose among several methods to determine the anticipated annual income. The following are two acceptable methods of calculating annual income:

- Calculating projected annual income by annualizing current income (and subsequently conducting an interim reexamination if income changes); or
- If information is available on changes expected to occur during the year, use that information to determine the total anticipated income from all known sources during the year.

Example for calculating anticipated annual income with an expected change

A teacher's assistant works nine months annually and receives \$1,300 per month. During the summer recess, the teacher's assistant works for the Parks and Recreation Department for \$600 per month. The owner/agent may calculate the family's income using either of the following two methods:

1. Calculate Annual Income Based on Current Income
\$15,600 ($\1300×12 months). An interim reexamination would then be conducted at the end of the school year to recalculate the family's income during the summer months at reduced annualized amount of \$7200 ($\600×12 months).
2. Calculate Annual Income Based on Average Experience
 $\$11,700 (\$1300 \times 9 \text{ months}) + 1,800 (\$600 \times 3 \text{ months}) = \$13,500$.

Using the second method, an interim reexamination would not be conducted at the end of the school year. In order to use this method effectively, some history of income from all sources in prior years should be available.

Elements of Annual Income

1. Income from Assets
Annual income includes income from assets earned during the 12-month period and to which any family member has access. (See assets)
2. Income of Dependents
A dependent is a family member who is under 18 years of age, is disabled, or is a full-time student. The head of household, spouse, foster child, or live-in-aide are never dependents. Some income contributed to the household by dependents is counted and some is not.
 - a. Earned income of minors (family members 17 and under) is not counted.
 - b. Benefits or other unearned income of minors is counted. (e.g. Social Security from deceased parent.)
 - c. Although full-time students 18 years of age or older are technically identified as dependents, a small amount of their earned income will be counted. Count only earned income up to a maximum of \$480 per year for full-time students, age 18 or older, who are not the head of household, co-head, or spouse. (If the income is less than \$480 annually, count it all. If the annual income exceeds \$480, count \$480 and exclude the amount that exceeds \$480.)
 - d. All income of a full-time student, 18 years of age or older, is counted if that person is the head of household or spouse or co-head.

3. A payment received by the family for the care of foster children or foster adults is not counted. This applies only to payments made through the official foster care relationships with local welfare agencies.
4. **Income of Temporarily Absent Family Members**
The owner/agent must count all income of family members whom the owner/agent has approved to reside in the unit, even if they are temporarily absent.
5. **Regular Contributions and Gifts**
The owner/agent must count as income any regular contributions and gifts (monetary or not) from persons outside the family. This may include rent and utility payments paid on behalf of the family and other cash or noncash contributions provided on a regular basis.

Examples of regular contributions and gifts

- A divorced woman and her three children reside in a Program unit. The former husband does not pay child support, but each month he brings the family groceries, clothing, or money. On average he provides \$100 each month in goods or cash. The \$100 value per month is included in the family's annual income.
 - The daughter of an elderly woman pays the mother's \$175 share of rent each month. The \$175 value must be included in the participant's annual income.
6. **Temporary, Nonrecurring, or Sporadic Income (including gifts)**
This is not counted.
 7. **Income from a Business (includes self-employment income)**
 - a. The net income from operation of a business or profession is included as income. Generally, net income equals gross income less business expense.
 - b. Straight-line depreciation of capital assets used in the business or profession may be deducted as a business expense.
 - c. Interest payments on business loans and all business expenses other than expenses for expansion or capital improvements are also eligible business expenses.
 - d. However, expenditures for amortization of capital indebtedness may not be deducted.
 - e. Withdrawal of cash or assets from a business is counted as income except when the withdrawal is for reimbursement of amounts the family has invested in the business.

Example of capital assets and business expenses

A self-employed house painter owns a truck he uses for his business as well as several ladders, buckets and spray paint guns. He also purchases paint rollers and hand brushes each time he is hired to do a job. The painter may deduct as business expenses the depreciation on his truck and ladders (capital equipment) as well as the cost of the paint, paint thinner, disposable rollers and paint brushes he purchases throughout the year.

8. Alimony or Child Support

The owner/agent must count alimony or child support amounts awarded as part of a divorce or separation agreement unless the owner/agent verifies that the payments are not being made.

The owner/agent must determine what documentation is required to show that the family receives less than the court-ordered amount. For example, if the household has filed with the local support enforcement agency, print-outs from the agency may indicate the frequency and amount of payments actually received.

9. Lump Sum Payments Counted as Income

Generally, lump sum amounts received by a family, such as inheritances, insurance settlements, or proceeds from sale of property are considered assets, not income.

When Social Security or SSI benefit income is paid in a lump sum as a result of deferred periodic payments, that amount is excluded from annual income. However, lump sum payments caused by delays in processing periodic payments for unemployment or welfare assistance are included as income.

C. Determining Income from Assets

The owner/agent is required to include in the calculation of annual income any interest or dividends earned on assets held by the family. Asset inclusions and exclusions listed below are the full HUD definition of asset income to be included in the calculation of annual income.

Summary of Asset Inclusions and Exclusions

Assets include:

- a. Amounts in savings and checking accounts.
- b. Stocks, bonds, savings certificates, money market funds, and other investment accounts.
- c. Equity in real property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the assets and reasonable costs (such as broker fees) that would be incurred in selling the assets.
- d. The cash value of trusts that may be withdrawn by the family.
- e. IRA, Keogh, and similar retirement savings accounts, even though

withdrawal would result in a penalty.

- f. Some contributions to company retirement/pension funds. Note the discussion below on accessibility of the funds.
- g. Assets, which although owned by more than one person, allow unrestricted access by the applicant.
- h. Lump sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements, and other claims.
- i. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
- j. Cash value of life insurance policies.
- k. Assets disposed of for less than fair market value during the two years preceding certification or recertification.

Assets do not include:

- a. Necessary personal property, except as noted in (i) above in inclusions.
- b. Interest in Indian trust lands.
- c. Assets that are part of an active business or farming operation.

Note: Rental properties are considered personal assets held as an investment rather than business assets unless real estate is the applicant's/tenant's main occupation.
- d. Assets not controlled by or accessible to the family and which provide no income for the family.
- e. Vehicles especially equipped for the disabled.
- f.. Equity in owner-occupied cooperatives and manufactured homes in which the family lives.

Note: A key factor in whether or not to include an asset in the calculation of annual income is whether any member of the family has access to the asset.

Calculation When Assets Exceed \$5,000

When net family assets are \$5,000 or less, use the actual income from assets.

When family assets are more than \$5,000, use the greater of:

- Actual income from assets; or
- Imputed income from assets which is a percentage of the value of such assets based upon the current passbook savings rate as established by HUD.

Example of Comparing Actual Income from Assets to Imputed Income from Assets
Applicant has \$7,900 in assets. (Assume passbook rate of 2 percent.)

Applicant actual income from assets is paid at 1.5 percent simple interest annually, which yields \$119.

Imputed income from assets is \$158 (Assets \$ 7,900 x .02)

The interest of \$158 is greater than \$119 and will be used as income from assets in the calculation of annual income.

Additional Guidance on Calculating the Value of Assets and Income from Assets

1. Contributions to Company Retirement/Pension Funds

While an individual is employed, count as an asset only amounts the family could withdraw from a company retirement or pension fund without retiring or terminating employment.

After retirement or termination of employment, count as an asset any amount the employee elects to receive as a lump sum from the company retirement/pension fund.

Include in annual income any retirement benefits received through periodic payments.

In order to correctly include or exclude as assets any amount now held in retirement/pension funds for employed persons, the PHA must know whether the money is accessible before retirement.

2. Equity in Real Property

Real property includes land or real estate owned by the applicant or participant household. Equity is the portion of the market value of the asset which is owned by the applicant/participant (the amount which would be available to the household if the property were to be sold). It is equal to the market value less the cost to sell and any mortgage or loans secured against the property (which must be paid off upon sale of the property).

Calculate equity in real property as follows:

Market Value - Loan (Mortgage) = Equity

Calculate the cash value of real property as follows:

Equity - Expense to Convert to Cash = Cash Value

Expenses to convert to cash may include costs such as sales commissions, settlement costs, and transfer taxes.

3. Assets Disposed of for Less Than Fair Market Value

At initial certification or reexamination, the owner/agent must ask whether a household has disposed of an asset for less than its market value within the past two years. If the family has, the owner/agent

must determine the difference between the cash value of the asset at time of sale or other disposal and the actual payment received of for the asset.

Generally, assets disposed of as a result of a divorce, separation, foreclosure, or bankruptcy are not considered assets disposed of for less than fair market value. Some of the types of assets that must be considered include cash, real property, stocks, bonds, and certificates of deposit. They must be counted if the household gave them away or sold them for less than the market value.

Example of Asset Disposed of for Less Than Fair Market Value: Real Estate

Mrs. Jones “sold” her home to her daughter for \$5,000. The home was valued at \$19,500 and had no loans secured against it. Mrs. Jones paid broker’s fees and settlement costs of \$1,700 (8.7 percent of the sales price, a realistic estimate for the locality).

The amount to be included in family assets is \$12,800.

\$19,500	(Market Value)
<u>-1,700</u>	(Expense to Convert to Cash)
\$17,800	(Cash Value)
<u>-5,000</u>	(Amount Received when Asset Disposed)
\$12,800	(Value of Asset Disposed for Less than Fair Market Value)

Example of Asset Disposed of for Less Than Fair Market Value: Stocks

Ten months ago the Daniel family gave their son 300 shares of ABC, Inc. stock. The market value was \$3,735 (\$12.45/share). They incurred a broker’s fee of \$175 for the transaction.

\$ 3,735.00	(Market Value)
<u>-175.00</u>	(Expense to Convert to Cash)
\$ 3,560.00	(Cash Value)
<u>- 00.00</u>	(Amount Received when Asset Disposed)
\$ 3,560.00	(Value of Asset Disposed for Less than Fair Market Value)

Verification of assets disposed of for less than fair market value is generally done by applicant certification. PHAs need verify only those certifications that warrant documentation.

Valuing Assets

Because of the requirement to include the greater of the actual interest/dividend income earned or a percentage based upon the PHA's established passbook rate when assets are greater than \$5,000, the value of assets may affect the family's annual income.

The owner/agent must determine the market value of the asset and then calculate the cash value by subtracting the estimated expense required were the family to convert the asset to cash.

Expense to convert to cash includes costs such as:

- Penalties for premature withdrawal (e.g., the 10 percent penalty paid when a retirement account is closed prior to retirement age, or a certificate of deposit is withdrawn prior to maturity);
- Broker and legal fees (e.g., a percentage of the value of the asset incurred in the sale of stocks, bonds, real estate, etc.); and
- Settlement costs incurred in real estate transactions (e.g., the typical percentage of sales price for settlement in the locality).

Note: The owner/agent must not require families to dispose of assets in order to determine the costs to convert to cash. These amounts simply reflect a realistic estimate of costs and by deducting them from the market value of the asset; the imputed income from the asset is based on an amount the family would have in hand if they converted their assets to cash.

6.2 Adjusted Income

Adjusted income is the annual income of the members of the family residing in or intending to reside in the dwelling unit, less the following mandatory deductions:

- \$480 for each dependent;
- \$400 for any elderly family or disabled family;
- Child care expense;
- Disability assistance; and
- Medical expenses.

A. Deductions

Dependent Allowance

- The family receives an allowance of \$480 for each family member who is: (1) under 18 years of age, (2) a person with disabilities, or (3) a full-time student.

- A household head, spouse, foster child, or live-in aide may never be counted as a dependent.
- A full-time student is one carrying a full time subject load (as defined by the institution) at an Institution with a degree or certificate program.

Elderly or Disabled Household Allowance

- An elderly or disabled family is any family in which the head, spouse, or co-head (or the sole member) is at least 62 years of age or a person with disabilities.
- Each elderly or disabled family receives a \$400 household allowance. Because this is a “household allowance,” each household receives only one allowance, even if both the head and the spouse are elderly.

Child Care Allowance

Reasonable child care expenses for the care of children including foster children, age 12 and younger, may be deducted from annual income if all of the following are true:

- The care is necessary to enable a family member to work, look for work, or further his/her education (academic or vocational);
- The expense is not reimbursed by an agency or individual outside the household; and
- The expenses incurred to enable a family member to work do not exceed the amount earned by the lowest wage earned.

Child support payments made to another on behalf of a minor who is not living in the applicant household are not childcare and cannot be deducted.

Care expenses for the care of disabled family members over the age of 12 cannot be deducted as a child care expense, but see the section on Allowance for Disability Assistance Expenses below.

When more than one family member works, the owner/agent must determine which family member is being enabled to work because child care is provided. This is necessary because the child care allowance cannot exceed the income that family member earns.

Child care costs are also allowed to enable a member to go to school or look for work.

The owner/agent must determine whether child care costs are “reasonable.” Reasonable means reasonable for the care being provided. Reasonable costs for in-home care may be very different from reasonable day care center costs. Families may choose the type of care to be provided. The owner/agent may not

decide that the family may receive a deduction only for the least expensive type of care available.

Allowance for Disability Assistance Expense

Families are entitled to a deduction for unreimbursed expenses to cover care attendants and auxiliary apparatus for any family member who is a person with disabilities, to the extent these expenses are necessary to enable a family member (including the member who is a person with disabilities) 18 years of age or older to be employed.

Examples of Eligible Disability Assistance Expenses

1. The payments made on a motorized wheelchair for the 42-year-old son of the head of household enable the son to leave the house and go to work each day on his own. Prior to the purchase of the motorized wheelchair, the son was unable to make the commute to work. These payments are an eligible disability assistance expense.
2. Payments to a care attendant to stay with a disabled 16-year-old child allow the child's mother to go to work every day. These payments are an eligible disability assistance allowance.

This allowance is equal to the amount by which the cost of the care attendant or auxiliary apparatus exceeds three percent of gross annual family income. However, the allowance may not exceed the earned income received by the family member who is 18 years of age or older who is able to work because of such attendant care or auxiliary apparatus.

Auxiliary apparatus are items such as wheelchairs, ramps, adaptations to vehicles, or special equipment to enable a blind person to read or type, but only if these items are directly related to permitting the disabled person or other family member to work.

Calculation of the Allowance for Disability Assistance Expenses

Head	36	Earned Income	\$12,000
Spouse	35	Earned Income	\$10,000
Son	15		

Expenses for care of disabled son = \$3,500

Disability Assistance Allowance:

\$22,000	Annual Income
<u> x .03</u>	
\$ 660	

\$ 3,500	Total disability assistance expenses
<u> -660</u>	
\$ 2,840	Allowable disability assistance expenses

Note: \$2,840 is less than the income earned, so the full allowance may be deducted.

Allowance for Medical Expenses

1. The medical expense deduction is permitted only for households in which the head, spouse, or co-head is at least 62 or disabled (elderly or disabled households).
2. If the household is eligible for a medical expense deduction, the medical expenses of all family members may be counted (e.g., the orthodontist expenses for a child's braces may be deducted if the household is an elderly or disabled household).
3. Medical expenses are expenses anticipated to be incurred during the 12 months following certification or reexamination, which are not covered by an outside source such as insurance. The medical allowance is not intended to give a family an allowance equal to last year's expenses, but to anticipate regular ongoing and anticipated
4. Not all elderly or disabled applicants or participants are aware that their expenses for medical care are included in the calculation of adjusted income for elderly or disabled households. For that reason, it is important for owner/agent's staff to ask for information on allowable medical expenses.
5. These may include:
 - a. Services of doctors and health care professionals.
 - b. Services of health care facilities.
 - c. Medical insurance premiums.
 - d. Prescription/non-prescription medicines (prescribed by a physician).
 - e. Transportation to treatment (cab fare, bus fare, mileage).
 - f. Dental expenses, eyeglasses, hearing aids, batteries.
 - g. Live-in or periodic medical assistance.
 - h. Monthly payment on accumulated medical bills (regular monthly payments on a bill that was previously incurred). The allowance may include only the amount expected to be paid in the coming 12 months. If a family has medical expenses and no disability assistance expenses, the allowable medical expense is that portion of total medical expenses that exceeds three percent of annual income.

Calculating Medical Expenses

Head	64	
Spouse	63	
Annual Income		\$12,000
Total Medical Expenses		\$ 1,500

\$12,000	Annual Income
<u> x .03</u>	
\$ 360	3% of Annual Income

\$ 1,500	
<u> -360</u>	
\$ 1,140	Allowance for Medical Expense

Special Calculation for Households Eligible for Disability Assistance and Medical Expenses

If an elderly family or disabled family has both medical expenses and disability assistance expenses, a special calculation is required to insure that the family's three-percent share of these expenses is applied only one time. Because the allowance for disability assistance expenses is limited by the amount earned by the person freed for work, the disability allowance must be calculated before the medical allowance is calculated.

When the family has disability assistance expenses greater than or equal to three percent of annual income, an allowance for disability assistance expenses is computed as described above. In such an instance, the allowance for medical expenses will be equal to the family's total medical expenses.

Example: Disability Assistance and Medical Expenses

An elderly family has \$2,000 in medical expenses and \$3,000 in expenses for disability assistance. Annual income is \$20,000. \$2,400 of annual income is earned because the disability assistance enables a family member to work. Three percent of annual income is \$600.

Total Disability Assistance Expense:	\$3,000
Less: Three percent of Annual Income:	<u> -600</u>
	\$2,400

Disability Assistance Allowance:	\$2,400
Total Medical Expense:	\$2,000

(Entire 3 percent of annual income deducted to compute disability allowance)

When a family has disability assistance expenses that are less than three percent of annual income, the family will receive no allowance for disability assistance expense. However, the allowance for medical expenses will be equal to the amount by which the sum of both disability and medical expenses exceeds three percent of annual income.

Example: Disability Assistance and Medical Expenses

An elderly family has \$1,000 in medical expenses and \$500 in expenses for disability assistance. Annual income is \$20,000. \$4,000 of annual income is earned because the disability assistance enables a family member to work. Three percent of annual income is \$600.

Total Disability Assistance Expense:	\$ 500
Less: Three percent of Annual Income	<u>\$ 600</u>
	(\$ 100)

Disability Assistance Allowance: \$ 0

Total Medical Expense:	\$1,000
Less: Balance of 3% of Annual Income:	<u>\$ -100</u>
Medical Expense Allowance:	\$ 900

If the disability assistance expense exceeds the amount earned by the person who was freed for work, the allowance for disability assistance will be capped at the amount earned by that individual. The household is also eligible for a medical expense allowance; however, the three percent may have been exhausted in the first calculation and it then will not be applied to medical expenses. The following example illustrates application of the cap on disability allowance permitting a maximum allowance equal to the income earned by the household member enabled to work.

Example: Disability Assistance and Medical Expenses

An elderly family has \$2,000 in medical expenses and \$3,500 in expenses for disability assistance. Annual income is \$20,000. \$2,400 of annual income is earned because the disability assistance enables a family member to work. Three percent of annual income is \$600.

Total Disability Assistance Expense:	\$3,500
Less: Three percent of Annual Income	<u>\$ 600</u>
	\$2,900

Disability Assistance Allowance: (cannot exceed \$2,400 income generated)	\$2,400
Total Medical Expense: (entire 3% of Annual Income was deducted to compute the disability allowance)	\$2,000
Medical Expense Allowance:	\$2,000

6.3 Calculating Rents

The owner/agent is required to calculate rent at three points in time.

1. Prior to occupancy by an applicant.
2. As part of an annual recertification.
3. Recalculate if a tenant reports a change in income, allowances, or family composition. Refer to CHFA's Admin Plan Interim Policy for timing and interim requirements.

A. Total Tenant Payment

The Total Tenant Payment (TTP) is the amount a tenant is expected to contribute for rent and utilities.

- TTP is the greater of the following:
 - 30 percent of monthly adjusted income;
 - 10 percent of monthly gross income; or
 - The \$25 minimum rent,
- Admit an applicant only if the TTP is less than the gross rent.

B. Tenant Rent

Tenant rent is the portion of the TTP the tenant pays each month to the owner/agent for rent. Tenant rent is calculated by subtracting the utility allowance from the TTP.

It is possible for tenant rent to be \$0 if the utility allowance is greater than the TTP.

Example: Calculating Tenant Rent

TTP:	\$225
Utility allowance:	<u>- \$75</u>
Tenant rent:	\$150

C. Assistance Payments

The assistance payment is the amount the CHFA pays the owner every month on behalf of the tenant. The assistance payment covers the difference between the TTP and the contract rent for the unit. It is the subsidy that CHFA pays to the owner.

Example – Calculating HAP

Contract rent	\$564
TTP	- \$175
HAP	\$389

D. Utility Reimbursement

When the TTP is less than the utility allowance, the tenant receives a utility reimbursement to assist in meeting utility costs. The tenant will pay no tenant rent. The utility reimbursement is calculated by subtracting the TTP from the utility allowance.

E. Mod Rehab Minimum Rent

Tenants in properties subsidized through the Mod Rehab program must pay a minimum TTP of \$25.

The minimum rent is used when 30 percent of adjusted monthly income and 10% of gross monthly incomes are both below \$25.

The minimum rent includes the tenant's contribution for rent and utilities. In any property in which the utility allowance is greater than \$25, the full TTP is applied toward the utility allowance. The tenant will receive a utility reimbursement in the amount by which the utility allowance exceeds \$25.

Example: Utility Reimbursement for a Tenant Paying Minimum Rent

The Nguyen family qualifies for the minimum total tenant payment of \$25. The family pays its own utility bills. The utility allowance for the unit is \$75 a month. The owner/agent sends the Nguyen family a check each month for \$50 (\$75-\$25) as a utility reimbursement. The Nguyen family does not pay any tenant rent to the owner/agent.

Financial Hardship Exemptions to the Minimum TTP

The owner/agent must waive the minimum rent for any family unable to pay due to a long-term financial hardship, including the following:

- The family has lost federal, state, or local government assistance or is waiting for an eligibility determination.
- The family would be evicted if the minimum rent requirement was imposed.
- The family income has decreased due to a change in circumstances, including, but not limited to loss of employment.

- A death in the family has occurred.
- Other applicable situations, as determined by HUD/CHFA, have occurred.

To implement an exemption request, when a tenant requests a financial hardship exemption, the owner/agent must waive the minimum \$25 rent charge beginning the month immediately following the tenant's request and implement the TTP calculated at the highest of 30 percent of adjusted monthly income or 10 percent of gross monthly income. The TTP will not drop to zero unless those calculations all result in zero.

1. The owner/agent may request reasonable documentation of the hardship in order to determine whether there is a hardship and whether it is temporary or long term in nature. The owner/agent should make a determination within one week of receiving the documentation.
2. If the owner/agent determines there is no hardship as covered by the statute, the owner/agent must immediately reinstate the minimum rent requirements. The tenant is responsible for paying any minimum rent that was not paid from the date rent was suspended. The owner/agent may not evict the tenant for nonpayment of rent during the time in which the owner/agent was making the determination. The owner/agent and tenant should reach a reasonable repayment agreement for any back payment of rent.
3. If the owner/agent determines that the hardship is temporary, the owner/agent may not impose the minimum rent requirement until 90 days after the date of the suspension. At the end of the 90-day period, the tenant is responsible for paying the minimum rent, retroactive to the initial date of the suspension. The owner/agent may not evict the tenant for nonpayment of rent during the time in which the owner/agent was making the determination or during the 90-day suspension period. The owner/agent and tenant should reach a reasonable repayment agreement for any back payment of rent.
4. If the hardship is determined to be long term, the owner/agent must exempt the tenant from the minimum rent requirement from the date the owner/agent granted the suspension. The suspension may be effective until such time that the hardship no longer exists. However, the owner/agent must recertify the tenant every 90 days while the suspension lasts to verify that circumstances have not changed. The length of the hardship exemption may vary from one family to another depending on the circumstances of each family. The owner/agent must process an interim recertification to implement a long-term exemption.
5. The owner/agent must maintain documentation on all requests and determinations regarding hardship exemptions.

F. Prorated Assistance

As discussed in Chapter 3, Program Eligibility, assistance is restricted to U.S. citizens and noncitizens or nationals that have eligible immigration status. A mixed family, a family with one or more ineligible family members and one or more eligible family members, may receive prorated assistance. A mixed family is one whose members include citizens and eligible immigrants as well as noncitizens without eligible immigration status.

If a family is eligible for prorated assistance, the amount of assistance the family receives is adjusted based on the number of family members who are eligible compared with the total number of family members. The prorated assistance is calculated by multiplying a family's full assistance by a fraction.

Example: Prorated Assistance Calculation

Family A has four persons. Three are citizens, and one does not have eligible immigration status. The gross rent for the unit is \$500. The family's Total Tenant Payment (TTP) would normally be \$100.

Contract/Gross rent	\$500
TTP	\$100
Section 8 assistance	\$400
Fraction is:	
Number of eligible family members	3
Total number of family members	4
Prorated assistance	$\$400 \times 3/4 = \300
Tenant rent increase	\$100
New family rent (TTP + amount of assistance decrease)	\$200

If there is a utility allowance, add the utility allowance to the contract rent to get a "gross rent" amount and use that amount in the calculations. This will result in the utility allowance being prorated also.

Contract rent	\$500
Utility Allowance	\$100
Contract/Gross rent	\$600
TTP	\$100
Total assistance	\$500
Fraction is:	
Number of eligible family members	3
Total number of family members	4
Prorated assistance	$\$500 \times 3/4 = \375
Tenant rent increase	\$125
New family rent (TTP + amount of assistance decrease)	\$225

chapter 7

Verification Requirements

7.1 Introduction

Accurate determination of income eligibility, allowances, and family rent can occur only with full verification of all factors related to income and family circumstances.

This chapter provides general information and tips on verifying all types of information, including methods to avoid accepting tampered documents and detailed information on verifying income. This section addresses verification of eligibility factors about which information must be collected in order to determine eligibility.

7.2 Key Requirements

The owner/agent must verify all income, expenses, assets, family characteristics, and circumstances that affect family eligibility, order of applicant selection, or level of assistance.

A. Methods of Verification Acceptable Listed in the Order of Priority

- 1. Up-front Income Verification (UIV) Using HUD's EIV system for tenants (not available for applicants) (Mandatory);**
The verification of income before or during a family reexamination, through an independent source that systematically and uniformly maintains income information in computerized form for a number of individuals. It should be noted that the EIV system is available as a UIV technique.
- 2. UIV Using Non-EIV System (Optional)**
The owner/agent is encouraged to continue using other non-HUD UIV tools, such as The Work Number (an automated verification system) and state government databases, to validate tenant-reported income.
- 3. Written Third-party Verification Documents**
Mandatory to supplement EIV-reported income sources and when EIV has no data; Mandatory for non-EIV reported income sources; Mandatory when tenant disputes EIV reported employment and income information and is unable to provide acceptable documentation to support dispute; and mandatory at move in.

An original or authentic document generated by a third-party source dated either within the 60-day period preceding the reexamination or PHA request date. Such documentation may be in the possession of the tenant (or applicant), and is commonly referred to as tenant-provided documents. It is the HUD's position that such tenant-provided documents are written third-party verification since these documents originated from a third-party source. The owner/agent may, at their discretion, reject any tenant-provided documents and follow up directly with the source to obtain necessary verification of information.

Examples of acceptable tenant-provided documentation (generated by a third party source) include, but are not limited to: pay stubs, a payroll summary report, an employer notice/letter of hire/termination, an SSA benefit verification letter, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices. Current acceptable tenant-provided documents must be used for income and rent determinations.

The owner/agent is required to obtain, at a minimum, two current and consecutive pay stubs for determining annual income from wages. For new income sources or when two pay stubs are not available, the owner/agent should project income based on the information from a traditional written third-party verification form or the best available information. Note: : Documentation must be dated within the 60-day period preceding the re-examination or the owner/agent request date. Documents older than 60 days (from the owner/agent interview/determination or request date) is only acceptable for confirming effective dates of income.

4. Written Third-party Verification Form

A written third-party verification form is mandatory if written third-party verification documents are not available or rejected by the PHA; and when the applicant or tenant is unable to provide acceptable documentation.

Also, known as traditional third-party verification; a standardized form to collect information from a third-party source. The form is completed by the third party by hand. Owner/agents send the form directly to the third party source by mail, fax, or email. It is HUD's position that the administrative burden and risk associated with use of the traditional third-party verification form may be reduced by the owner/agent relying on acceptable documents that are generated by a third party, but in the possession of and provided by the tenant (or applicant). Many documents in the possession of the tenant are derived from third-party sources (i.e., employers, federal, state and/or local agencies, banks, etc.).

HUD recognizes that third-party verification request forms sent to third-party sources often are not returned. In other instances, the person who completes the verification form may provide incomplete information; or some tenants may collude with the third-party source to provide false information; or the tenant intercepts the form and provides false information. HUD requires the owner/agents to rely on documents that originate from a third-party source's computerized system and/or database, as this process reduces the likelihood of incorrect or falsified information being provided on the third-party verification request form.

The use of acceptable tenant-provided documents, which originate from a third-party source, will improve the integrity of information used to determine a family's income and rent and ultimately reduce improper subsidy payments. This verification process will also streamline the income verification process.

5. Oral Third-party Verification (Mandatory if written third-party verification is not available)

Independent verification of information by contacting the individual income/expense source(s), as identified through the UIV technique or identified by the family, via telephone or in-person visit. The owner/agent should document in the tenant file, the date and time of the telephone call (or visit to the third party), the name of the person contacted and telephone number, along with the confirmed information. This verification method is commonly used in the event that the independent source does not respond to faxed, mailed, or emailed request for information in a reasonable time frame, i.e., 10 business days.

6. Tenant Declaration (Use as a last resort when unable to obtain any type of third-party verification)

The tenant submits an affidavit or notarized statement of reported income and/or expenses to the owner/agent. This verification method should be used as a last resort when the owner/agent has not been successful in obtaining information via all other verification techniques. When the owner/agent relies on tenant declaration, the owner/agent must document in the tenant file the attempts to obtain third-party verification and why third-party verification was not available.

7.3 Verification of Family Composition

The owner/agent may seek verification of family composition only if the owner/agent has clear written policy. Verification is not required.

The owner/agent may use a policy to verify family composition to determine whether children reside in the household 50 percent or more of the time, as well as determine the appropriate unit size for the family. If the children are being claimed in another household, the owner/agent must verify custody of the children.

The owner/agent may also want to verify the departure of family members reported to have moved out. This can be done by reviewing the lease signed by the departing member for a new residence, a new driver's license or utility bill showing the departed member's name and a new address, or accepting a signed affidavit from the remaining head of household when reasonable efforts to obtain verification have been exhausted.

7.4 Verification of Family Type and Individual Status

Eligibility for certain income deductions and preferences are based upon whether the family is identified as elderly or disabled, or whether a family has any individual members who are elderly or disabled. Therefore, verifications of age and disability status are very important issues in determining eligibility and rent.

Disability

The owner/agent may verify disability to determine whether a family or person meets the definition of disability used to determine eligibility for preapproved preferences, or an allowance, or to identify applicant needs for features of

accessible units or reasonable accommodations. The owner/agent may not specifically ask for or verify the nature and extent of the disability. There are ways to verify disability status without obtaining detailed information or information that must not be collected.

Verification of disability may be obtained through the following methods:

- A third-party verification form may be sent by the owner/agent to an appropriate source of information, including but not limited to a physician, psychologist, clinical social worker, other licensed health care, or the Veterans Administration.

If a third-party form is used, it must be signed by the applicant authorizing the release of such information to the owner/agent.

The form should provide the definitions of disability used to determine eligibility and rent and should request that the source completing the form identify whether the applicant meets the definition. In this way the owner/agent is not required to make any judgments about whether a condition is considered a disability, and will not have prohibited information.

- Receipt of Social Security disability payments is adequate verification of an individual's disability status. Such information is obtained through verification of the Social Security disability payments.

Note: Applicants who meet the Social Security's definition of disabled are eligible even if they do not receive Social Security benefits. Because the Disability Status in EIV is not always accurate, the owner/agent must not use this status for determining an applicant's or tenant's eligibility as disabled for a HUD program or for receiving the elderly/disabled household allowance. The owner/agent must obtain current tenant-provided documentation, or verification directly from the Social Security office to determine whether an applicant or tenant meets their definition as disabled.

Receipt of a veteran's disability benefit does not automatically qualify a person as disabled, because the Veteran's Administration and Social Security Administration define disabled differently.

Age

The owner/agent may need to verify age for several reasons: to determine eligibility for a property preapproved preference for elderly persons or to determine whether a person is old enough to sign a legally binding contract. The owner/agent may also need to verify age to determine whether a family is entitled to certain allowances based upon the age of the head, spouse, co-head, or minor.

7.5 Verification of Expenses

If a household's head, spouse, or co-head is disabled or elderly the family is eligible to deduct medical expenses beyond 3 percent of gross income. All medical expenses need to be verified through third-party sources.

- a. Verification by a doctor, hospital or clinic, dentist, pharmacist, etc., of estimated medical costs to be incurred or regular payments expected to be made on outstanding bills which are not covered by insurance.
- b. Copies of cancelled checks that verify payments on outstanding medical bills that will continue for all or part of the next 12 months.
- c. Copies of income tax forms (Schedule A, IRS Form 1040) that itemize medical expenses, when the expenses are not expected to change over the next 12 months.
- d. Receipts, cancelled checks, pay stubs that indicate health insurance premium costs, or payments to a resident attendant.
- e. Receipts or ticket stubs that verify transportation expenses directly related.

7.6 Verification of the Need for an Assistance Animal

Some applicants or residents may require the use of assistance animals as a reasonable accommodation for a disability.

- a. The owner/agent may verify that the applicant or resident has a disability and that there is a disability-related need for the requested accommodation, in this case the assistance animal.
- b. The owner/agent may require the applicant or resident to provide documentation of the disability and the need for the animal from an appropriate third party, such as a medical provider, mental health provider, or other professional in a position to provide this verification. For example, if a tenant or applicant seeks a reasonable accommodation for an assistance animal that provides emotional support, that individual may be required to provide documentation from a physician, psychiatrist, social worker, or other mental health professional that the animal provides support that alleviates one or more of the identified symptoms or effects of an existing disability.
- c. The owner/agent must implement its policy related to inquiries consistently for all applicants requesting permission to keep an assistive animal. However, a tenant or applicant should not be required to provide documentation of the disability or the disability-related need for the assistance animal if the disability is or the need is readily apparent or already known to the provider. For example, a blind tenant should not be required to provide documentation of his or her disability and the need for a guide dog.

7.7 Verification of Income

Verification must be done for all sources of income. The types of acceptable documentation are listed in section 7.2 of this chapter. All sources of income must be examined and verified.

7.8 Verification of Assets

Third-party verification is required to verify all assets. The owner/agent should obtain and review all needed verifications. The owner/agent may use the following to verify assets:

- a. Passbooks, checking, or savings account statements, certificates of deposit, property appraisals, stock or bond documents, or other financial statements completed by financial institution.
- b. Copies of real estate tax statements, if tax authority uses approximate market value.
- c. Quotes from attorneys, stockbrokers, bankers, and real estate agents that verify penalties and reasonable costs incurred to convert asset to cash.
- d. Copies of real estate closing documents that indicate distribution of sales proceeds
- e. Verification forms, letters or documents received from financial institutions, stock brokers, real estate agents, employers indicating the current value of the assets and penalties or reasonable costs to be incurred in order to convert non-liquid assets into cash.
- f. Notarized statement or signed affidavit stating cash value of assets or verifying cash held at applicant's home or in safe deposit box.

Use current balance in savings accounts and six months average balance for checking accounts for last six months.

Use cash value of all assets (the net amount the applicant would receive if the asset were converted to cash).

Note: This information can usually be obtained simultaneously when verifying income from assets and employment (e.g., value of pension).

7.9 Verification of Social Security Numbers

Adequate documentation to verify the SSN of an individual is a Social Security card issued by the SSA, an original document issued by a federal or state government agency that contains the name and SSN of the individual along with identifying information of the individual, or a another acceptable evidence of the SSN.

The owner/agent may reject documentation of the SSN provided by the applicant or tenant that:

1. Is not an original document; or
2. Is the original document but it has been altered, mutilated, or is not legible; or
3. Appears to be a forged document (e.g., does not appear to be authentic).

Once the tenant has been verified by EIV, it is no longer required to maintain a copy of the Social Security card in the tenant file.

7.10 Verification of Citizenship and Immigration Status

Once the applicant has signed a citizen declaration form, the owner/agent may require that applicants claiming to be an eligible citizen provide verification of that citizenship. The owner/agent, however, must require that noncitizens claiming to be eligible provide verification of immigration status. The verification process for immigration status is discussed in Chapter 10, SAVE Verification.

7.11 Verifying Eligibility of a Student for Assistance

The owner/agent should verify the following, if applicable:

- a. Age
- b. Dependent child
- c. Married
- d. Institution of higher education. The owner/agent will need to verify that the school where the student is enrolled meets the Department of Education's definition for an institution of higher education.
- e. Tuition
- f. Veteran status
- g. Disabled student was receiving Section 8 assistance on November 30, 2005.

As discussed in Chapter 3, some students enrolled in an institute of higher education are not eligible for assistance. If the student is a head, spouse or co-head under 24 and does not fall under one of the exemptions listed in chapter 3, the owner/agent must then either verify that the parents would income qualify or verify the student's independence from parents.

Verifying Parents' Income

1. The owner/agent must verify parents' income each time they determine the eligibility of the student to receive Section 8 assistance unless the student can demonstrate his or her independence from parents.
2. The owner/agent may accept a signed declaration and certification of income from the parents, which includes a penalty of perjury clause.
3. If the owner/agent determines that the parents' declaration and certification of income, or their eligibility is questionable, the owner/agent may request and review supporting documentation including, but not limited to:
 - a. IRS tax returns;
 - b. Consecutive and original pay stubs;

- c. Bank statements;
 - d. Pension benefits statements;
 - e. Temporary Assistance to Needy Families (TANF);
 - f. Social Security Administration award letters; or
 - g. Other official and authentic documents from a federal, state or local agency.
4. If the student's parents refuse to provide a declaration and certification of their income, the student is not eligible for Section 8 assistance unless the student can demonstrate his or her independence from parents for at least a year.
 5. The owner/agent may adopt and implement the following criteria for determining whether to obtain the declaration and certification of income from parents individually or jointly:
 - a. If the student's parents are married and living with each other, obtain the declaration and certification of income from each parent.
 - b. If the student's parent is widowed or single, obtain the declaration and certification of income from that parent.
 - c. If the student's parents are divorced or separated, obtain the declaration and certification of income from each parent.
 - d. If the student has been living with one of his or her parents and has not had contact with or does not know where to contact his or her other parent, obtain from the student a certification addressing the circumstances and that they have not received any financial assistance, directly or indirectly, from the absent parent. The certification must include a penalty of perjury clause. The owner/agent must also obtain from the parent with whom the student has been living or has contact with the declaration and certification of income.
 6. The owner/agent should use the applicable low income limit for the parents' family size for the locality where the parents reside when determining the parents' income eligibility for Section 8 assistance.
 7. If the student's parents live outside of the United States in areas where income limits have not been established for the Section 8 program, the owner/agent should use the applicable low income limit for the parent's family size for the same locality used in determining the student's eligibility.

Verification of Student's Independence from Parents

When a student claims his or her independence from parents, the owner/agent must verify the student's independence from his or her parents by taking into consideration all of the following. The owner/agent must:

- a. Review and verify previous address information to determine evidence of a separate household;
- b. Verify the student meets the U.S. Department of Education's definition of independent student;
- c. Review prior year income tax returns to verify if a parent or guardian has claimed the student as a dependent (except if the student meets the Department of Education's definition of independent student);
- d. Verify income provided by a parent by requiring a written certification from the individual providing the support. Certification is also required if the parent(s) is not providing support to the student. Financial assistance that is provided by persons not living in the unit is part of annual income;
- e. Verify additional criteria established, if applicable, to use when determining the student's independence from parents. Verification would be obtained in accordance with the owner's/agent's policies;
or
- f. Verify the amount of financial assistance the student receives under the Higher Education Act of 1965, from private sources, or from an institution of higher education.

chapter 8

Recertifications

8.1 Introductions

A tenant's eligibility for assistance is based on their income, as determined in accordance with Program rules. Changes in income or family composition can affect the amount of assistance a tenant is eligible to receive and, therefore, the amount the tenant pays for rent.

Because a tenant's income and family composition can change over time, Program requirements establish procedures for addressing these changes. Such changes are examined and implemented through the recertification process. Tenants have responsibilities for providing timely information about these changes. Similarly, the owner/agent has responsibilities for promptly reviewing and verifying this information and for making changes in assistance payments or tenant rent consistent with Program requirements.

Further, changes in the family size or composition of an existing tenant household may mean the current unit is no longer appropriate in size and a transfer to an appropriate sized unit is needed.

A. Key Requirements

To ensure that assisted tenants are charged rent commensurate with their ability to pay, CHFA requires the following:

1. The owner/agent must conduct a recertification of family income, assets, and composition at least annually. The owner/agent must then re-compute the tenant's rent and assistance payments, if applicable, based on the gathered information.
2. Tenants must supply information requested by the owner/agent or CHFA for use in a regularly scheduled recertification of family income and composition in accordance with HUD requirements.
3. Tenants must sign consent release forms and any appropriate declaration forms.
4. The owner/agent must use the EIV Income Report as third-party verification of employment and income unless the tenant disputes the information on the EIV report.
5. The owner/agent must obtain third-party verification directly from the third-party source for the following items:
 - a. Annual income from wages, unemployment, and Social Security benefits when tenant is unable to provide acceptable income documentation or disputes the employment and income information in the EIV system;
 - b. Reported family annual income from sources not reporting income

- data to the EIV system;
- c. The value of family assets;
- d. Expenses related to deductions from annual income; and
- e. Other factors that affect the determination of adjusted income.

8.2 Annual Recertifications (ARs)

A. Timing of Recertifications

Annual Recertifications must be completed by the tenant's recertification anniversary date.

B. Determining Recertification Anniversary Dates

The recertification anniversary date is the first day of the month in which the tenant moved into the property. The anniversary date will not change if a tenant transfers from one unit to another at the same property. For example, if a resident moves in on May 22, the annual recertification will be effective May 1.

With the approval of CHFA, the owner/agent may establish an alternative recertification anniversary date (e.g., recertifying an entire floor in a building in a given month, such as January.)

It is the owner's/agent's responsibility to ensure all recertifications are completed in a timely manner. If a new annual recertification is not submitted to CHFA within 15 months of the previous year's AR, their assistance will be terminated until it is complete.

C. Notices to Tenants

First Reminder Notice

The owner/agent must provide tenants with a reminder notice at least 120 days prior to the recertification anniversary date. The First Reminder Notice should do the following:

1. State the name of the staff person at the property to contact about scheduling a recertification interview, the contact information for this person, and how the contact should be made. The owner/agent may propose an interview date and time as long as the tenant has the option to reschedule the interview for a more convenient date and time.
2. List the information that the tenant should bring to the interview.
3. State the cutoff date by which the tenant must contact the owner/agent and provide the information and signatures necessary to process the recertification.
4. State that if the tenant responds to the owner/agent after the specified cutoff date, the owner/agent may process the annual

recertification but will not provide the tenant with a 30-day notice of any resulting rent increase.

5. State that if the tenant fails to respond before the recertification anniversary date, the tenant will lose the assistance and will be responsible for paying market rent for the unit.

The owner/agent must maintain a copy of the notice in the tenant file documenting the date the notice was issued.

Second Reminder Notice

If the tenant does not respond within 30 days of the First Reminder Notice, the owner/agent must provide a Second Reminder Notice approximately 90 days prior to the tenant's recertification anniversary date informing the tenant that his/her recertification information is due. The Second Reminder Notice must provide the tenant with all of the information given in the First Reminder Notice. The owner/agent must also maintain a copy of this notice in the tenant file documenting the date the notice was issued.

Third Reminder Notice

If the tenant does not respond to the Second Reminder Notice before 60 days prior to the recertification anniversary date, the owner/agent must provide the tenant a Third Reminder Notice no later than 60 days prior to the anniversary date. This notice also serves as a 60-day notice to terminate assistance, and as a 60-day rent increase notice. The Third Reminder Notice should do the following:

1. Provide the tenant with all of the information given in the First Reminder Notice;
2. Specify the amount of the rent the tenant will be required to pay if they fail to provide the required recertification information by the anniversary date and state that this rent increase will be made without additional notice; and
3. Ensure that the tenant is made aware that this will be their final notice before a rent increase is imposed.

The owner/agent must maintain a copy of this notice in the tenant file documenting the date the notice was issued.

Once the recertification is complete, the owner/agent must notify the family in writing of any change in tenant rent or assistance payment resulting from the recertification. If the tenant's rent is increasing, the owner/agent must provide the tenant a 30-day notice of the increase, unless the tenant failed to complete the process in time to give the 30-day advance notice of a rent increase. Should the owner/agent fail to complete the verification process in time to give the 30-day advance notice of a rent increase, the tenant's rent increase may not take effect until the 30-day notice increase notice period has expired. The HAP change, however, will be effective on the recertification anniversary date.

D. Steps to Completing an Annual Recertification

Once a tenant has responded to their notice to complete their annual recertification, the following steps should be performed:

1. Recertification appointment
All of the necessary income, asset, and deduction information should be gathered from the tenant that will be used in determining rent. During this time the tenant will also sign any applicable releases to allow the owner/agent to verify the information via a third party.
2. Verification of tenant-provided information.
3. Calculation of the new TTP, Tenant Rent, and Housing Assistance Payment based upon verified information.
4. Contact the tenant to schedule a time to sign the completed annual recertification documents prior to their anniversary date. In the case of a rent increase, this must be completed at least 30 days prior to the effective date to allow for the required 30-day notice of rent increase.
5. Submit the completed 50058 or 50058 Worksheet to CHFA via the secure File Transfer Protocol site. (See FTP manual for instruction)

8.3 Interim Recertifications (IRs)

CHFA will require the owner/agent to conduct interim adjustments to the rental assistance and tenant rent to ensure that assisted tenants pay rents commensurate with their ability to pay. All tenants must notify the owner/agent when:

1. A family member moves out of the unit;
2. The family proposes to move a new member into the unit;
3. An adult member of the family who was reported as unemployed on the most recent certification or recertification obtains employment; or
4. The family's income cumulatively increases by \$200 or more per month.

The family will be required to report these changes in its composition, income, and/or any allowance that occur between the annual certifications. These changes must be reported to the owner/agent as soon as the family becomes aware of the changes, but no longer than 10 calendar days from the date of the change to be considered timely reporting.

The owner/agent must process an interim recertification when the family reports these changes or when the owner/agent otherwise becomes aware of these changes. The owner/agent must verify only those factors which have changed since the last annual certification or which were not previously verified.

The owner/agent is not required to process an interim recertification if:

1. The resulting decrease in tenant rent was caused by the deliberate action of

the family in order to avoid paying a higher rent; or

2. The owner/agent receives confirmation that the change will last less than one month. (For example, an employer confirms that the family member will be laid off for only two weeks.)

The owner/agent must, however, implement this policy consistently for all tenants in the property who experience a decrease or increase in income that will last for less than one month.

The owner/agent may delay, but not refuse, to process an interim recertification if the owner/agent has confirmation that the family's income will be partially or fully restored within two months. Processing may be delayed only until the new income is known.

The owner/agent must notify the family in writing of any change in the tenant rent or assistance payment resulting from the interim certification.

The effective date of the change will be as follows:

- If the family's rent increases, and the tenant reported the change in a timely manner (10 calendar days from the action that causes the change) the owner/agent must give the family a 30-day advance notice of the increase. The effective date will be the first of the month commencing after the end of the 30-day period.
- If the family's rent decreases, the change will be effective the first of the month following the day the tenant reports the change.

If the tenant does not comply with the interim reporting requirements, and the tenant has failed to report changes in a timely manner, the owner/agent initiates an interim recertification and implements rent changes as follows:

1. Rent increases
Owner/agents must implement any resulting rent increase retroactive to the first of the month following the date that the action occurred.
2. Rent decreases
Any resulting rent decrease again as above will be effective the first of the month following the residents reporting of the change.

If the owner/agent learns that the family's household has experienced one of the changes listed above, the owner/agent must immediately notify the family in writing that they must complete an interim recertification. The owner's/agent's notice must state that the interim recertification is a requirement of the Program. It must also give the family 10 working days to respond to the notice and advise the family that the rental assistance may be terminated if the 10-day deadline is not met. If the family does respond within this timeframe and supplies the required information, the owner/agent must process the interim recertification with an effective date as is stated when the family fails to report in a timely manner.

8.4 Unit Transfers

If the owner/agent determines that a tenant's current dwelling unit is smaller or larger than appropriate as a result of a change in a tenant's family size or composition, then the owner/agent must decide whether to require the tenant to transfer to another unit.

Owners/agents must not reduce or terminate the assistance payment associated with the original unit until the family has been offered a transfer to a unit of appropriate size and has been given sufficient time to move to the new unit.

In the case of a unit transfer, both the change in rent and change in the assistance payment are effective on the day the tenant actually occupies the new unit.

The owner/agent must develop additional unit transfer policies to address tenant transfer requests beyond those needed for change in family size, including transfers needed for medical reasons or to accommodate a person with a disability.

The owner/agent is obligated to transfer tenants to different units as a reasonable accommodation to a household member's disability. For example, a tenant with a physical disability might need a transfer to an accessible unit, or a unit on the ground floor, or a larger unit to accommodate a live-in aide. Transfers that are needed as a reasonable accommodation, should be made on a priority basis.

A. Determining Whether a Unit Transfer Should Occur

If a tenant reports a change (or the owner/agent becomes aware of a change) in family composition, the owner/agent must do the following:

1. Determine appropriate unit size.
The owner/agent should use the occupancy standards established for the property to determine whether the unit is still the appropriate size for the tenant.
2. Determine whether a transfer is required.
The following considerations determine whether the tenant is required to move:
 - a. Is there a unit of appropriate size in the property? If there are appropriately sized units available, then a transfer to an appropriately sized unit is required. If a unit of appropriate size is not available, then the tenant should be moved to the most appropriately sized unit.
 - b. Is there a market for the size of the unit the tenant would be vacating? If the tenant is occupying a unit that is larger than needed and there is no demand for that larger unit, the owner/agent does not have to require the tenant to move from the larger unit until there is a demand that size of unit.
 - c. How long will the tenant remain in the property? If the tenant has given a written notice to vacate, the owner/agent need not require the tenant to transfer.

B. Inputting Data for a Unit Transfer 50058 Worksheet

When submitting a Unit Transfer 50058 Worksheet to CHFA, pick the Change of Unit certification type from the dropdown list in the spreadsheet. Also, indicate which unit the tenant is transferring from and which unit they are transferring to. This can be done in either the title of the document or the Unit Number field within Section 4 of the worksheet. All other information should be filled out as you would with any other certification type.

8.5 Submitting Information to CHFA

All sensitive information being submitted to CHFA should be sent utilizing our secure File Transfer Protocol site. This information may include but is not limited to:

- 50058s and 50058 worksheets
- EIV requests
- Existing and Former Tenant Requests
- Requested information to clear up and discrepancy errors
- Management review responses

Please see the FTP Manual for submission directions.

chapter 9

Enterprise Income Verifications (EIV)

9.1 System Overview

The EIV system is used to support up-front income verification by providing income information to be used by PHA's during tenant recertification as well as related tools to be used in identifying possible dual entitlement situations and whether applicants are receiving HUD rental housing assistance. It provides a secure portal to reports on household wages, unemployment insurance benefits and Social Security/Supplemental Income.

9.2 Security

EIV contains personal information concerning tenants that are covered by the Privacy Act such as wage and income data about private individuals, as well as identifying information such as Social Security number, name, address, and employment information. This information may only be used for limited official purposes, which are tenant recertification and oversight of the tenant recertification process. It does not include sharing with governmental entities not involved in the recertification process. Users are encouraged to refer any non-standard requests for access and to report any unauthorized disclosure of EIV data to CHFA, who will report to the office of the HUD Privacy Act Officer or to the Office of Inspector General.

All users must sign an EIV Rules of Behavior form and must take online security training prior to access to EIV reports. The rules of behavior and the security training must also be complete on an annual basis.

All EIV users must adhere to the EIV Rules of Behavior at all times and are encourage to report to CHFA any breaches of security. Noncompliance with these rules will result in actions commensurate with the level of infraction. Sanctions may range from a verbal or written warning to termination of the individual's access. In addition, legal action may be taken for violations of the Privacy Act, whether the offender is public or private.

Penalties for Willful Disclosure or Inspection of EIV Data

1. **Unauthorized Disclosure**
Felony conviction and fine up to \$5,000 or imprisonment up to five years, as well as civil damages
2. **Unauthorized Inspection**
Misdemeanor penalty of up to \$1,000 and/or one year imprisonment, as well as civil damages

Users and viewers of EIV should not put EIV reports with personal information or extracts of EIV reports containing personal information on laptops and other portable media and never unless that media is protected by encryption. Personal information may never be sent in an email message. It may only be sent using CHFA's encrypted file transfer protocol site.

Once a report is received by a site through FTP, the site must destroy the electronic copy, unless individually encrypted. The printed copy obtained for the tenant file must be kept in a secure locked file, and only those that have been cleared by CHFA to view the reports may have access to those records.

The Federal Privacy Act (5 USC §552a, as amended) prohibits the disclosure of an individual's information to another person without the written consent of such individual. As such, the EIV data of an adult household member may not be shared (or a copy provided or displayed) with another adult household member unless the individual has provided written consent to disclose such information. However, the site is not prohibited from discussing with the head of household (HOH) and showing the HOH how the household's income and rent were determined based on the total family income reported and verified. EIV information and any other information obtained for the purpose of determining eligibility and level of assistance for rental assistance may not be disclosed to third parties for any reason unless the tenant has authorized such disclosure in writing (even for similar verifications under other programs, such as eligibility for Low Income Housing Tax Credit units, or other federal or state assistance programs).

9.3 Requesting EIV Income Reports

A. Income Reports for Annual Certifications

Each site must submit an EIV request log each month. (For some smaller sites there may not be a need to submit a request each month.) Please do not submit requests for multiple months at one time. The request deadline is 120 days prior to the annual recertification. The requests must be submitted using the Excel spreadsheet, CHFA Certification_9886 Ledger. The form must be uploaded through the FTP site in the Excel form. (Do not scan the form.) Included with the request, the site must also send a copy of the recent 9886 (not more than 15 months) signed by all adult household members.

B. Income Reports for Interim Certifications

An income report must also be submitted for each interim recertification. Sites should submit a request for interims in the same manner as for an annual, sending the 9886 along with the request on the CHFA Certification_9886 Ledger. As soon as the owner/agent is aware that an Interim will be needed the request should be added to the sites monthly request.

C. Income Reports for Move-ins

An income report must be submitted for all move-ins. Sites should submit a request for move-ins as soon as the owner/agent submits the move-in. CHFA will log the request when it is submitted and will continue to attempt to pull the report until it is available in EIV. If the site does not receive the report within 90 days of the request, please contact CHFA to ensure the request was received.

D. Income Reports to Follow Up on Stand-Alone Discrepancy Reports and New Hires Reports

EIV includes stand-alone reports pulled on a monthly and quarterly basis including income discrepancy reports and new hires. CHFA will pull these reports quarterly without a request from the site. If there is a discrepancy report or new hires report for a tenant at your site, the report will be sent to you through the FTP site. A full income report will be needed to evaluate the discrepancy. If you do not already have a current income report that shows the discrepancy, you will need to submit a new request as soon as you receive the discrepancy report. Submit the request to CHFA in the same manner as you would for any other request including a copy of the 9886. Include on the CHFA Certification_9886 Ledger "EIV disc" in the certification type column.

9.4 Existing and Former Tenant Reports

An existing tenant search provides information in cases where a prospective tenant may be housed with assistance elsewhere. You must never move in an applicant that is currently receiving assistance without verifying that the assistance will stop prior to moving them in and receiving assistance through CHFA's Mod Rehab Program.

A former tenant search provides information if the applicant has left another housing authority with an adverse end of participation in their program. If the applicant report reveals an adverse end of participation of the applicant with any other PHA, the applicant must be denied assistance until the issue is researched and resolved with the other PHA, including entering into a repayment agreement. In addition, if the adverse end of participation report includes a report of any of the mandatory exclusions required in CHFA's administration plan the applicant must not be admitted. The owner/agent must also take in to account any stricter requirements from the sites Tenant Selection Plan.

New move-ins must not be approved until it has been verified there is no issue in the existing tenant search or former tenant search. Requests for the reports must be uploaded to the FTP site using the Existing Requests Ledger form in Excel format. (A 9886 is not required for these searches.) The existing tenant search will need to be done for **all** household members and a former tenant search (debts owed search) for **all adult** household members. As soon as management knows of a unit opening up, the owner/agent should upload a request through the FTP site for the next two to four applicants on the waitlist. The requests must include each household members name, Social Security Number, family relationship, and age of member.

Any move-in certification submitted to CHFA that has not had the required existing tenant searches and former tenant searches completed will not be accepted or HAP-paid, until searches have been completed.

9.5 Reporting End of Participation (EOP)

HUD requires that all housing authorities administering certain assistance programs, including the Moderate Rehabilitation Program, to report any adverse information regarding tenant participation in the Program once they end that participation.

When a tenant moves out of a property, the owner/agent must fill out and submit an End of Participation (EOP) Report, CHFA Form 2011-4, along with the 50058 type 6 to CHFA for every move out submitted even if there tenant moved out in good standing.

If there is adverse information, the owner/agent must also send the following along with the move-out 50058 and CHFA Form 2011-4:

1. Include the Former Resident Notification Form 2011-5 when sending the resident their security deposit disposition.
2. Send CHFA a copy of the Security Deposit Disposition; Former Resident Notification, CHFA Form 2011-5; and signed and dated copy(s) of the HUD Form 52675, Debts Owed Form, for all adult household members with the end of participation report.

All reports are due to CHFA within 30 days of the end of participation date.

A. What to Report at End of Participation

The following adverse information must be reported to CHFA once the participation in the housing program has ended, whether the participant voluntarily or involuntarily moved out of an assisted unit:

1. Amount of any balance owed to CHFA or Section 8 landlord and explanation [i.e., unpaid rent, retroactive rent (due to unreported income and/or change in family composition), or other charges such as damages, utility charges, etc.]
2. Whether or not the tenant has entered into a repayment agreement for the amount that the participant owes.
3. Whether or not the tenant has defaulted on a repayment agreement.
4. Whether or not the owner/agent has obtained a judgment against the participant.
5. Whether or not the participant has filed for bankruptcy.
6. The negative reason(s) for the participants end of participation or any negative status (i.e., abandoned unit, fraud, lease violations, criminal activity, etc.) as of the end of participation date.

In accordance with the Federal Privacy Act of 1974 as amended (5 USC 552a) and HUD regulations pertaining to its implementation of the Federal Privacy Act of 1974 (24 CFR Part 16), the participant has the following rights:

1. To have access to the participants records maintained by HUD.
2. To have an administrative review of HUD's initial denial of the participants request to have access to the participant's records maintained by HUD.
3. To have incorrect information in the participants record corrected upon written request.

4. To file an appeal request of an initial adverse determination on correction or amendment of record request within 30 calendar days after the issuance of the written denial.
5. To have the participant's record disclosed to a third party upon receipt of the participants written and signed request.

B. Updating Reported Information

If the former tenant files bankruptcy, pays off a debt, or enters into a repayment agreement with the site once the EOP has already been reported, the site must submit a new EOP report CHFA form 2011-4 utilizing the bottom left of the form to report the changes. The site is not required to report each time a payment is made in a repayment agreement. The site only needs to report when the repayment agreement is entered into and when the debt is paid off in full.

C. If a Participant Disputes the Debt or Termination Information Reported

1. The participant should contact CHFA if the participant disagrees with the reported information. CHFA's name, address, and telephone numbers are listed on the Debts Owed and Termination Report.
2. The participant has a right to request and obtain a copy of this report from CHFA.
3. Inform CHFA why the participant disputes the information and provide any documentation that supports the participants' dispute. Disputes must be made within three years from the end of participation date. Otherwise, the debt and termination information is presumed correct. Only CHFA can delete or correct the participants' record.
4. The participants filing of bankruptcy will not result in the removal of debt owed or termination information from HUD's EIV system. However, if the participant has included this debt in the participants' bankruptcy filing and/or this debt has been discharged by the bankruptcy court, the participants' record will be updated to include the bankruptcy indicator, when the participant provides CHFA with documentation of the participants' bankruptcy status.
5. CHFA will notify the participant in writing of its action regarding the participants' dispute within 30 days of receiving the participants' written dispute. If CHFA determines that the disputed information is incorrect, CHFA will update or delete the record. If CHFA determines that the disputed information is correct, CHFA will provide an explanation as to why the information is correct.

9.6 Utilizing EIV Reports

The EIV Income Report provides a variety of information about each household member of the family. The report contains the following information for each household member:

1. Personal identifiers: name, date of birth, and SSN
2. Identity verification status: pending, verified, deceased, or failed

3. Employment information
This information should be viewed and compared to reported employment income.
 - a. New hire information (W-4)
 - i. Date hired
 - ii. Employer name
 - b. Employer name, address, and employer identification number of current and past employers
Were there employers that the tenant has not reported?
 - c. Quarterly earnings
The quarterly reported earnings should not be used to calculate income to determine tenant rent. The owner/agent must utilize third-party generated documents such as check stubs to calculate income and rent.
4. Quarterly unemployment compensation
The reported earnings as with quarterly employment earnings should only be used to verify the third-party generated income, and should not be used to calculate income to determine tenant rent.
5. Social Security benefit information.
Benefit amounts on the EIV report for SS can be used to calculate tenant income and rent as long as the tenant does not dispute the information.
 - a. Social Security (SS) benefits
 - i. Payment status code
 - ii. Date of current entitlement
 - iii. Current net monthly benefit amount, if payable
 - iv. Gross monthly benefit history (last eight changes in benefit amount)
 - v. Lump sum payment amount and date
 - vi. Payee name and address
 - b. Dual Entitlement (Social Security benefits under another person's SSN)
 - i. Claim Number (the other person's SSN)
 - ii. Payment status code
 - iii. Date of current entitlement
 - iv. Current net monthly benefit amount, if payable
 - v. Gross monthly benefit history (last eight changes in benefit amount)
 - vi. Payee name and address
 - c. Supplemental Security Income (SSI).
Benefit amounts on the EIV report for SSI can be used to calculate tenant income and rent as long as the tenant does not dispute the information.

- i. Payment status code
 - ii. Alien indicator
 - iii. Current net monthly benefit amount
 - iv. Current monthly state supplement benefit amount, if available
 - v. Gross monthly benefit history (last eight changes in benefit amount)
 - vi. Payee name and address
- d. Medicare data
If Medicare is being deducted from the tenants SS or SSI payments and there is not a buy-in, you can use the amount from medical deduction. If there is a buy indicated by a "Y," the Medicare payment is being paid by another party and cannot be used as a medical deduction.
- i. Payee name and address
 - ii. Monthly hospital insurance premium amount, buy-in status, and buy-in
 - iii. Start and end dates
 - iv. Monthly supplemental medical insurance premium amount, buy-in
 - v. Status, and buy-in start and end dates
6. Disability status and onset date
The Disability status listed is not to be used as disability verification.
7. Identity verification status
8. Indicator of possible multiple rental subsidy
9. Indicator of debt and/or termination information from another PHA

A. What To Do If the EIV Information is Incorrect

Sometimes the source or originator of EIV information may make an error when submitting or reporting information about tenants. HUD cannot correct data in the EIV system. Only the originator of the data can correct the information. When the originator corrects the data, HUD will obtain the updated information with its next computer matching process.

Employment and Wage Information

The employer reports this information to the local State Workforce Agency (SWA), who in turn, reports the information to HHS' National Directory of New Hires (NDNH) database. If the tenant disputes this information, the tenant should contact the employer directly, in writing to dispute the employment and/or wage information, and request that the employer correct erroneous information.

The tenant should provide the management with this written correspondence so that it may be maintained in the tenant file. If employer resolution is not

possible, the tenant should contact the local SWA for assistance.

Unemployment Benefit Information

Unemployment information in EIV originates from the local SWA. If the tenant disputes this information, the tenant should contact the SWA directly in writing to dispute the unemployment benefit information, and request that the SWA correct erroneous information. The tenant should provide the PHA with this written correspondence so that it may be maintained in the tenant file.

SS and SSI Benefit Information

Social Security (SS) and supplemental social security (SSI) information in EIV originates from the Social Security Administration (SSA). If the tenant disputes this information, the tenant should contact the SSA at 800.772.1213, or visit the local SSA office. SSA office information is available in the government pages of the local telephone directory or online at <http://www.socialsecurity.gov>.

Note: The tenant may also provide the owner/agent with third-party documents that are in the tenant's possession to support their dispute of EIV information. The owner/agent, with the tenant's consent, is required to submit a third-party verification form to third-party sources for completion and submission to the owner/agent when the tenant disputes EIV information and is unable to provide documentation to validate the disputed information. The tenant's failure to sign the consent form is grounds for termination of tenancy and/or assistance in accordance with 24 CFR §5.232.

Identity Theft

Seemingly incorrect information in EIV may be a sign of identity theft. Sometimes someone else may use an individual's SSN, either on purpose or by accident. SSA does not require an individual to report a lost or stolen SSN card, and reporting a lost or stolen SSN card to SSA will not prevent the misuse of an individual's SSN. However, a person using an individual's SSN can get other personal information about that individual and apply for credit in that individual's name. So, if the tenant suspects someone is using the tenant's SSN, the tenant should check their Social Security records to ensure their records are correct (call SSA at 800.772.1213); file an identity theft complaint with the local police department and/or Federal Trade Commission (call FTC at 877.438.4338, or visit their website at: <http://www.ftc.gov/bcp/edu/microsites/idtheft/>); and they should also monitor their credit reports with the three national credit reporting agencies (Equifax, TransUnion, and Experian). The tenant should provide the PHA written documentation of filed identity theft complaint; refer back to paragraph on Employment and wage information regarding disputed EIV information related to identity theft.

Tenants may request their credit report and place a fraud alert on their credit report with the three national credit reporting agencies at: www.annualcreditreport.com, or by contacting the credit reporting agency directly. Each agency's contact information is listed below.

National Credit Reporting Agencies Contact Information
Equifax Credit Information Services, Inc.
P.O. Box 740241
Atlanta, GA 30374
Website: www.equifax.com
Telephone: 800.685.1111

Experian
P.O. Box 2104
Allen, TX 75013
Website: www.experian.com
Telephone: 888.397.3742

TransUnion
P.O. Box 6790
Fullerton, CA 92834
Website: www.transunion.com
Telephone: 800.680.7289 or 800.888.4213

9.7 Following Up With Income Discrepancies and New Hires

In accordance with 24 CFR §5.236(b)(2)(3), if the EIV report reveals an income source that was not reported by the tenant or a substantial difference of an amount equal to or greater than \$2,400 annually in the reported income information, within 60 days of the EIV report date the owner/agent **must**:

1. Discuss the income discrepancy with the tenant.
2. Request the tenant to provide any documentation to confirm or dispute the unreported or underreported income and/or income sources.
 - In the event the tenant is unable to provide acceptable documentation to resolve the income discrepancy, the owner/agent is required to request from the third-party source any information necessary to resolve the income discrepancy.
3. If applicable, determine the tenant's underpayment of rent as a result of unreported or underreported income, retroactively. This may require the owner/agent to allow the tenant to enter into a repayment agreement;
 - The owner/agent is required to determine the retroactive rent as far back as the existence of complete file documentation (form HUD-50058 and supporting documentation) to support such retroactive rent determinations.
4. The resident must be provided an opportunity to contest the determination of resident rent underpayment. HUD regulations require that the resident is promptly notified in writing of any adverse findings made on the basis of the information verified through the aforementioned income discrepancy resolution process. The resident may contest the findings in accordance with the established grievance procedures, as required by HUD. The owner/agent must not terminate, deny, suspend, or reduce the family's assistance until the expiration of any notice or grievance period.

5. Take any other appropriate action as directed by HUD or CHFA's administrative policies.
6. Track the follow up on the CHFA EIV error log.

9.8 Other EIV Reports

In addition to the discrepancy and new hires reports, the owner/agent may also receive from CHFA on a monthly and quarterly basis information from the following stand-alone reports:

1. Identity Verification Report
2. Immigration Report
3. Multiple Subsidy Report
- Deceased Tenants Report

If there is an issue with a tenant, CHFA staff will contact the owner/agent for assistance in resolving the issue.

9.9 Summary of Owner/Agent EIV Responsibilities

1. All annuals and interims **must** have an EIV report prior to completion of calculation, and must be securely filed in the resident file with the 50058. Requests for the reports must be uploaded to the FTP site using the CHFA Certification_9886 Ledger in Excel format and must be accompanied with the appropriate 9886 release forms.
2. All move-in certifications **must** have an EIV report within 120 days of submission. Requests for the reports must be uploaded to the FTP site using the CHFA Certification_9886 Ledger form in Excel format and must be accompanied with the appropriate 9886 release form.
3. Move-ins **must not** be approved until it has been verified there is no issue in the existing tenant search or former tenant search (debts to public housing authorities). Requests for the reports must be uploaded to the FTP site using the Existing Requests Ledger form in Excel format. (A 9886 is not required for these searches.)
4. A CHFA Form 2011-4 must be submitted with all move outs, reporting the tenant's end of participation status with the agent/owner.
5. All errors **must** be addressed within 60 days of report date with explanation of resolution recorded on the EIV Error Log Form. This includes any errors generated in stand-alone reports on a monthly and quarterly basis.

chapter 10

SAVE Verification

The SAVE (Systematic Alien Verification for Entitlements) System is provided by the United States Citizenship and Immigration Services (USCIS) to verify the immigration status of noncitizens and certain citizens applying for various benefits. The online process is designed to assist state and local agencies and private organizations that are issuing federally-funded or federally-subsidized monetary grants from the U.S. Department of Housing and Urban Development (HUD).

10.1 Access to SAVE

For CHFA's Mod Rehab sites, the owner/agent will be given access to the SAVE system through CHFA. For new users, a CHFA SAVE Access Form must be submitted to CHFA. Once access is approved, you will be sent an email with instructions for gaining access.

10.2 SAVE Requirements

The owner/agent is required to verify with the DHS (Department of Homeland Security) the validity of documents provided by applicants.

A. Notification Requirements

At the time an application is filed, the owner/agent must notify all applicants for assistance about the rule restricting assistance based on citizenship status and of the requirement to submit documentation of eligible status or to elect not to claim eligible status. The owner's/agent's notice must state the following:

- Financial assistance is contingent upon the appropriate submission and verification of documentation of citizenship or eligible immigration status.
- The types of documentation required and time period for submission.

As appropriate, assistance will be prorated, denied, or terminated, based on a final determination of ineligibility.

B. Submission of Documentation

Documentation must be submitted by the time of the eligibility determination. Once documents have been submitted and verified for an individual, citizenship documentation for that individual will not need to be collected again.

If the family certifies that the required evidence is temporarily unavailable and it needs more time, the owner/agent may provide an extension of up to 30 days to submit evidence of eligible status, if the family has submitted the required declaration of eligible immigration status. To obtain an extension, the family must also certify that prompt and diligent efforts will be undertaken to obtain the evidence.

The PHA must inform the family, in writing, whether its request for a time extension has been granted or denied. If granted, the notice must state the specific period of the extension. If the extension request is denied, the notice must explain the reasons for the denial.

If all required documents have been provided by the family, assistance may not be denied or delayed solely because verification or requested hearings have not been completed.

If required documents have not been submitted by all family members, prorated assistance may be provided until the required documents have been submitted by all family members.

New family members in currently participating households must submit documentation at the first interim or annual re-examination following occupancy.

If the owner/agent suspects that an applicant or tenant has misreported his or her immigration status or altered or forged documents, please contact CHFA.

The owner/agent must apply all procedures in a uniform manner. No applicant or resident may be asked for additional information based on country of origin, speech, accent, language, or any other personal characteristic of the applicant or family member. Failure to maintain this performance standard could be a violation of the Fair Housing Act.

C. Required Documentation of Citizenship/Immigration Status

1. The owner/agent must obtain the following documentation for each family member regardless of age:
 - a. From U.S. citizens, a signed declaration of citizenship. The owner/agent may require verification of the declaration by requiring presentation of a U.S. birth certificate or U.S. passport. If this is the policy, the owner/agent must be consistent in requesting this for all applicants.
 - b. From a noncitizen claiming eligible immigration status who is 62 years of age or will be 62 years of age and receiving assistance on the effective date of September 6, 1996, a signed declaration of eligible noncitizen status under penalty of perjury and proof of age
 - c. From noncitizens under the age of 62 claiming eligible status:
 - i. A signed declaration of eligible immigration status;
 - ii. A signed consent form; and
 - iii. One of the DHS-approved documents listed below.
 - Form I-551, Permanent Resident Card
 - Form 1-94, Arrival-Departure Record, annotated with one of the following:
 - "Admitted as a Refugee Pursuant to Section 207"
 - "Section 208" or "Asylum"

- “Section 243(h)” or “Deportation stayed by Attorney General”
- “Paroled Pursuant to Section 212(d)(5) of the INA”
- Form I-94, Arrival-Departure Record (with no annotation), accompanied by one of the following:
 - A final court decision granting asylum (but only if no appeal is taken)
 - A letter from a DHS asylum officer granting asylum (if application was filed on or after October 1, 1990) or from a DHS district director granting asylum (application filed was before October 1, 1990)
 - A court decision granting withholding of deportation
 - A letter from an asylum officer granting withholding of deportation (if application was filed on or after October 1, 1990)
- Form I-688 Temporary Resident Card annotated “Section 245A” or “Section 210”
- Form I-688B Employment Authorization Card annotate “Provision of Law 274a. 12(11)” or “Provision of Law 274a.12”
- A receipt issued by the DHS indicating that an application for issuance of a replacement document in one of the above-listed categories has been made and that the applicant’s entitlement to the document has been verified
- Other acceptable evidence. If other documents are determined by the DHS to constitute acceptable evidence of eligible immigration status, they will be announced by notice published in the Federal Register.

d. Noncitizens not claiming eligible immigration status may elect to sign a statement that they acknowledge their ineligibility for assistance in declaring their citizenship status on the Citizenship Declaration form.

D. Verifying Information on Immigration Status

The owner/agent must verify the validity of documents provided by applicants or tenants. The internet method provides automated status verification when the information is contained in the Alien Status Verification Index (ASVI) database. It also automates the paper secondary verification process, which eliminates in most instances the completion of the paper Form G-845S. If the owner/agent is unable to obtain the results using the automated primary and secondary verification method, the owner/agent must attempt to obtain results using the secondary verification paper process.

1. Primary verification

- a. The owner/agent must conduct primary verification of eligible immigration status only for persons claiming eligible immigration status.
- b. The owner/agent must conduct primary verification through the online SAVE program, the DHS automated system. After obtaining an access code, user ID, and temporary password from the Multifamily SAVE Administrator at HUD Headquarters, the owner/agent can access SAVE at <https://save.uscis.gov/web>.
- c. After accessing SAVE, the owner/agent enters the required data fields. One of the following message will display for immigration status confirmation.
 - i. Lawful Permanent Resident
 - ii. Temporary Resident
 - iii. Conditional Resident
 - iv. Asylee
 - v. Refugee
 - vi. Cuban\Haitian Entrant
 - vii. Conditional Entrant

2. Secondary verification

If the message “Institute Secondary Verification” is displayed on the screen, the manual verification process must be used.

Within 10 days of receiving an “Institute Secondary Verification” response, the owner/agent must prepare DHS Form G-845S, Document Verification Request. The owner/agent must send DHS Form G-845S and photocopies of the DHS documents submitted by the applicant to the DHS office serving the property’s jurisdiction. Instructions for completing and mailing the DHS Form G 845S are found in the current DHS SAVE Program Instructions Manual. DHS will return to the owner/agent a copy of DHS Form G-845S indicating the results of the automated and manual search.

E. Appealing Determinations of Ineligibility

The owner/agent must notify the family in writing if the secondary verification process does not confirm eligible immigration status. The notice must indicate whether assistance has been delayed, denied, prorated, or terminated and inform the family of the right to file an appeal with the Immigration and Naturalization Service (INS).

If the family wants to exercise its right of appeal with the INS, it must take the following steps:

- Within 30 days from the date of the PHA notification, submit a written request for an appeal with the INS;
- Include with this request a cover letter and any supporting documentation as well as a copy of the verification request form (Form G-845S) which was submitted by the owner/agent for the secondary verification request;
- Provide the owner/agent with a copy of the request for an appeal with the INS; and
- Provide any additional documentation that the INS may request.

Within 30 days, the INS must render its decision to the family and forward a copy to the owner/agent.

F. Delay, Denial, or Termination of Assistance

The owner/agent may not delay, deny, or terminate assistance to an applicant or currently assisted household if any of the following circumstances apply:

- a. At least one person in the household has submitted appropriate INS documents;
- b. The documents were submitted to the INS on a timely basis, but the verification process has not been completed;
- c. The family member in question moves;
- d. The INS appeals process has not been completed;
- e. Assistance is prorated;
- f. Deferral of termination of assistance is granted; or
- g. For a Program participant, the informal hearing process is not complete.

Assistance may be denied or terminated when:

- a. Declaration of citizenship or eligible immigration status is not submitted by the specified deadline or any extension;
- b. Required documentation is submitted but INS primary and secondary verification does not verify immigration status and family does not pursue INS or PHA appeal; or
- c. Required documentation is submitted but INS primary and secondary verification does not verify immigration status and INS or owner/agent appeal is pursued but decision(s) are rendered against the family.

The owner/agent must terminate assistance for at least 24 months if they determine that a family has knowingly permitted an ineligible person to live in the assisted unit without informing the owner/agent.

When the owner/agent decides to deny or terminate assistance, they must send a written notice to the household that includes the following:

- a. A statement that financial assistance will be denied or terminated and an explanation of why;
- b. Notification that the family may be eligible for prorated assistance if it is a mixed family;
- c. In the case of a currently assisted household, the procedures for obtaining relief under the preservation of families provision (e.g., temporary deferral or proration of assistance);
- d. The right to appeal the results of the secondary verification to the INS; and
- e. The right to request an informal hearing from the owner/agent in lieu of an INS appeal or after an appeal.

In the case of applicants, the notice may advise that assistance may not be delayed until the conclusion of the INS appeal process, but may be delayed during the informal hearing process.

chapter 11

Terminations and End of Participation

11.1 Terminations

The owner/agent is expected to enforce Program requirements under the terms of the lease. Similarly, HUD expects tenants to comply with the Program requirements as established in the lease. HUD encourages the owner/agent to work with tenants and utilize other corrective actions, such as repayment agreements or negotiated settlements, to resolve Program/lease issues. Terminations represent only one of the tools available to the owner/agent for lease enforcement. The owner/agent and tenants are advised that HUD termination policies and procedures must be followed when initiating a termination, including proper notices and documentation. The owner/agent is also advised that terminations for reasons other than those permitted by HUD are prohibited. The owner/agent may terminate assistance or tenancy as a result of the participating family's action or failure to act.

A. Grounds for Termination of or Refusal to Renew the Lease

The owner/agent must not terminate or refuse to renew the lease except upon the following grounds:

1. Serious or repeated violation of the terms and conditions of the lease;
2. Violation of applicable federal, state or local law; or
3. Other good cause.

B. Notice of Termination of Tenancy

1. The owner/agent must serve a written notice of termination of tenancy to the family that states the date the tenancy shall terminate. Such date must be in accordance with the following:
 - a. When termination is based on failure to pay rent, the date of termination must be not less than five working days after the family's receipt of the notice.
 - b. When termination is based on serious or repeated violation of the terms and conditions of the lease or on violation of applicable federal, state or local law, the date of termination must be in accordance with state and local law.
 - c. When termination is based on other good cause, the date of termination must be no earlier than 30 days after the notice is served to the family.
2. The notice of termination must:
 - a. State the reasons for such termination with enough specificity to

enable the family to prepare a defense.

- b. Advise the family that if a judicial proceeding for eviction is instituted, the tenant may present a defense in that proceeding.
- c. Be served on the family by sending a prepaid first class properly addressed letter (return receipt requested) to the tenant at the dwelling unit or by delivering a copy of the notice to the dwelling unit.

C. Substitution of State and Local Requirements

In the case of failure to pay rent, a notice of termination that is issued pursuant to state or local law or is common practice in the locality and that satisfies paragraph (B)(1) above may be substituted for or run concurrently with the notice required herein.

1. All evictions must be carried out through judicial process under state and local law. "Eviction" means the dispossession of the family from the dwelling unit pursuant to state or local court action.
2. The requirements of this section shall be incorporated into the dwelling lease between the owner and the family.
3. In actions or potential actions to terminate tenancy, the owner/agent shall follow 24 CFR part 5, subpart L, (VAWA protections), in all cases where domestic violence, dating violence, or stalking, or criminal activity directly related to domestic violence, dating violence, or stalking is involved or claimed to be involved.

D. Termination of Assistance

The owner/agent must terminate assistance to a participating family if:

1. Any family member fails to sign and submit consent forms required for obtaining information on family status as part of any reexamination conducted
2. The family fails to fulfill its obligations required under the statement of family responsibilities. (i.e. failure to recertify).
3. Any member of the family commits fraud, bribery, or other corrupt or criminal act related to any federal housing program.
4. The family violates CHFA's policy on absence from a unit. (Please see CHFA's Administration Plan for the absence policy)

E. Notice of Termination of Assistance

Prior to terminating assistance, however, the owner/agent must give the family a 30-day notice of termination of assistance. The notice must give the family the opportunity to request a hearing within 10 days of receipt of the notice.

11.2 End of Participation

When a tenant vacates a unit, the owner/agent is allowed to collect HAP to the end of the month that the tenant vacates the unit or to the day the unit is re-rented within the month, whichever is first. If the tenant is a sole member that has passed away, the owner/agent may only collect HAP to the end of the month that the tenant passed away in.

For required end of participation reporting see Section 9.5.

A. Security Deposit Disposition

Under the Mod Rehab Program, the owner/agent is allowed to include in the lease an extension of time to return the deposit under Colorado law up to 60 days. Documentation that the disposition was sent to the former tenant must be kept in the tenant file for at least three years.

B. Special Claims

CHFA will process and approve payment for special claims in accordance with CFR 882.411 and 822.414. CHFA is committed to pay owners the amount of special claims that they are entitled to while preserving the resources entrusted to it by the federal government.

Submission Procedures

1. The owner/agent must submit their special claims to CHFA within 90 days of the date the family vacated the unit.
2. Special claims must include the appropriate forms and documentation for the specific type of claim. Attach all appropriate items listed on CHFA's Checklist for special claims when submitting to CHFA.
3. Fill out and attach Form CHFA 2010-SC.
4. A submission will be denied if the claim is received after the 90-day period. The entire submission will be returned to the owner/agent with the reason for the denied claim.
5. Within the denial letter, the owner/agent will be notified of their right to submit an appeal within 30 days of their receipt of said letter.
6. If the submission does not include adequate documentation, the claim will be denied and the missing documentation will be requested from the owner/agent. The entire submission will be returned to the owner with the reason for the denial.
7. If the owner/agent submits the additional requested documentation within 30 days of CHFA's request, the claim will be processed.

C. Repayment Agreements

If a previous participant left the Program owing either CHFA or the owner/agent, the previous participant may be able to enter into a repayment agreement. The following rules will be applied for those repayment agreements.

Failure to abide by this repayment agreement may result in one or more of the following actions:

- Entire balance is due and payable immediately upon demand for payment.
- The existing balance will be turned over to an appropriate collection agency.
- Repayment default will be added to the EIV national database.

chapter 12

HQS Inspections

12.1 Chapter Overview

The goal of the Moderate Rehabilitation Program is to provide decent, safe, and sanitary housing at an affordable cost to low income families. To accomplish this, Program regulations set forth basic Housing Quality Standards (HQS) that all units must meet before assistance can be paid on behalf of a family and at least annually throughout the term of the assisted tenancy. HQS defines standard housing and establishes the minimum criteria necessary for the health and safety of Program participants.

The owner/agent is required to inspect the unit for compliance with HQS prior to moving a family into the unit. Please see section 12.5 1 initial, for further information on this requirement.

In accordance with 24 CFR 882.516(b), Maintenance, Operation, and Inspections, and as outlined in CHFA's Administration Plan, Section 11, CHFA must inspect or cause to be inspected each dwelling unit under contract at least annually and at such other times as may be necessary to assure that the owner/agent is meeting the obligations to maintain the unit in a decent, safe, and sanitary condition and to provide the agreed-upon utilities and other services. CHFA, as the PHA, must take into account complaints and any other information brought to its attention in scheduling inspections. HQS are minimum standards and are required both at initial occupancy and during the term of the lease. HQS standards apply to the building and premises, as well as to the unit.

12.2 Housing Quality Standards General Requirements

It is CHFA's responsibility to conduct inspections of units at least annually to determine compliance with HQS prior to the execution of the assisted lease. Inspections may be completed by CHFA staff or contracted personnel.

HQS consists of the following 13 performance requirements:

- Sanitary facilities;
- Food preparation and refuse disposal;
- Space and security;
- Thermal environment;
- Illumination and electricity;
- Structure and materials;
- Interior air quality;
- Water supply;
- Lead-based paint;
- Access;

- Site and neighborhood;
- Sanitary condition; and
- Smoke detectors.

Acceptability criteria for each performance requirement help HQS inspectors determine if the unit meets mandatory minimum standards. For some of these standards, specific guidance is provided but often the judgment of the inspector will be necessary. This is an example of an area that requires judgment by the inspector. Damaged kitchen cabinet hardware may present a cutting hazard, but this condition is not specifically addressed in the acceptability criteria. A good practice is to assess potential hazards based on the family residing in the unit, especially when small children are in occupancy.

12.3 Performance Requirements and Acceptability Standards

Each of the 13 HQS performance requirements and acceptability criteria is identified below.

The inspection checklists contained in form HUD-52580 and form HUD-52580-A and Chapter 10 of the Housing Choice Voucher Program should be consulted for more detailed explanation and guidance.

A. Sanitary Facilities

Performance Requirement

The dwelling unit must include sanitary facilities located in the unit. The sanitary facilities must be in proper operating condition, and adequate for personal cleanliness and the disposal of human waste. The sanitary facilities must have a door.

Acceptability Criteria

Only one bathroom is required to meet HQS. Additional bathrooms do not have to contain all plumbing fixtures (tub/shower, toilet, or lavatory), but if present, they must not create any unsanitary conditions, be properly plumbed, and be free of sewer gases.

- a. The bathroom must be located in a separate private room and have a flush toilet in proper operating condition.
- b. The dwelling unit must have a fixed basin in proper operating condition, with a sink trap and hot and cold running water.
- c. The dwelling unit must have a shower or a tub in proper operating condition with hot and cold running water.
- d. The facilities must utilize an approvable public or private disposal system (including a locally approvable septic system).
- e. The tub/shower, toilet, and basin/lavatory must have a proper sewer trap, drain, and vents to prevent the escape of sewer gases or severe leakage of water.

- f. Drains must not be clogged and the toilet must flush.
- g. Hot and cold water must be available at the tub, shower, and lavatory taps. The definition of hot water (temperature) required at the lavatory, tub, or shower should be determined from local health standards or applicable local code.

The PHA must determine if the bathroom facilities are free of hazards, such as damaged or broken fixtures and plumbing leaks, that may endanger the occupants. Conditions that do not affect the acceptability of the bathroom include minor faucets drips.

Example: What are bathroom hazards that may endanger occupants?

- Broken ceramic, metal, or glass fixtures that may pose a hazard.
- This includes towel racks, soap dishes, medicine cabinets, and mirrors as well.
- A leaking hot water faucet may pose a scalding threat.
- Other room standards that apply to bathroom facilities, such as illumination and electricity, are discussed under those performance requirements.

B. Food Preparation and Refuse Disposal

Performance Requirement

The dwelling unit must have suitable space and equipment to store, prepare, and serve foods in a sanitary manner. There must be adequate facilities and services for the sanitary disposal of food wastes and refuse, including facilities for temporary storage where necessary (e.g., garbage cans). SRO properties, Golfers Way, and the Forum are exempt from this requirement, but if they are present, they must also pass they acceptable criteria.

Acceptability Criteria

- a. The dwelling unit must have an oven, and a stove or range, and a refrigerator of appropriate size for the unit. All of the equipment must be in proper operating condition. The equipment may be supplied by either the owner/agent or the family. A microwave oven may be substituted for a tenant-supplied oven and stove or range. A microwave oven may be substituted for an owner/agent-supplied oven and stove or range if the tenant agrees and microwave ovens are furnished instead of an oven and stove or range to both subsidized and unsubsidized tenants in the building or premises.
- b. The dwelling unit must have a kitchen sink in proper operating condition, with a sink trap and hot and cold running water. The sink must drain into an approvable public or private system.
- c. The dwelling unit must have space for the storage, preparation, and serving of food.

- d. The dwelling unit must have a refrigerator of appropriate size for the unit.
- e. There must be facilities and services for the sanitary disposal of food waste and refuse, including temporary storage facilities where necessary (e.g., garbage cans).

Example: What temperature must a refrigerator maintain to keep food from spoiling?

- Above 32° F, but generally below 40° F.
- Consider how often the refrigerator will be opened. Proper temperatures are difficult to maintain if the refrigerator is frequently opened during warm weather, door seals are removed or broken, or the door remains open.
- Space for storage, preparation, and serving of food must be present. Built-in space, equipment, table(s), or portable storage facilities are acceptable.
- Other room standards apply to the food preparation area and are discussed under those specific requirements below.

C. Space and Security

Performance Requirement

The dwelling unit must provide adequate space and security for the family.

Acceptability Criteria

- a. At a minimum, the dwelling unit must have a living room, a kitchen area, and a bathroom.
- b. The dwelling unit must have at least one bedroom or living/sleeping room for each two persons. Children of opposite sex, other than very young children, may not be required to occupy the same bedroom or living/sleeping room.
- c. Dwelling unit windows that are accessible from the outside, such as basement, first floor, and fire escape windows, must be lockable (such as window units with sash pins or sash locks, and combination windows with latches). Windows that are nailed shut are acceptable only if these windows are not needed for ventilation or as an alternate exit in case of fire.
- d. The exterior doors of the dwelling unit must be lockable. Exterior doors are doors by which someone can enter or exit the dwelling unit.
- e. Window and door surfaces (including the door frame) must be in sufficient condition to support the installation and proper operation of window and door locks.

D. Thermal Environment

Performance Requirement

The dwelling unit must have and be capable of maintaining a healthy thermal environment.

Acceptability Criteria

- a. There must be a safe system for heating the dwelling unit (and a safe cooling system, where present). The system must be in proper operating condition. The system must be able to provide adequate heat (and cooling, if applicable), either directly or indirectly, to each room, in order to ensure a healthy living environment appropriate to the climate. In the absence of local or state codes, CHFA considers a “healthy living environment” as adequate if the heating system is capable of maintaining an interior temperature of 65° F between October 1 and May 1.
- b. The dwelling unit must not contain unvented room heaters that burn gas, oil, or kerosene. Electric heaters are acceptable.

Example:

Adequate heat is required in all rooms used for living; the heat source does not have to be located in each room as long as the heat can pass to the appropriate space and meet the definition of adequate. Portable electric room heaters or kitchen stoves with built-in heating units are not acceptable as a primary source of heat for units located in climatic areas where permanent heat systems are required.

Improper operating conditions, including all conditions that may be unsafe, such as broken or damaged source vents, flues, exhausts, gas or oil lines that create a potential fire hazard or threats to health and safety are not permitted. Heating unit safety devices must be present, and the heating equipment must have proper clearance from combustible materials and location of oil storage tanks. There must be proper gas and oil connections. Local plumbing, fire, or mechanical codes are instructive in providing details about acceptable materials for furnace and water heater hookups and required clearances appropriate to the jurisdiction where units are located. Seek assistance from local code enforcement offices to determine health and safety standards for equipment hook-up and clearance requirements.

Heating system inspections are often required by local or state authorities, especially for large multifamily buildings. If the heating system has passed inspection from the inspecting authority within the past two years, the PHA may accept this as proof of heating equipment safety.

E. Illumination and Electricity

Performance Requirement

Each room must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants. The dwelling unit must have sufficient electrical sources so occupants can use essential electrical appliances. The electrical fixtures and wiring must ensure safety from fire.

Acceptability Criteria

- a. There must be at least one window in the living room and in each sleeping room.
- b. The kitchen area and the bathroom must have a permanent ceiling or wall light fixture in proper operating condition. The kitchen area must also have at least one electrical outlet in proper operating condition.
- c. The living room and each bedroom must have at least two electrical outlets in proper operating condition. Permanent overhead or wall-mounted light fixtures may count as one of the required electrical outlets.

Example:

The inspector must be satisfied that the electrical system is free of hazardous conditions, including exposed, uninsulated, or frayed wires; improper connections; improper insulation or grounding of any component of the system; overloading of capacity; or wires lying in or located near standing water or other unsafe places.

Outlets must be properly installed in the baseboard, wall, or floor. Hanging light fixtures or outlets from electric wiring, missing cover plates on switches and outlets, cracked outlets or cover plates, exposed fuse box connections, and overloaded circuits are unacceptable.

F. Structure and Materials

Performance Requirement

The dwelling unit must be structurally sound. The structure must not present any threat to the health and safety of the occupants and must protect the occupants from the environment.

Acceptability Criteria

- a. Ceilings, walls, and floors must not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts, or other serious damage.
- b. The roof must be structurally sound and weather-tight.

- c. The exterior wall structure and surface must not have any serious defects such as serious leaning, buckling, sagging, large holes, or defects that may result in air infiltration or vermin infestation.
- d. The condition and equipment of interior and exterior stairs, halls, porches, walkways, etc., must not present a danger of tripping and falling. For example, broken or missing steps or loose boards are unacceptable.
- e. Elevators must be working and safe.

Example:

The PHA must examine each of the elements listed in the acceptability criteria to determine that each is structurally sound, will not collapse, and does not present a danger to residents through falling or missing parts or tripping hazards. The PHA must determine that the unit is free from water, excessive air, and vermin infiltration.

Handrails are required when four or more steps (risers) are present, and protective railings are required when porches, balconies, and stoops are thirty inches off the ground.

The elevator servicing the unit must be working. A current city or state inspection certificate suffices to determine working condition of the elevator.

G. Interior Air Quality

Performance Requirement

The dwelling unit must be free of pollutants in the air at levels that threaten the health of the occupants.

Acceptability Criteria

- a. The dwelling unit must be free from dangerous levels of air pollution from carbon monoxide, sewer gas, fuel gas, dust, and other harmful pollutants.
- b. There must be adequate air circulation in the dwelling unit.
- c. Bathroom areas must have one operable window or other adequate exhaust ventilation.
- d. Any room used for sleeping must have at least one window. If the window is designed to be opened, the window must open.

H. Water Supply

Performance Requirement

The water supply must be free from contamination.

Acceptability Criteria

The dwelling unit must be served by an approvable public or private water supply that is sanitary and free from contamination.

Example:

Clean water must be distributed to all unit fixtures and waste water must leave the unit to an approved area without presence of sewer gas and backups.

Plumbing fixtures and pipes must be free of leaks and threats to health and safety.

Water-heating equipment must be installed safely and must not present safety hazards to families. All water heaters must be free of leaks, have temperature/pressure relief valves, and a discharge line. Unless safety dividers or shields are installed, water heaters must not be located in bedrooms or living areas where safety hazards may exist. Fuel-burning equipment must have proper clearance from combustible materials and be properly vented.

I. Lead-based Paint

Performance Requirement

The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821–4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851–4856), and implementing regulations at part 35, subparts A, B, M, and R of this title apply to units assisted under this part.

The requirements apply to dwelling units built prior to 1978 that are occupied or can be occupied by families with children less than six years of age, excluding zero bedroom dwellings (for further information, see Section 12.4 below).

Acceptability Criteria

- a. During initial and annual inspections of pre-1978 units that are occupied or will be occupied by families with children less than six years of age, the inspector must conduct a visual assessment for deteriorated paint surfaces and the owner/agent must stabilize deteriorated surfaces. Applicable areas include painted surfaces within the dwelling unit, exterior painted surfaces associated with the dwelling unit and common areas of the building through which residents must pass to gain access to the unit, and areas frequented by resident children less than six years of age, including play areas and child care facilities.
- b. For units occupied by environmental intervention blood lead level (lead-poisoned) children under six years of age, a risk assessment must be conducted and hazard reduction activities conducted.

J. Access

Performance Requirement

The dwelling unit must be able to be used and maintained without unauthorized use of other private properties. The building must provide an alternate means of exit in case of fire (such as fire stairs or egress through windows).

Acceptability Criteria

- a. The unit must have private access.
- b. In case of fire, the building must contain an alternate means of exit such as fire stairs, or windows. The PHA must determine that the unit has private access without unauthorized passage through another dwelling unit or private property.
- c. The emergency (alternate) exit from the building (not the unit) may consist of fire stairs, a second door, fire ladders, or exit through windows. The emergency exit must not be blocked. It must be appropriate and considered adequate by local officials. Guidance from the local fire agency is advisable.

K. Site and Neighborhood

Performance Requirement

The site and neighborhood must be reasonably free from disturbing noises and reverberations and other dangers to the health, safety, and general welfare of the occupants.

Acceptability Criteria

The site and neighborhood may not be subject to serious adverse environmental conditions, natural or manmade, such as dangerous walks or steps; instability; flooding, poor drainage, septic tank back-ups or sewage hazards; mudslides; abnormal air pollution, smoke or dust; excessive noise, vibration, or vehicular traffic; excessive accumulations of trash; vermin or rodent infestation; or fire hazards.

L. Sanitary Condition

Performance Requirement

The dwelling unit and its equipment must be in sanitary condition.

Acceptability Criteria

- a. The dwelling unit and its equipment must be free of vermin and rodent infestation. The unit must have adequate barriers to prevent infestation.
- b. The unit must also be free of heavy accumulations of trash, garbage, or other debris that may harbor vermin, create a fire hazard, or impede the health of the tenant.

M. Smoke Detectors

Performance Requirement

On each level of the dwelling unit including basements, but excluding spaces and unfinished attics, at least one battery-operated or hard-wired smoke detector in proper operating condition must be present. Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standards (NFPA) 74 or its successor standards. If a hearing-impaired person is occupying the dwelling unit, the smoke detectors must have an alarm system designed for hearing-impaired persons as specified in NFPA 74.

Acceptability Criteria

- a. The PHA must insure that the location of smoke detectors conforms to local and/or state fire marshal's requirements.
- b. The PHA must determine that smoke detectors are located and installed in accordance with NFPA standards. All smoke detectors must be in operating condition.
- c. Local codes, such as housing or fire codes, often address responsibilities between owners/agents and tenants for installation and maintenance of smoke detector batteries. At initial inspection smoke detectors must have good batteries and be operable. The owner/agent may follow local codes to determine if missing or dead smoke detector batteries constitute a tenant- or owner-caused failure in occupied units.
- d. Consultation with the local fire officials is recommended regarding acceptable types and location of smoke detectors.

12.4 Lead-based Paint Requirements and Responsibilities

The Code of Federal Regulations (24 CFR Part 35), stress identification of lead-paint hazards, notification to occupants of the existence of these hazards, and control of lead-based paint hazards to reduce lead poisoning among young children.

A. Exempt Units

- Units built after December 31, 1977
- Zero-bedroom and SRO units
- Housing built for the elderly or persons with disabilities, unless a child of under age six resides or is expected to reside in such housing
- Property for which a paint inspection was completed in accordance with the regulations and certified to have no lead-based paint
- Property in which all lead-based paint was identified, was removed, and received clearance in accordance with the regulations

B. Applicable Lead-based Requirements

For dwellings built before January 1, 1978, and occupied or to be occupied by assisted families with one or more children under age six, lead-based paint requirements apply to the unit interior and exterior paint surfaces associated with the assisted unit, the common areas servicing the unit, including those areas through which residents must pass to gain access to the unit, and other areas frequented by resident children less than six such as play areas, and child care facilities. Common areas also include garages and fences on the assisted property.

C. Basic Lead-based Paint Requirements

The PHA is the responsible party for the following activities:

- Visual assessment for deteriorated paint (i.e., peeling, chipping, and flaking) surfaces at initial and annual inspections;
- Assuring that clearance examination is conducted when required;
- Carrying out special requirements for children under age six who have environmental intervention blood lead levels as verified by a medical health care provider;
- Collecting data from the local health department on Program participants under age six who have identified environmental intervention blood lead levels; and
- Keeping records.

The owner/agent has responsibilities to:

- Disclose known lead-based paint hazards to all potential residents prior to execution of a lease;
- The owner/agent must also provide all prospective families with a copy of "Protect Your Family from Lead in Your Home" or other EPA-approved document;
- When necessary, perform paint stabilization to correct deteriorated paint;
- Each time such an activity is performed, notify tenants about the conduct of lead hazard reduction activities and clearance (if required);
- Conduct lead hazard reduction activities when required by the PHA;
- Perform all work in accordance with HUD prescribed safe work practices and conduct clearance activities when required; and
- Perform ongoing maintenance. As part of ongoing maintenance, the owner/agent must provide written notice to each assisted family asking occupants to report deteriorated paint. The notice must include the name, address, and phone number of the person responsible for accepting the occupant's complaint.

D. Notification and Disclosure of Lead-based Paint Hazards Prior to Occupancy

Before the execution of the lease, the owner/agent is required to disclose any knowledge of lead-based paint or lead-based paint hazards in housing built prior to 1978, to all prospective residents. The owner/agent must keep a copy of the disclosure notice executed by the owner/agent and tenant in the tenant file.

E. Visual Assessment for Deteriorated Paint

During the conduct of initial and annual inspections of pre-1978 units that are occupied or will be occupied by families with children less than six years of age, the PHA must conduct a visual inspection for deteriorated paint surfaces at these locations:

- All unit interior and exterior painted surfaces associated with the assisted unit; and
- Common areas such as common hallways, access and egress areas, playgrounds, child care facilities, or other areas including fences and garages frequented by children under age six.

Deteriorated paint surfaces are defined as interior or exterior paint or other coating that is peeling, chipping, flaking, cracking, is otherwise damaged or has separated from the substrate of the surface or fixture.

The inspection may be conducted by an HQS inspector or other party designated by the PHA, but all inspectors must be trained in visual assessment in accordance with procedures established by HUD. A visual assessment training course is available on the Office of Healthy Homes and Lead Hazard Control's website.

F. Stabilization of Deteriorated Paint Surfaces

When the visual inspector identifies deteriorated paint surfaces, the PHA must notify and require the owner/agent to perform stabilization of the surfaces within 30 days of notification in occupied units and before commencement of an assisted tenancy. When weather conditions prevent stabilization of deteriorated paint surfaces on exterior surfaces within 30-day period, stabilization may be delayed for a reasonable time.

The owner/agent requirements for compliance with a PHA's paint stabilization notice differ, depending upon the amount of deteriorated paint surface to be corrected. The use of lead-safe work practices during paint stabilization activities are characterized as above or below de minimis levels.

Above de minimis level of paint surfaces are as follows:

- Twenty square feet on exterior surfaces;
- Two square feet on an interior surface in a single room or interior space; or
- Ten percent of individual small components (e.g., window sills) on the interior or exterior.

The owner/agent must perform paint stabilization on all deteriorated paint surfaces regardless of the size of the deteriorated surface. Paint stabilization is defined as:

- Repair of any physical defect in the substrate of the painted surface or building component;
 - Examples of defective substrate conditions include dry-rot, rust, moisture-related defects, crumbling plaster, missing siding, or other components not securely fastened.
- Removal of all loose paint and other loose material from the surface being treated; and
- Application of a new protective coat of paint to the stabilized surface. If the amount of deteriorated paint is below the de minimis level, the owner/agent must perform paint stabilization. The owner/agent should always perform lead-safe work practices, but a clearance is not required.

Correction of deteriorated paint above de minimis levels requires the owner/agent to perform additional activities to gain compliance with HUD lead-based paint requirements, including:

- Conducting the stabilization activities with trained staff;
- Employing acceptable methods for preparing the surface to be treated, including wet scraping, wet sanding, and power sanding performed in conjunction with a HEPA-filtered local exhaust attachment operated according to manufacturer's instruction;
- Dry sanding and dry scraping is not permitted except within one square foot of electrical outlets.
- Protecting the occupants and their belongings from contamination; and
- Notifying the occupants within 15 calendar days of the stabilization activity and providing the results of the clearance examination.

The owner/agent is responsible for clearance activities. Clearance examinations must be performed by persons who have EPA- or state-approved training and are licensed or certified to perform clearance examinations. In no instance may the owner/agent employ any paint stabilization methods that are strictly prohibited by federal, state, or local law such as:

- Open flame burning and torching;
- Machine-sanding or grinding without a high-efficiency particulate air (HEPA) local exhaust control;
- Heat guns operating above 1,100° F;
- Abrasive blasting or sandblasting without HEPA exhaust control;
- Dry sanding and scraping except limited conditions stated above for limited areas; and

- Paint stripping in poorly ventilated space using a volatile stripper or a hazardous chemical as defined by Occupational Safety and Health Administration (OSHA).

Failure to comply with paint stabilization requirements, regardless of the amount of deteriorated surface, results in disapproval of the tenancy, abatement of payment to the owner/agent, and/or termination of the HAP contract. The HQS violation for paint stabilization is considered closed when the PHA receives an executed copy of the Lead-based Paint Owner's Certification.

G. Ongoing Maintenance

In addition to the visual assessment completed by the HQS inspector, the owner/agent is required to conduct a visual assessment for deteriorated paint and failure of any hazard reduction measures at unit turnover and every 12 months of continued occupancy.

The owner/agent is required to make corrections of deteriorated paint and any failed lead hazard reduction measures. Correction methods are the same as those for paint stabilization activities discussed earlier.

The owner/agent must provide written notice to each assisted family asking occupants to report deteriorated paint. The notice must include the name, address, and phone number of the person responsible for accepting the occupant's complaint.

12.5 HQS Inspections Processes and Procedures

This section discusses types of HQS program inspections CHFA is required to conduct, methods for conducting inspections, inspection scheduling, and HQS enforcement. The provisions of this section also apply to the owner/agent who perform inspections on CHFA's behalf. Sample letters and notices are provided to help PHAs carry out inspections.

PHAs are required to conduct different types of inspections. Inspections result in pass, fail, or inconclusive reports. Pass inspections require no further action by the owner/agent. Fail or inconclusive inspections require follow-up, re-inspections, or owner/agent verification to confirm the correction of the HQS infractions.

Depending upon the nature of the item, responsibility for correction of fail or inconclusive items may be the responsibility of the owner/agent or tenant. Failure to comply with correction notices results in owner/agent or tenant sanctions.

1. Initial

Newly leased units must pass the HQS inspection before the tenant moves into the unit. The move-in HQS inspection must be signed and dated by the owner/agent.

In an effort to assist sites in the requirement to have all units pass an HQS inspection prior to a new move in, and to do those inspections in compliance with HUD regulations, CHFA has collaborated with the Colorado Division of Housing to make available HQS training online for site personal

that are responsible for doing those inspections.

All site Personnel responsible for completing HQS inspections must take the training online. A certification of completion is available and must be printed and maintained on site once successfully completed. This will be verified during a management review.

The training is located at
https://dola.colorado.gov/railo/hqs_training/main_menu.cfm.

2. Annual
An annual inspection to determine that the unit continues to meet HQS will be completed by CHFA's Moderate Rehabilitation Specialist for every unit in the Program; this inspection must be conducted within 12 months of the last annual inspection. Inspections will be conducted on business days only during normal business hours. The owner/agent will be notified of the inspection appointment by mail, email, or by phone, with a minimum of 14 days' notice.
3. Complaint
At CHFA's discretion, an inspection may be completed when CHFA receives a complaint regarding the unit by anyone.
4. Special
An inspection may be done at the request of a third party (i.e., HUD request).
5. Emergency
An inspection may be done in the event of a perceived emergency.
6. Supervisory
Quality control inspections may be done on units under lease during the year by a supervisor of the CHFA inspector. The purpose of quality control inspections is to ascertain that each inspector is conducting accurate and complete inspections and to ensure that there is consistency among inspectors in application of HQS. The owner/agent will be notified of the inspection appointment by mail, email, or by phone, with a minimum of 14 days' notice.
7. Move-out/Vacate
The owner/agent must conduct a move-out inspection when a tenant vacates a unit. If possible, both the tenant and landlord should be present for this inspection. The inspection must be signed and dated by the owner/agent, and if possible, by the vacating tenant.
8. Re-inspections
If an onsite re-inspection is required, the CHFA inspector will provide the owner/agent and the family reasonable notice. The notice may contain a warning that payments will be abated (in the case of owner's responsibility), or a warning of intent to terminate (in the case of family's responsibility).

A. Notification of HQS Failures

When a unit fails HQS inspection, the CHFA inspector must notify the owner/agent in writing. For emergency items that endanger the family's health or safety, the CHFA inspector will notify the owner/agent of emergency items prior to leaving the

site. The emergency items must then be corrected by the owner/agent within 24 hours. For nonemergency items, the CHFA inspector will notify the owner in writing within 30 days. The owner/agent must make repairs within 30 days of receipt of report. For major repairs, the CHFA inspector may approve an extension beyond 30 days.

Emergency Repair Items

The following items are considered of an emergency nature and must be corrected by the owner/agent or tenant (whoever is responsible) within 24 hours of notice by the inspector:

- Lack of security for the unit;
- Waterlogged ceiling in imminent danger of falling;
- Major plumbing leaks or flooding;
- Natural gas leak or fumes;
- Electrical problem which could result in shock or fire;
- No heat from October 1st-May 31st;
- Inoperable smoke detector;
- Utilities not in service;
- No running hot water;
- Broken glass where someone could be injured;
- Obstacle which prevents tenant's entrance or exit (each bedroom must also have an egress and not be blocked);
- Lack of a functioning toilet

In cases where there is leaking gas or potential of fire or other threat to public safety, and the responsible party cannot be notified or it is impossible to make the repair, proper authorities will be notified by CHFA.

B. Verification of Correction of HQS Deficiencies

The CHFA inspector may elect to do a re-inspection to comply with 23 CFR 982.404 (a) (3) to verify that all HQS deficiencies have been corrected. A re-inspection is not necessary if CHFA can obtain verification by other means. Other than in the case of life-threatening deficiencies, the CHFA inspector may accept work orders identifying the work completed to remedy the deficiency. The work order must be signed and dated by the person completing the work.

In cases of life-threatening deficiencies, a work order may also be accepted, but it must also be signed and dated by the owner/agent and the tenant. When the deficiencies are the responsibility of the family, the tenant must certify that the deficiency has been corrected. The owner/agent must also certify that the deficiencies have been corrected. Verification that repairs were completed may be made at the next onsite inspection.

CHFA, at its discretion, will base the verification process on the severity of corrections to be made and/or CHFA's experience with the owner/agent and property.

C. Determination of Responsibility

Certain HQS deficiencies are considered the responsibility of the family: tenant-paid utilities not in service, failure to provide or maintain family-supplied appliances, and damage to the unit or premises caused by a household member or guest beyond normal wear and tear. "Normal wear and tear" is defined as items which could not be charged against the tenant's security deposit under state law or court practice. A health, fire, or safety issue due to housekeeping is also a deficiency responsibility of the tenant.

The owner/agent is responsible for all other HQS violations, including vermin infestation, even if alleged to have been caused by the family's living habits. However, if such infestation is serious and repeated, it may be considered a lease violation and the owner/agent may evict for serious or repeated violation of the lease. The CHFA inspector may terminate the family's assistance on that basis. The owner/agent or participant may appeal the determination to the CHFA inspector's supervisor within five business days of notification.

Consequences when the owner/agent is responsible (non-emergency items)

When it has been determined that a unit on the Program fails to meet HQS, and the owner/agent is responsible for completing the necessary repair(s) in the time period specified, the assistance payment to the owner will be abated. A Notice of Abatement will be sent to the owner/agent stating that the abatement will be effective from the day after the date of the failed inspection. CHFA will determine the deadline for completing deficiencies, depending on the nature of the repair(s) needed.

CHFA will also determine at that time if the units should be re-inspected, depending on the owner's/agent's notification that the work has been completed. Upon notification that the required work is completed, CHFA will advise both the owner/agent and tenants of the re-inspection date, if re-inspection is required.

If the owner/agent makes repairs during the abatement period, payment will resume on the day the unit is determined to pass inspection. No retroactive payments will be made to the owner/agent for the period of time the rent was abated and the unit did not comply with HQS. The notice of abatement states that the tenant is not responsible for HUD's portion of rent that is abated.

The CHFA inspector may grant an extension in lieu of abatement in the following cases: the owner/agent has a good history of HQS compliance, the failed items are minor in nature, there is an unavoidable delay in completing repairs due to difficulties in obtaining parts or contracting for services, the owner/agent makes a good faith effort to make the repairs, the repairs are expensive (such as exterior painting or roof repair) and the owner/agent needs time to obtain the funds, or the repairs must be delayed due to climate conditions. The extension will be made for a period of time to be determined by the CHFA inspector. At

the end of that time, if the work is not completed or substantially completed, the CHFA inspector may terminate assistance.

Consequences when the family is responsible

If emergency or nonemergency violations of HQS are determined to be the responsibility of the family, CHFA will require the family to make any repairs or corrections within a time period consistent with the owner/agent requirement for completing deficiencies. If the repairs or corrections are not made in this time period, the CHFA inspector, with approval of their supervisor, may terminate assistance to the family, after providing an opportunity for an informal hearing. The tenant will have 10 days to request an informal hearing. Extensions in these cases must be approved by CHFA.

D. Closing HQS Inspections

Once all deficiencies have been verified as corrected, the CHFA inspector will submit in writing an official close of the HQS within 30 days to the owner/agent.

Any time an inspector is present in an assisted unit, the inspector has the right to conduct a full inspection. If new HQS items are discovered during the time of a re-inspection, the new items must be noted and the owner/agent and/or tenant must be notified to correct the deficiencies.

chapter 13

Management Reviews

CHFA is a Public Housing Authority under HUD's Office of Public and Indian Housing (OPIH). CHFA and OPIH have entered into an Annual Contributions Contract (ACC), which establishes tasks and responsibilities related to the administration of the Mod Rehab Program. CHFA administers its Moderate Rehabilitation Program under provisions of the waivers that CHFA received from HUD on May 1984, April 1987, and August 1987. Through these waivers, CHFA has delegated certain responsibilities to the owner of multifamily properties in the Moderate Rehabilitation Program. CHFA has delegated these responsibilities through an Administrative Services Agreement with the owners of the properties participating in CHFA's program. CHFA will assure compliance with this agreement, the administrative plan, and related procedures through regular monitoring of management practices and through the periodic management reviews provided for in the Administrative Services Agreement.

The purpose of a management review is to verify compliance of the property with the terms of the Housing Assistance Payments (HAP) Contract, Regulatory Agreement, and the Administrative Services Agreement between the property and CHFA, which is conducted on an annual basis. Owner/agent compliance will also be verified regarding civil rights regulations, including Title VI, Title VII, the Americans with Disabilities Act, and Section 504 of the Rehabilitation Act of 1973. The owner's/agent's noncompliance could lead to suspension or termination of Section 8 rental assistance or of the Housing Assistance Contract.

13.1 Frequency of Management Reviews

Management reviews will be completed as deemed necessary to ensure that the property is fulfilling the duties under the Administrative Services Agreement. At minimum, they will be completed on an annual basis.

13.2 Notification

CHFA will notify the site at least 14 days prior to a management review. CHFA will schedule the review to coincide with the HQS inspection.

13.3 Items Reviewed

CHFA staff will verify that the owner/agent and managing agent are in compliance with the following;

- Advertising/Waiting list
- Application process
- Tenant selection plans
- The owner's/agent's ability to determine eligibility
- Verifications and calculations of assistance payment and tenant rents

- Lease execution
- Security deposits and rent collection practices
- Recertification processes
- Tenant records
- Utilization of EIV
- Maintenance and management operations
- Terminations
- And compliance with fair housing regulations and laws

13.4 Report

Once the management review and file audits are completed, CHFA completes a written report and sends to the owner/agent within 30 days of the review. Management and/or the owner/agent will have 30 days to submit the required information or documents requested from the report.

13.5 Closure

Once all the required information from the management or owner is received, CHFA send within 30 days a written notice to the site informing them of closure to the review or a demand for the missing information.

chapter 14

Housing Assistance Payments (HAP) Contracts

14.1 Chapter Overview

The HAP contract is a written agreement between CHFA and the owner of a multifamily project occupied by a Mod Rehab Program participant. The HAP contract must be in the form prescribed by HUD. Under the HAP contract, CHFA agrees to make housing assistance payments to the owner on behalf of a specific family leasing a specific unit.

Currently no new contracts are available, so the discussion in this chapter is in regards to contract annual renewals and transfer of ownership. Prior to CHFA approval of the execution of a HAP contract, CHFA must ensure that the following Program requirements have been met:

1. Owner is eligible;
2. Units have been inspected and meets HQS requirements;
3. The owner is in compliance with CHFA's administrative agreement requirements.

CHFA may decide to terminate the HAP contract if the owner breaches the HAP contract.

14.2 Owner Eligibility

CHFA will not approve a current owner's renewal in the Program if:

1. HUD or another party informs CHFA that the owner is debarred, suspended, or subject to a limited denial of participation.
2. HUD informs CHFA that the federal government has instituted an administrative or judicial action against the owner for a violation of the Fair Housing Act or other federal equal opportunity requirements and such action is pending; or
3. HUD informs CHFA that a court or administrative agency has determined that the owner violated the Fair Housing Act or other federal equal opportunity requirements.

CHFA will not approve the transfer of a HAP contract in which any of the following parties have a current interest or will have an interest for one year thereafter:

1. Present or former member or officer of CHFA;
2. Employee of CHFA or any contractor, subcontractor, or agent of CHFA who formulates policy or influences Program decisions;
3. Public official, member of a governing body, or state or local legislator who exercises functions or responsibilities related to the programs; or

4. Member of the U.S. Congress.

14.3 Renewal HAP Contract Process

The term of the HAP contract will be for one year beginning the day after the expiration of the current contract.

CHFA will notify the owner 120 days prior to the expiration of the HAP contract. The notification will include a request for the following information;

1. Confirmation of Intent to Renew the Contract
2. Copy of the one-year notice sent to residents the prior year of the owner's intent to renew the contract the following year.
3. Utility Allowance Analysis, if the site has a utility allowance for the residents.
4. CHFA will allow the owner/agent to utilize one of the following two methods for the utility analysis.

Option 1: Public Housing Authority (PHA) Utility Allowance Schedule

The owner/agent using this option must obtain a copy of the PHA's utility allowance schedule in the county where the property resides. The utility allowance schedule must reflect the most current year "effective date."

Option 2: Local Utility Company Estimates (Owner's Average of Actual Consumption)

Estimates are based on actual utility company data. The owner/agent must obtain copies of actual usage data from the applicable utility company (local utility provider for the building). The actual usage includes only continuously-occupied units (50 or more weeks) in the most recent 12-month period. The most recent month data is no older than 120 days from the effective date of the contract renewal. The analysis must include 100 percent of all unit types that have one to 10 units. The analysis must include 20 percent of all unit types that have 11 or more units (maximum of 25 units per unit type). The owner/agent must itemize the monthly usage by unit into a spreadsheet including building address, unit number, unit size, and square footage, then average by unit type. The lowest and highest usage should not be included in the average calculation.

When to begin your data collection process

Utility companies require the tenant to sign a release form. In order to comply with the data collection and resident notification, it is recommended to begin your data collection process four to five months prior to your annual contract renewal effective date. Your initial contract renewal notice from CHFA will be sent four months prior to you renewal.

Once the information is received, CHFA will send the renewal contract to the owner for signature. Only the owner has the authority to sign the contract. The contract will not be fully executed until it has been signed by the owner and CHFA.

14.4 Contract Rents Upon Renewal

HUD requires that the rents will be set at the lesser of market area rent comparison, operating cost adjustment, or Mod Rehab fair market rents, which is 120 percent of HUD's fair markets, minus any utility allowance.

14.5 Contents of HAP Contract

All terms of the original contract are renewed by a contract renewal except for provisions concerning annual and special rent adjustments and base rents.

The provisions of the original contract include: leasing of units; assistance payments; vacancies, maintenance, operation, and inspection; termination of tenancy; reduction of units under contract; PHA and HUD access to the premises and the owner's/agent's records; rights of owner if PHA defaults; rights of PHA if owner defaults; PHA relation to third parties; conflict of interest; interest of member of Congress, transfer of the contract or property; nondiscrimination; and cooperation in equal opportunity compliance reviews.

The provisions of the renewal contract include: background; definitions, term, contract rent and renewal of other terms, maximum payment, owner responsibility, exclusion of third-party rights, and notice to tenants.

14.6 HAP Contract Execution and Time Limits

Once CHFA determines that all applicable Program requirements have been met, the PHA prepares the HAP contract for execution.

CHFA and the owner/agent must execute the HAP contract no later than 75 calendar days prior to the expiration of the current contract. CHFA must not make any housing assistance payments to the owner/agent until the HAP contract has been executed.

It is important that the owner/agent staff fully understands the provisions of the HAP contract, since the HAP contract is the binding agreement that governs the relationship between CHFA and the owner/agent.

If the owner/agent wishes to opt out of the Program, a one-year notification is required to be given to CHFA as well as to the residents.

14.7 Change in Ownership

The sale of real property under a CHFA Mod Rehab HAP contract and CHFA Administrative Services Agreement requires CHFA's approval of that transfer according to Section 1.18 B of the HAP contract. The purchaser must be willing to assume all responsibilities and maintain the requirements of the HAP contract and Administrative Services Agreement.

CHFA staff will assist the owner, purchaser, or management agent through the transfer of ownership process. Initial contact may be directed to the Mod Rehab specialist. CHFA may request additional information or documentation to complete the review.

Owners wishing to change ownership must supply all information as requested by CHFA, and the owner must receive CHFA's written consent prior to assigning a HAP contract to a new owner.

chapter 15

HAP Payments

The owner's/agent's right to receive housing assistance payments depends on compliance with all the provisions of the HAP contract. No payments may be made to the owner/agent after the family moves out of the unit or the lease term ends.

The housing assistance payments made under the HAP contract terminate automatically in each of the following situations:

- The owner/agent or tenant terminates the lease;
- Lease expires and is not renewed;
- PHA terminates the HAP contract;
- PHA terminates assistance for the family;
- Upon expiration of the annual contributions contract; or
- Family moves from the unit.
 - The owner/agent is entitled to keep the housing assistance payment for the month when the family moves out of the unit or until the unit is re-rented whichever is soonest.
 - If the family is absent from the unit for longer than the maximum period permitted by CHFA in its administrative plan. The owner/agent must reimburse CHFA for any housing assistance payment for the period after the termination; and

15.1 Payment to Owner

CHFA will make housing assistance payments to the owner/agent in accordance with the terms of the HAP contract and the owner/agent must comply with the provisions of the HAP contract in order to receive such payments. The HAP contract specifies that payments are to be made monthly, at the beginning of each month. Housing assistance payments must be made only during the lease term and while the family is residing in the unit. When a lease term begins after the first of the month, the housing assistance payment for the first month is prorated for a partial month.

CHFA will determine the amount of housing assistance payment to the owner/agent in accordance with HUD regulations and other requirements. The amount of housing assistance payment is subject to change during the term of the HAP contract. CHFA will notify the owner/agent of any changes in the housing assistance payment and the owner/agent will notify the tenant.

The monthly housing assistance payment made by CHFA is credited toward the contract rent under the family's lease. The tenant rent plus the housing assistance payment may not be more than the contract rent. The owner/agent must return any excess payment to CHFA within 30 days of the overpayment.

The part of the rent to the owner/agent that the tenant pays may not be more than the difference between the rent to the owner/agent and the housing assistance payment.

The owner/agent may not demand or accept any rent payment from the tenant in excess of this maximum and must immediately return any excess rent payment to the tenant. The family is not responsible for payment of the portion of rent to the owner/agent covered by the housing assistance payment. Likewise, CHFA is not responsible for any portion of the family share, including family rent to the owner/agent. Payment of the family share is the responsibility of the family.

A. Distribution of housing assistance payment

CHFA will pay the entire housing assistance payment directly to the owner. In some instances, however, the housing assistance payment may exceed the amount of rent to the owner. This can happen when the family's portion of the rent paid to the owner exceeds the utility allowance. This excess amount is called a utility reimbursement. In these cases, CHFA will pay the amount of the utility reimbursement directly to the owner and the owner/agent will pay the amount to the tenant within five business days of receipt. The owner/agent must provide to CHFA, as requested, evidence of payment of such reimbursements to the tenant. If the owner/agent wishes to pay the amount directly to the utility company or utility supplier, the owner/agent must first obtain written permission from the tenant to do so.

B. Stopping the housing assistance payment

Housing assistance payments stop when the family can afford to pay the full contract rent and any utilities for which the family is responsible. Specifically, CHFA does not make housing assistance payments when 30 percent of the family's monthly adjusted income equals or exceeds the contract rent or gross rent.

Stopping the housing assistance payment in these situations does not affect the family's rights under the lease. If the family's income, size, composition, or other circumstances change during the term of the HAP contract, housing assistance payments may be resumed.

C. Processing housing assistance payments

The owner/agent is required to submit any changes in tenant rents through submission of the certifications. Once the information is submitted to CHFA, and CHFA receives the funds from HUD, CHFA will make the housing assistance payments to the owner through Automatic Clearinghouse (ACH) transactions in accordance with its disbursement policies and procedures.

15.2 Internal Revenue Service (IRS) Reporting Requirements

CHFA must request from the owner a copy of the owner's IRS Form W-9, Request for Taxpayer Identification Number and Certification, for IRS reporting purposes. IRS Form W-9 asks for the owner's name, the business name and address, and the taxpayer identification number. CHFA uses this to report to the IRS the amount of housing assistance payments made to the owner. CHFA uses the IRS Form 1099 to report this amount.