## Table of Contents

Financing Type: VHDA Tax Exempt Bonds 20%@50%AFS; 80%@150% or 40%@60%AFS; 60%@150% .................................................. 2
Overview ............................................................................................................. 2
Income Restrictions (Minimum Set Aside) ...................................................... 2
Income Limits ...................................................................................................... 3
Tenant Certification Requirement and Accessing WTCMS .......................... 4
Effective Dates ................................................................................................... 6
Eligibility Requirements .................................................................................. 6
Full-Time Students ............................................................................................. 7
Definition of Income .......................................................................................... 8
Definition of Assets ........................................................................................... 8
Verification ......................................................................................................... 8
Low-Income Unit Eligibility (20% at 50% AFS or 40% at 60% AFS) ................. 9
Moderate Income 150%; Adjusted Annual Income .................................... 9
Determining VHDA Annual Adjusted Moderate Income ............................ 9
Definition of Household ................................................................................... 10
Change in Household Composition ............................................................. 11
Available Unit Rule ........................................................................................... 12
Transfers ............................................................................................................. 12
Calculating Annual Income ............................................................................ 13
Completing Tenant Certifications ................................................................. 14
Recertification for Low Income Households ................................................ 14
Recertification for Moderate Income Households ....................................... 14
Recertification Schedules ............................................................................... 15
Rent Surcharge ................................................................................................ 15
Lease Agreement and Terms ......................................................................... 15
Lease Addendum ............................................................................................. 16
Corporate Leasing ........................................................................................... 16
Government Data Collection and Dissemination Practices Act .............. 16
Security Deposits and Fees .......................................................................... 17
Occupancy Audits ........................................................................................... 17
Maintenance of Tenant Files ........................................................................... 17
Record Retention .............................................................................................. 18
IRS Filing – Form 8703 ....................................................................................... 18
Financing Type: VHDA Tax Exempt Bonds
20%@50%AFS; 80%@150% or 40%@60%AFS; 60%@150%

Overview

These guidelines are for Multifamily Conventional Properties financed with VHDA Tax-Exempt Bonds only.

The occupancy of Multifamily Conventional developments financed by VHDA Tax-Exempt Bonds is restricted by the U.S. Internal Revenue Code and VHDA rules. All VHDA financed conventional developments are, by statute, subject to an overall admission/recertification income limit.

All multi-family conventional developments which make use of tax exempt revenue bonds in their financing are subject to the IRS restrictions on occupancy, uses and users of the property facilities and restrictions on charges for or income from such use.

Units are for residential purposes. Incidental business use by a resident is allowed (home sales, child care) to the extent allowed by management and not detrimental to other residents.

Community facilities should be for resident use without additional access fees (other than to reimburse for cleaning or damage).

The applicable provisions of the IRS Code require that a certain percentage of the total dwelling units in the development be occupied by low income tenants. The required number of low income units (20% or 40%) must be maintained for the duration of the loan. To qualify as low income, applicants must have a gross annual income which does not exceed a specified percentage (50% or 60%) of the area median income AFS.

Income Restrictions (Minimum Set Aside)

Tax-Exempt Bond (IRS) Restriction:
The Internal Revenue Code specifies that a minimum number of units be occupied or held available for occupancy by low-income households whose gross annual income does not exceed a stated maximum amount of income. This requirement is referred to as the required minimum set aside for the property. The minimum set aside means that either:

- 20% of the total units in the development must be occupied or held available for occupancy by households with income no more than 50% of the median income for the area as adjusted for family size (AFS) (20% at 50%)
- 40% of the total units in the development must be occupied or held available for occupancy by households with income no more than 60% of the median income for the area as adjusted for family size (AFS) (40% at 60%)
- 60% of the total units in the development must be occupied or held available for occupancy by households with income no more than 150% of the median income for the area (60% at 150%)
held available for occupancy by households with income no more than 60% of the median income for the area as adjusted for family size (AFS) (40% at 60%)

The bond issuer chooses which minimum set aside will apply to the property at the time the bonds are issued.

Occupancy restrictions relating to minimum set aside begin to apply at the date on which 10% of the total units in the development are first occupied and must thereafter be continually maintained throughout the term of the loan. These units are referred to as low-income (LI) units/households.

**VHDA Restriction:**
The remaining 80% or 60% of units in the development are known as moderate income units and also must be income restricted at move-in according to VHDA Regulations. A household may not move into a unit if the total annual or adjusted annual income exceeds 150% of median income for the area, not AFS.

**Cushion Units:**
Although the low income minimum set aside requirement is 20% or 40% of the total units, VHDA strongly recommends that management maintain more than that requirement to allow for turnover or increases in household income.

Example:
Total units = 150
40% of 150 = 60 units
15% of 60 units = 9 (recommended cushion)
Total Certifications for low income (60 + 9) = 69

**Income Limits**
Properties financed with Tax Exempt Bonds use the HUD published Multifamily Tax Subsidy Project (MTSP) income limits. These limits are held harmless which means that households may continue to be qualified using the highest income limit published since the time the property placed in service and began renting units subject to the bond funding.

MTSP income limits were developed to meet the requirements established by the Housing and Economic Recovery Act of 2008 (Public Law 110-289). The MTSP limits are used to determine household income qualification levels for properties financed with tax exempt housing bonds under Section 142 of the Internal Revenue Code.

HUD publishes revised limits annually, and management should begin using any limit based on the effective date given by HUD.
Special Note

HUD issued two sets of income limits for the Multifamily Tax Subsidy Projects (MTSPs):

* HERA Special – for properties in impacted areas in the state of Virginia that vary from year to year; therefore, owners must carefully review limits published by HUD to ensure use of appropriate limits.

* Non-impacted MTSPs – limits for all other properties. Properties may use the highest limits published since units in the property were placed in service.

The website reflects two sets of income limits in the areas specified above. The set of limits entitled HERA limits are applicable to Section 142 tax exempt bond financed properties with a minimum set-aside of 20% at 50% or 40% at 60% and placed in service before 1/1/2009.

All properties in the remaining areas of the state use the regular MTSP table of income limits based on 50% and 60% of median as AFS.

The income limits for households subject to the 80% at 150% or 60% at 150% moderate income requirement are not AFS. The 150% of median income is listed on the income limit tables by locality or you may calculate 150% of area median income (AMI) by multiplying the median income by 150%.

Example: HUD Median income for the geographic area is $52,000.
$52,000 x 150% = $78,000.

Tenant Certification Requirement and Accessing WTCMS

Tenant Income Certifications for all households occupying a unit in the development must be processed and completed in the web-based software Web Tenant Compliance Management System (WTCMS). A complete guide on how to access the WTCMS web system can be found on our website at www.vhda.com, select Business Partners, link to get to the screen below, then select Property Owners & Managers link.
Click the **Access Web Compliance Management System** link on this screen.

**Questions about Project-based Section 8?**
**We can help.**

Learn More

The **Log in** window for WTCMS will appear. Messages from VHDA will appear at the bottom of the screen. Simply click on “Need to Register” and follow instructions. We strongly encourage new users to download the WTCMS User’s Manual for guidance.
Effective Dates
The move-in date is the effective date of the TIC. Annual and 3-year recertifications are determined based on the move in date. Owners must recertify households based on the month of move in and should process all recertifications to be effective on the actual due date.

Example: Household moved in 3/12/16, recertification for a low income minimum set aside unit is due 3/12/17 and the 3-year recertification for a moderate income household is 3/12/19.

Eligibility Requirements
- Units are for general public use and may not be restricted, for example, to employees of any certain company, the military, etc.

- Each applicant admitted must have a gross annual income that does not exceed the applicable income limit established for the development.

- Applicants must be consistently admitted or denied based upon the established eligibility requirements and selection criteria.

- Management must complete in WTCMS a TIC for all households occupying any unit in the property.

The determination of a low income household (50% or 60% of AMI AFS) is made at the time of move-in or initial certification.
**Full-Time Students**

A household entirely of full-time students may not occupy a low-income unit satisfying the minimum set aside unless meeting one or more of the following exceptions. There are no restrictions on full-time students occupying moderate units.

Effective July 30, 2008, the Housing Economic Recovery Act revised the student rule for Tax Exempt Bonds to mirror that of the Low Income Housing Tax Credit Program. As defined in IRC Section 151 (c)(4), a unit is not considered a low-income unit if all of the occupants of such unit are students unless they satisfy one of the five exceptions identified by the Code.

Full-time student households that are otherwise eligible and satisfy **one** or more of the following conditions are considered eligible:

1. All adults are married and eligible to file a joint tax return. Revenue Ruling 2013-17 extends the married full-time students exception to lawfully married same sex couples.
2. All adults are single parents and neither they nor any of their children are dependents of a third party;
3. At least one member of the household receives assistance under Title IV of the Social Security Act now known as Temporary Assistance for Needy Families (TANF)
4. At least one member of the household participates in a program receiving assistance under the Job Training Partnership Act (JTPA) or other similar federal, state, or local laws.
5. At least one member of the household was previously in foster care*.

The IRS Code Section 151 (c)(4) defines a “student” as an individual, who during each of 5 calendar months during the calendar year in which the taxable year of the taxpayer begins, is a full-time student at an educational organization described in IRC Sec 170(b)(1)(A)(ii). Treasury Regulation Section 1.51-3(b) further provides that the five calendar months need not be consecutive nor an entire month.

The determination of student status as full or part-time should be based on the criteria used by the educational institution the student is attending;

An educational organization, as defined by Internal Revenue Code Sec. 170(b)(1)(A)(ii) is one that normally maintains a regular faculty and curriculum, and normally has an enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. The term “educational organization”
Includes elementary schools, junior and senior high schools, colleges, universities, and technical, trade and mechanical schools. **Note**: Night schools (e.g., real estate school, GED studies, etc.), on-the-job training, correspondence schools, etc. are not considered schools.

Verification of student status must be obtained prior to initial occupancy.

**"Previously"** means within five (5) years of the effective date of the initial income certification. "Foster Care" means substitute care for children placed away from parents or guardians and for whom the state agency has placement and care responsibility. This includes, but is not limited to, placement in foster family homes, foster homes of relatives, group homes, emergency shelters, residential facilities, child care institutions, and pre-adoptive homes. A child is in foster care in accordance with this definition regardless of whether the foster care facility is licensed and payments are made by the state or local agency for the care of the child, whether adoption subsidy payments are being made prior to the finalization of an adoption, or whether there is a federal matching of any payments that are made.

### Definition of Income

Use the definition of Income as specified in the HUD Occupancy Handbook 4350.3.

HUD defines income as the “gross income (monetary or not) which is anticipated to be received on a ‘regular, recurring basis’ for the 12 month period following the effective date of the certification.

All income is counted unless it is specifically excluded as noted in the HUD Handbook 4350.3, Exhibit 5-1 - Income Inclusions and Exclusions.

### Definition of Assets

Use the definition of Assets as specified in the HUD Occupancy Handbook 4350.3, Exhibit 5-2 - Assets.

### Verification

Move-in - all units - Low Income and Moderate Income - Income - verify before move-in

**Assets** -

- Total cash asset value exceeds $5,000 verify each asset. Add to income the greater of actual or imputed interest. The interest rate for determining imputed income is published by HUD and changes occasionally. Research the current rate on the HUD website. The rate will be updated automatically in the TIC in WTCMS.
- Total cash asset value $5,000 or less, residents sign certification form. Add to income any actual income received from assets.
### Recertification

Low Income units - verify the same as at move-in

Moderate Income units - no verification of income or assets necessary. Gather information using a comprehensive questionnaire.

Follow rules of verification published in HUD Handbook 4350.3 - Appendix 3. Verifications are valid up to 120 days from the documented date of receipt by the owner and must be maintained in the household’s file.

### Low-Income Unit Eligibility (20% at 50% AFS or 40% at 60% AFS)

In order to satisfy the low-income minimum set aside requirement, a household’s gross annual income is used to determine income eligibility for households.

When determining income eligibility for low income households meeting the 20% at 50% or 40% at 60% minimum set aside requirement, Worksheets A and B are not used. The household’s gross annual income cannot exceed 50% or 60% of the median income limit for the geographic area as AFS.

### Moderate Income 150% Adjusted Annual Income

Worksheet B, "VHDA Adjusted Annual Income" should be completed to compute the adjusted annual income for new applicants prior to move-in and existing households at any 3-year recertification for households which will occupy (or continue to occupy) units other than low income minimum set aside units.

After the adjustments have been applied, the resulting annual adjusted income may not exceed 150% of the AMI.

If at move-in, household income after adjustment on Worksheet B is greater than 150% of AMI not AFS, the household is not eligible to move into the development.

If at any 3-year recertification, household income after adjustment on Worksheet B is greater than 150% of AMI not AFS, the household may remain in the unit, but shall pay a rent surcharge.

Worksheet B can be obtained at [www.vhda.com](http://www.vhda.com). (See specific location outlined previously).

### Determining

**Adjusted FamilyIncome** is the gross annual income of the household.

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TE Bonds (20% at 50% or 40% at 60% AFS; remainder at 150% AMI) 6/8/2017
VHDA Annual Adjusted Moderate Income

Apply the following adjustments when determining a household’s annual adjusted income:

a) A deduction of $1,000 for each dependent family member. (A dependent under Part F is defined as any family member under the age of 18, a non-working spouse or a disabled family member.) The dependent allowance is not applicable to roommates. Roommates are considered co-heads.

b) A deduction in an amount that is equal to the lesser of $1000 or 10% of the head of household’s annual income. (This allowance is applicable to roommates. Each roommate would be entitled to the lesser of $1,000 or 10% of his/her annual income).

c) A deduction in an amount equal to all income that is considered special income for Agent Orange Victims, temporary work of older persons through the Older American Act Work Program, Holocaust Victims, etc.

d) A deduction in an amount equal to all earnings of any family member who is a minor under eighteen (18) years of age or family members certified with a physical/mental disability by a licensed physician.

A deduction in an amount that is the lesser of $2,500 or half of the total annual income of a family member over the age of 18 who is considered the secondary wage earner. Note: For this purpose, VHDA will only regard spouses as secondary wage earners. This deduction is not applicable to roommates. Households which consist of related adults will be considered roommates.

Definition of Household

VHDA follows HUD’s definition of household as reflected in HUD Handbook 4350.3, Chapter 3 (most current version). As of 6/2017:

Include -

- Most everyone in the family, including foster children/adults
- Children away at school & home on breaks
- Unborn children, children in process of being adopted, children 50% custody
- Temporarily absent family members - ex: work in another state, in hospital/rehab, in military (except adult children, unless leaving dependent), children of the family but in foster care
- Choice to include or not: persons permanently in hospital/nursing home

Not Included -
Change in Household Composition

Change in LI Household:
Re-determine the status of units occupied by low income (50% or 60%) households whenever there is a change in household composition. When such a change occurs, that household is treated as a new household and the income category is re-determined.

Verify income of the new member and add it to current total household income.

If the household’s total gross annual income remains at or below the current low income limit, the household retains the status of being occupied by a low income household and will continue to be used to satisfy the minimum set aside.

Example: Jane and Amy Smith (mother and daughter) moved into ABC Apartments on March 22, 2017. This family was a low income household at move in. On April 15, 2018 Jane informs management that she is getting married and wants to add her new husband to the lease. Management verifies income of husband and completes the certification process. The change did not alter the status of the unit and household continues to qualify as a low income household.

In WTCMS, complete an initial certification to process this change in household composition.

For the purpose of being consistent in determining effective dates of the new low income family, use the date the members sign the TIC as the effective date of the new certification date. Complete recertifications based on the new initial certification effective date.

If the change in household composition results in an increase in income and the increased income of the household is greater than the current low-income qualifying income limit, that unit should no longer be considered a low income unit.

In WTCMS, complete an interim certification and change the unit status to 150% of median.

If the household’s gross annual income is greater than 150% of median, apply the adjustments in Worksheet B. If the income cannot be adjusted to an amount less than or equal to 150% of the median, the household may continue to occupy the unit but shall pay a surcharge (see Recertification Surcharge Table).
The household retains the original move-in date. The three-year recertification date is based on the original move-in date.

Management must always maintain the required minimum set-aside of 20% at 50% or 40% at 60%. At the time a unit is re-designated to a moderate status, ensure enough households remain qualified to satisfy the minimum set aside. If at any time the property falls below the required minimum set-aside, all available units must be occupied or held available for occupancy by a household meeting the 50% or 60% income limit until the required number of qualified households are again occupied.

**Change in Moderate Household:**
No verification of the new household member’s income is necessary. Complete screening, signing lease, etc. as for any other applicant.

In WTCMS, complete an **interim** certification and sign the TIC.

The unit status (150%) and the recertification schedule (every 3 years from the move-in date) will not be altered.

<table>
<thead>
<tr>
<th>Available Unit Rule</th>
</tr>
</thead>
<tbody>
<tr>
<td>If the income of a low income household exceeds 140% of the current qualifying income limit at recertification, the unit continues to be counted as a LI household.</td>
</tr>
</tbody>
</table>

However, the next available unit of comparable or smaller size in the **property** must be occupied by a household whose gross annual income does not exceed 50% or 60% of the median income AFS. Keep track of the next unit rented to be able to prove which LI qualifying unit moved in next.

**Scenario:** The minimum set-aside is being met “to the unit” (i.e., there are no cushion units being maintained) and a low income unit exceeds 140%. An over-income household mistakenly occupies the next unit. The property is in noncompliance and any vacant units that may have been counted as “held available for occupancy” by a low-income household lose low income status. All units then available must be rented only to qualifying low-income households until such time as the required minimum set-aside is satisfied. That is why maintaining a cushion of a few extra low-income units is important.

<table>
<thead>
<tr>
<th>Transfers</th>
</tr>
</thead>
</table>
| There is no prohibition on household transfers; however, if a low income household requests a transfer to another unit, evaluate the household’s situation (complete income verifications and calculations just as though at move-in) to determine if the

TE Bonds (20% at 50% or 40% at 60% AFS; remainder at 150% AMI) 6/8/2017
household’s total gross income at that time alters the low income status of the household.

If the currently verified income of the household is within the then applicable qualifying low-income limits, the household transfers and the units swap status as low-income units meeting the minimum set aside requirement.

If the current income of the household exceeds the applicable limit for a low income household, the household is still allowed to transfer; however, the household is no longer considered a low income household and the status in WTCMS would be updated to reflect moderate income status (150% of AMI not AFS).

If the current income of the household exceeds the applicable limit for a moderate household, the household is still allowed to transfer; however, the household may be required to pay a rent surcharge in conformance with the Recertification Surcharge Schedule.

**Calculating Annual Income**

The income of all households must be annualized. The following rules should be used in determining Annual Income:

a. To annualize full-time employment, multiply:
   1) hourly wages by 2080 hours
   2) weekly wages by 52
   3) bi-weekly amounts by 26
   4) semi-monthly amounts by 24
   5) monthly amounts by 12

b. To annualize income from other than full-time employment, multiply periodic amounts (hourly, monthly, bi-weekly, etc.) by the number of periods (hours, weeks, months) the individual expects to work.

c. Use an annual wage without additional calculations. For example, if a teacher is paid $25,000 a year, use $25,000 whether the payment is made in 12 monthly installments, 9 installments or some other payment schedule.

d. Use current circumstances to project income unless verification forms indicate that an imminent change will occur.

Example: Employer states the applicant or resident will receive an increase in the hourly rate of $1 effective 3/1/17. When processing the certification, uses the current rate received now and multiply times the number of months receiving that amount and then multiply the remaining months using the new rate as of 3/1/17. Add the two amounts to get the total annual income for the household.
e. Use the average rate, hours or weeks to calculate income when a high and low range is given.

**Example:** Employer states Jane Smith will work 35-40 hours per week. At a rate of $8 an hour. To determine the average number of hours worked add 35 + 40 = 75. Divide 75 by 2 to get the average hours worked of 37.5 hours.

<table>
<thead>
<tr>
<th>Completing Tenant Certifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management must enter household data into WTCMS and use a Tenant Income Certification for move-ins, annual or three-year recertifications for all households occupying the property.</td>
</tr>
<tr>
<td>Print TIC’s from WTCMS. All adult household members and management’s representative will sign and date the TIC. Retain the TIC in the household’s file.</td>
</tr>
<tr>
<td>A TIC must be completed in WTCMS for the following activities:</td>
</tr>
<tr>
<td>• Move-in/Initial Certification</td>
</tr>
<tr>
<td>• Annual Recertifications (low-income units)</td>
</tr>
<tr>
<td>• Change in household composition (initial or interim, as appropriate).</td>
</tr>
<tr>
<td>• Three year Recertification (150% moderate income units)</td>
</tr>
<tr>
<td>• Move-outs</td>
</tr>
<tr>
<td>• Transfers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recertification for Low Income Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verification and recertification of income is required annually for low income households satisfying the 20% at 50% or 40% at 60% restriction.</td>
</tr>
<tr>
<td>• Recertify annually on the anniversary date of the initial occupancy date.</td>
</tr>
<tr>
<td>• Verify income and assets as necessary.</td>
</tr>
<tr>
<td>• Enter data in WTCMS.</td>
</tr>
<tr>
<td>• Management and tenants sign TIC.</td>
</tr>
<tr>
<td>Complete each recertification on schedule and retain it in the household’s file.</td>
</tr>
</tbody>
</table>

**Important:** If income at recertification of a minimum set aside unit exceeds 140% of the applicable income limit, the next available unit of comparable or smaller size in the property must be occupied by a household with gross annual income not exceeding 50% or 60% of the median income as AFS.
### for Moderate Income Households

Households subject to 150% of AMI. Verification of income is not required.

- Recertify every three years on the anniversary date of the initial occupancy date
- Verification of income is not required. The recertification is completed based on information provided by the tenant(s).
- Enter data in WTCMS
- Management and tenants sign the TIC

Complete each recertification on schedule and retain it in the household’s file.

### Recertification Schedules

Example of a recertification schedule for households in units subject to the low-income minimum set aside requirement (20% at 50% or 40% at 60%).

<table>
<thead>
<tr>
<th>Move-in Date</th>
<th>Recertification Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 12, 2016</td>
<td>April 12, 2017</td>
</tr>
</tbody>
</table>

Example of a recertification schedule for households meeting the 150% moderate income requirement.

<table>
<thead>
<tr>
<th>Move-In Date</th>
<th>Recertification Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 12, 2016</td>
<td>April 12, 2019</td>
</tr>
</tbody>
</table>

### Rent Surcharge

If any moderate household’s adjusted income at recertification exceeds 150% of the AMI not AFS, the household shall be permitted to continue to occupy the unit. However, that household shall pay a surcharge on rent in accordance to the Recertification Surcharge Table.

To determine if a surcharge is applicable, divide the annual adjusted income by the overall admission/recertification income limit. Round up at .50.

### Lease Agreement and Terms

The initial lease term may not be less than 30 days nor more than 24 months.

Owners may choose their form of lease agreement; there is no required format. Each household should execute a lease agreement and the terms of the lease must comply with the lease terms stated in the VHDA Regulatory Agreement.
Both the head of the household and the spouse (if applicable) should execute the lease on behalf of the resident’s household. If non-related individuals will occupy the unit as co-heads of the unit, each must sign the lease.

The lease should identify all members of the household who will be authorized to occupy the unit.

| **Lease Addendum** | Although there is no required format for the lease, VHDA has created a Lease Addendum (MD:225) that must be attached to a Lease Agreement each time a totally new lease is executed. Instead of using a separate Addendum, the complete provisions of the Addendum may be written into the form lease agreement. Adult household members who sign the lease agreement must also sign the Addendum. Ensure that all household members are listed under paragraph 3 of the Addendum.

The Addendum contains a clause requiring residents to recertify the household income and imposes a surcharge if the annual adjusted income exceeds the 150% overall admission/recertification income limit.

The Addendum also restricts the subleasing of units without written consent of the landlord. |

| **Corporate Leasing** | Corporate leasing is **prohibited** in all Tax Exempt financed properties. |

| **Government Data Collection and Dissemination Practices Act** | Prior to verifying the income of an applicant, household members must sign a Privacy Protection Act Letter officially named the Government Data Collection and Dissemination Practices Act Letter (VHDA Form No: MD202) which authorizes management to request certain information used to determine eligibility for housing.

The Government Data Collection and Dissemination Practices Act Letter is signed and dated by the head of household and all adult household members (each adult signs a separate form). This form needs only to be signed once by each household member. Any new adult member moving into an existing household must also sign a Letter prior to verifying income.

Management may either attach the Government Data Collection and Dissemination Practices Act Letter to the preliminary application or incorporate the complete language into the application. |
<table>
<thead>
<tr>
<th><strong>Security Deposits and Fees</strong></th>
<th>The owner shall collect, deposit, and disburse tenants' security deposits in accordance with the terms of the respective leases and Virginia law; provided that no such deposit shall exceed two months rent as required by the VA Landlord Residential Landlord Tenant Act. Reasonable application fees are allowed. There is no prohibition on reasonable fees charged; however, VHDA recommends that management apply fees in a consistent manner to all households.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Occupancy Audits</strong></td>
<td>A file audit is performed at least every three years to ensure compliance with Federal requirements and the policies and procedures governing the VHDA Conventional Housing Program. The audit consists of three parts. Part I reviews general administrative procedures such as tenant selection, tenant applications and general administration. Part II reviews resident files for required records and documentation. Part III is the conclusion. The breakdown of the types of certifications reviewed is as follows: 60% original applications 40% recertifications These ratios may be changed at VHDA's discretion and knowledge of the development's activities. VHDA reserves the right to conduct a ninety-day occupancy review after initial occupancy of newly constructed developments or within 90 days after the first units are made available for occupancy of rehabbed developments.</td>
</tr>
<tr>
<td><strong>Maintenance of Tenant Files</strong></td>
<td>Management must maintain a file for each household occupying a unit in the development. The on-site tenant file should contain, at a minimum, the following documents: Rental application Government Data Collection and Dissemination Practices Act Letter</td>
</tr>
</tbody>
</table>
Reference inquiries, i.e., credit report, previous landlord inquiry
Tenant Income Certification(s) (signed and dated by adult HH members/management)
Security deposit Record: should not exceed 2 months rent
Lease Agreement
Lease Addendum (if not incorporated in lease)
Proper Notices
Verification of household income and assets, if appropriate

Record Retention
Management must retain sufficient records to prove that the property at all times satisfied the minimum set aside. Documents must be kept to show the income qualification of each low-income household from the time of the household’s move-in until six years after the date of the loan payoff. Records may be kept electronically as long as they are available upon request by an auditing entity.

IRS Filing - Form 8703
Form 8703, Annual Certification of a Residential Rental Project, is filed by the owner of a residential rental property to provide annual information the IRS uses to determine whether a property continues to be a qualified residential rental property under Section 142(d) of the Internal Revenue Code.
During the qualified project period, Form 8703 must be filed annually by March 31 after the close of the calendar year for which the certification is made.
The qualified project period is the period beginning on the first day that 10% of the residential units are occupied and ending on the latest of (a) the date that is 15 years after the date 50% of the units are occupied, (b) the first day that no tax-exempt bonds issued for the project are outstanding or (c) the date that any assistance for the project under Section 8 of the United States Housing Act of 1937 terminates.
Each year, following filing with the IRS, the owner must provide VHDA with a copy of Form 8703.