

Desk Reviews (3/12/20)

In the interest of public safety, we will implement Desk Reviews in lieu of on-site reviews, for our day-to-day operations of Compliance documents until further notification. A desk review involves an extensive examination of all compliance-related files and documents. Compliance Specialist should obtain all available knowledge of the property and become familiar with the background of that property PRIOR to scheduling Desk Monitoring Reviews.

Files and documents to be examined for the desk review:

- All funding source documents
- Regulatory Agreements, including all Exhibits and Attachments
- Compliance Monitoring Agreement and all associated Exhibits
- Previous year's Annual Owner's Certification (AOC) and
- All documents pertaining to previous monitoring reviews including any outstanding items

Information to be determined during the desk review includes, but is not limited to:

- Source(s) of funding (LIHTC, HOME, RD, etc.)
- Selected set-aside for the property (required percentage of units to be occupied at what percent of Area Median Income-AMI)
- Income limits, based on location of project, and household sizes v. Rent limits, based on location of project, and unit sizes
- Total number of funded units
- Number of accessible (mobility/sensory impaired) units required by agreements with LHC and/or Federally mandated
- Fair Housing requirements as applicable;
- The required number of special needs units (single parent, large family, etc.)
- Any other special conditions/amenities to be noted during the on-site review
- If there is a lease-to-own option and, if so, how it is documented
- If there are any unresolved issues or findings from previous reviews or any "uncorrected" IRS Form 8823 issues
- If there are any potential compliance or vacancy rate issues, based on past Annual Owner Certifications
- Any unique requirements that may be imposed on the project
- If differences discovered between regulatory requirements, most restrictive principles apply.

Policy Outline and Processes:

- Compliance Specialist to email property contact to schedule Desk Monitoring Review. The first email should contain:
 - Notification of Electronic File Audit with **additional instructions to follow**
 - Registration instructions for WCMS
- Instructions for uploading requested documents to WCMS (documents must be uploaded within 48 hours). Please upload the following documents to WCMS:
 - Blank lease
 - Blank application
 - Schedule II A
 - Rent Roll
 - Waiting List
 - Property Data Sheet (Specialist to attach to Notification email).
 - REAC with evidence of corrective actions for EHS, level 2 and level 3 deficiencies (if applicable).
- There will be a second email identifying files selected for review by LHC Specialist. Property managers will have 48 hours to upload requested documents to WCMS.
- Compliance Specialist should review all documents requested in the Scheduling email and select tenant files for review from Schedule II A.
- After receiving requested tenant files for Desk Audit Review, specialist will review documentation based upon normal review operating procedures.
- Email Property Review Report to owner within 30 days.
- **Tenant file review** – Tenant files are a critical and primary source of documentation regarding income and rent determinations. In order to evaluate compliance and document information found in the tenant files, the Specialist shall complete and maintain an Occupancy Review Checklist for each file reviewed. While the tenant file review is a principal on-site information-gathering activity, the file sample offers only a general representation of owner activity relative to a small sampling of tenants. The reviewer must examine the owner's operations, policies and procedures in order to analyze and determine the complete income verification and rent determination process. The current rent record must be reviewed, and the following items verified in an appropriate sample required by regulation of the tenant files for the project's low-income units:
 - The **rental application** is complete, including certification of assets and/or disposal of assets, if applicable.

- **Tenant income certification** has been completed for move-in and current year, including all required signatures and dates.
- **Household income verification** has been completed and documented (all income must be annualized and calculated as of the move-in date rather than the application date).
- **Household assets** have been documented and, if total assets are more than \$5,000 in value, verified.
- **Student eligibility** has been documented, if applicable.
- **Lease and lease addendum** were completed at move-in.
- Current year **utility allowance** is on file, if applicable.
- **Unit inspections** are conducted and documented, including move- in and move-out inspections.