

1 **NC's Top 5 File Review Deficiencies**

1. Utility Allowance not updated timely
2. RCRS does not match signed and uploaded TIC (income, rent and subsidy amounts; move-in dates)
3. Lease does not meet HOME requirements and/or HOME documentation requirements not followed, if applicable
4. Insufficient documentation and/or Documents not properly scanned or for wrong household
5. Improper completion of Under \$5k form

2 **How NC handles self-employment:**

- If a tax return has been filed, it should be used to establish income from self-employment. Caution: Be certain to look for contract labor or wages paid to family members.
- If a tax return has not been filed, the preference is to get a similar self-employment schedule prepared by a bookkeeper or other professional.
- If neither of the above options are possible, we will accept a self-affidavit. This is the least acceptable option and should provide sufficient details to determine income.

3 **How NC handles annuities:**

- If the tenant is not receiving payments from the annuity, the annuity is an asset if the tenant has access to the account. Income generated by the annuity (interest, dividends, etc.) is income from the asset.
- If the tenant is receiving regular payments from the annuity, the payments are treated as income for the tenant. The annuity is no longer treated as an asset, even if the tenant has access to the balance.

4 **How NC handles VAWA:**

Management should follow the HUD VAWA requirements, including using the HUD forms:

- HUD 5381 – Model Emergency Transfer Plan – Posted publicly & available upon request
- HUD 5380 - Notice of Occupancy Rights under VAWA – provided to existing tenants, applicants placed on waiting list and denied applicants; provided again with any notice of eviction or termination
- HUD 5382 – Certification of Domestic Violence, Dating Violence, Sexual Assault or Stalking – provided to existing tenants, applicants placed on waiting list and denied applicants; provided again with any notice of eviction or termination
- HUD 5383 – Emergency Transfer Request for Certain Victims of Domestic Violence, Dating Violence, Sexual Assault or Stalking
- Must utilize VAWA lease addendum describing specific protections for VAWA victims or contain VAWA language in main lease.

5 **How NC handles Income Averaging:**

- No decisions have been reached yet, with the exception that Income Averaging will not be allowed for allocations prior to 2019. We will address whether we will allow Income Averaging in the 2019 QAP, as well as expected requirements for this option.

6 **NC File Review Sample Size & Frequency**

- Tax Credits only, less than 100 total units:
20% of files, with a minimum of 5, monitored every 3 years.
- Tax Credits only, 100+ total units:
7% of files, monitored annually.
- Agency loan (with or without tax credits):
10% of files, with a minimum of 5, monitored annually

7 **How NC handles multiple program requirements:**

- Property should follow the strictest rule, where applicable
- If there is no 'strictest rule', as with the student rules, the OWNER (not management) should decide which program will not be in compliance. NCHFA will report noncompliance to the appropriate source, if applicable.

8 **NC's Top 10 Physical Inspection Deficiencies**

1. Trip hazards in dwelling units and in outdoor locations.
2. Blocked emergency egress at windows/doors.
3. Blocked or missing dampers on exterior exhaust vents.
4. Mold/Mildew observed in dwelling unit.
5. Damaged water heaters or missing pressure relief pipe.

9 **NC's Top 10 Physical Inspection Deficiencies**

6. Flammable materials stored in apartment or storage shed.
7. Broken window and door seals. Condensation observed or fogged.
8. Foil observed under stove heating element or under oven heating element.
9. Bedroom and/or bathroom doors that do not close, latch and lock as intended.
10. Missing or inoperable smoke detectors.

10 **How NC handles foil:**

- The latest update to UPCS has determined that foil is NOT reportable. NCHFA disagrees. The website of General Electric, one of the largest producers of stoves, indicates that foil creates a fire hazard and says consumers should never use foil on drip pans, on oven shelves or under oven element. This will be state noncompliance.

11 **How NC handles trip hazards & housekeeping:**

- Trip hazards are defined in UPCS as uneven surfaces where the difference in height is $\frac{3}{4}$ " or greater. NCHFA follows this guidance.
- Housekeeping is subjective and generally not reported as noncompliance. We will list this as a 'concern' if we feel the situation will result in infestation or other noncompliance if not addressed. We will also list as a concern at the request of management.

12 **How NC handles blocked egress:**

- Blocked egress occurs when furniture or other items 'block' the tenant from exiting in case of emergency or if it prevents emergency personnel from entering the unit with stretchers or lifesaving equipment. Examples include:
 - Furniture above the window sill
 - Furniture in hallways

- Furniture that protrudes into the doorway
- Furniture placed on stairway landings

13 **How NC handles infestations:**

- Infestations are reported as indicated by UPCS, with one exception:
 - We do not ask our staff to enter units with bedbugs. If bedbugs are present, management must produce the property's bedbug policy and document that it is being followed.
 - Failure to have a written policy or failure to follow the written policy is treated as noncompliance.
 - It is not sufficient to 'call local exterminator'. A specific exterminator should be named. Also, there should be a specified timeframe to call the exterminator listed as 'hours' not 'days'.

14 **NC Physical Inspection Sample Size & Frequency**

- Federal Tax Credits only, less than 100 total units:
20% of units, with a minimum of 5, monitored every 3 years.
- Tax Credits only, 100+ total units:
7% of units, monitored annually.
- State Tax Credits or
Agency loan (with or without tax credits):
10% of units, with a minimum of 5, monitored annually

15 **Newest NC Program:**

- Integrated Supportive Housing Program (ISHP)
 - Gap financing up to \$150,000/unit with a cap of \$1.5 million/project
 - 0% interest, with 20 year loan term
 - Up to 20% of total units are held for referrals from LME/MCO/RHC
 - Restricted units are held indefinitely for referrals.
Vacancy payments will be authorized within guidelines.
 - Income restricted to 50% AMI
 - Rent is capped at FMR, but also not to exceed rent on similar units
 - Program guidelines are still being determined...

16 **NC Expected Changes:**

- Fair Housing and Tenant Selection Policy requirements for properties monitored by NCHFA has been updated. Properties that PIS after 1/1/2019 must use the new TSP requirements, as well as all properties with ISHP funding. Existing properties must conform to the new requirements by 1/1/2021.
- Mandatory Tax Credit Lease Addendum effective 1/1/2019. Available on NCHFA's website under Required Forms.